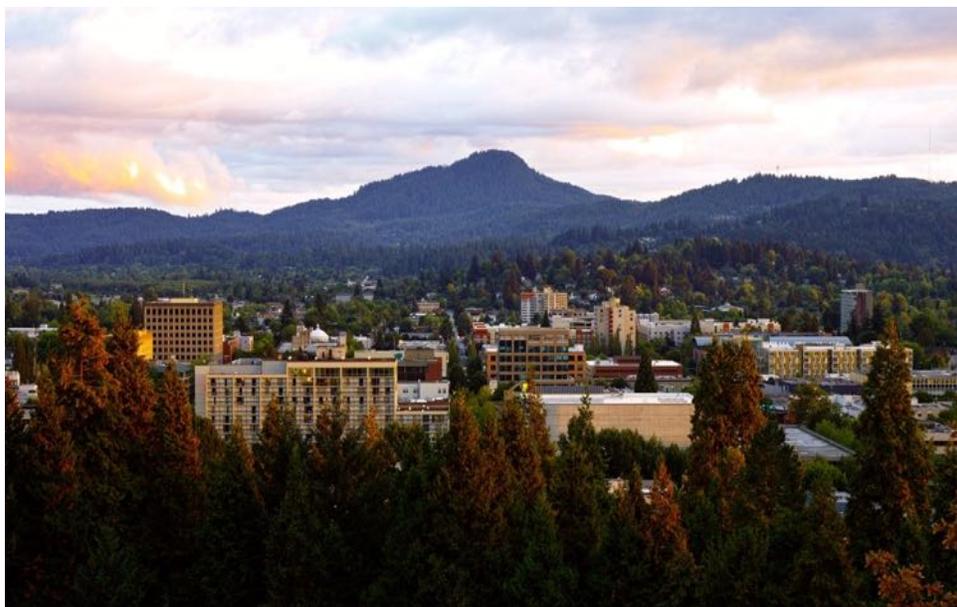




FEASIBILITY STUDY FOR POTENTIAL CONVENTION CENTER DEVELOPMENT IN LANE COUNTY, OREGON



October 20, 2016





October 20, 2016

Ms. Kari Westlund
President & CEO
Travel Lane County
754 Olive Street
Eugene, Oregon 97440

Dear Ms. Westlund:

Conventions, Sports & Leisure International (CSL) has completed a report related to Phase One findings of a feasibility analysis of potential convention center development in Lane County, Oregon. The study was commissioned by Travel Lane County, with participation by the City of Eugene and the City of Springfield. Phase One of the potential two-phased study focuses on analysis of market demand, supportable programmatic, and site/location aspects of the project, as well as issues related to headquarter hotel needs. The attached report presents our research, analysis and findings and is intended to assist Travel Lane County, the Cities of Eugene and Springfield, and other project stakeholders in evaluating the viability of facility development.

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, data provided by study stakeholders, surveys of potential facility users, discussions with industry participants and analysis of competitive/comparable facilities and communities. The sources of information, the methods employed, and the basis of significant estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material.

The findings presented herein are based on analysis of present and near-term conditions in the Lane County area as well as existing interest levels by the potential base of users for a new/expanded convention center and/or hotel project. Any significant future changes in the characteristics of the local community, such as change in population, corporate inventory, competitive inventory and visitor amenities/attractions, could materially impact the key market conclusions developed as a part of this study. As in all studies of this type, the estimated results are based on competent and efficient management of the potential facilities and assume that no significant changes in the event markets or assumed immediate and local area market conditions will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct.

This report has been prepared for the internal use of Travel Lane County, the City of Eugene, and the City of Springfield, and should not be relied upon by any other party. The report has been structured to provide study stakeholders with a foundation of research to provide decision makers with the information necessary to evaluate issues related to a potential new/expanded convention center and/or hotel project and should not be used for any other purpose. This report, its findings or references to CSL may not be included or reproduced in any public offering statement or other financing document.

We sincerely appreciate the assistance and cooperation we have been provided in the compilation of this report and would be pleased to be of further assistance in the interpretation and application of our findings.

Very truly yours,

CSL International

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EXECUTIVE SUMMARY

Conventions, Sports & Leisure International (CSL) was retained by Travel Lane County, with participation by the City of Eugene and the City of Springfield, to conduct Phase One of a potential two-phased feasibility analysis related to potential convention center development in Lane County, Oregon. Phase One focuses on analysis of market demand, supportable programmatic, and site/location aspects of the project, as well as issues related to headquarter hotel needs. This executive summary outlines the key findings associated with Phase One of the study. The full written report should be reviewed in its entirety to gain an understanding of the study's methods, limitations and implications.

Introduction / Background

Precipitating the commission of this study was the belief by Travel Lane County and other community constituents that Lane County presently lacks a large, quality convention space suitable for accommodating many types of conventions, conferences, tradeshow, meetings and other such events. An initial goal of this study is to investigate and determine if there is market support for new or expanded convention facility product in Lane County that would serve to grow visitation, hotel room nights, and new economic impact.

A new or expanded convention center, as envisioned, would act as an economic generator and a public resource for the local community, hosting conventions, tradeshow, public/consumer shows, conferences, meetings, sports tournaments/competitions, civic events, and other events of both a non-local and local nature. An important goal of the facility would be to attract non-local events to the area that presently cannot be accommodated by existing local facilities, providing new visitation and related economic impact in the local area. Much of the quantifiable economic impacts and non-quantifiable benefits the convention center provides in any local community and to its residents would not be possible if it were not for the initial (and, oftentimes, ongoing) investment by a public sector partner.

This study provides a foundation for strategic planning to provide decision makers with the information necessary to strategically plan for Lane County's future in the convention industry, with a focus on protecting and growing its competitive position in the evolving regional and national convention/conference industry. This research provides direction not only as to the facility components that may be supportable from market demand perspectives, but also the visitor amenities surrounding Lane County's potential new convention facility, including hotel support.

Throughout the country, cities of all sizes have expanded or developed new public sector-owned convention/conference centers within the past decade or two. Further, many of these communities have also invested substantial public sector dollars into enhancing the convention/conference industry's supporting amenity infrastructure, including incentivizing appropriate headquarter hotel products and entertainment/mixed use districts and infrastructure nearby the convention/conference center. Ideally leveraging private sector dollars when possible, all this investment is geared towards enhancing the attractiveness of the destination and its infrastructure in order to better compete for economic impact-generating events and visitation.

This study process consisted of detailed research and analysis, including a comprehensive set of market-specific information derived from the following:

- ✓ Experience garnered through more than 500 convention/conference facility projects throughout the country.
- ✓ Local market visit at the outset of the project, including community and site tours.

- ✓ In-person interviews/meetings with Lane County individuals, including representatives from Travel Lane County, the Cities of Eugene and Springfield, University of Oregon and Lane Community College leadership and staff, representatives of key area conference/meeting and hotel facilities, potential development partners and business leaders, local facility users, and other local visitor industry stakeholders. A number of follow-up telephone interviews were also conducted with these types of local area individuals.
- ✓ Research and analysis of local market conditions.
- ✓ Comparative analysis of socioeconomic data from competitive/regional and comparable facility markets.
- ✓ Completed telephone interviews with state and regional convention planners representing more than 120 potential rotating events.
- ✓ Completed telephone interviews with national convention event planners of more than 95 potential rotating events.
- ✓ Completed telephone interviews with corporate meeting planners representing over 600 off-site events.

Local Market Conditions

The demographic and socioeconomic characteristics of a local market are important components in assessing the market potential for new convention center space in a community. The strength of a market in terms of its ability to attract events and attendees, and generate revenues, is predicated, somewhat, on the size of the regional market area population and its demographic makeup as well as the level of competition within the regional area. Further, a community's hospitality infrastructure in terms of hotels, restaurants, entertainment and other such factors contribute heavily to the ability to attract non-local events.

From a competitive standpoint as a "destination", some of Lane County's most prominent strengths include (1) the diversity of destination in terms of visitor appeal and interests (i.e., diverse and quality mix of urban, rural, indoor, outdoor, entertainment, scenic, and leisure amenities and attractions); (2) direct driving accessibility via I-5 to major Oregon, Washington and California markets; (3) conveniently-located airport with direct air service to key regional hubs; (4) centralized location on the western side of Oregon; (5) strong educational infrastructure and positive direct/indirect impacts associated with the University of Oregon; and (6) progressive economic development and socioeconomic attributes. Events that rotate within a given region (e.g., conventions, conferences, and meetings hosted by associations, government, corporate/trade groups, and non-professional organizations, such as SMERF [social, military, educational, religious, fraternal] groups) normally view destinations with diverse offerings, such as Lane County, favorably when considering convention sites.

In terms of weaknesses, despite a location that is fairly centralized within the more populated western half of Oregon, Eugene-Springfield is relatively remotely-located relative to other larger cities and metropolitan areas. While Eugene-Springfield benefits from a quality commercial airport, there are important challenges affecting air travel to and from Eugene-Springfield, like there are with many remotely-located cities in the country. Overall flight volume and non-stop market limitations, plus relatively high average cost of air travel will work to govern the size and volume of national convention, tradeshow, and conference demand for a new or expanded Lane County convention center.

Local events and attendees residing in a given "local" (i.e., nearby) market normally comprise the largest user segment of event facilities of any type (via corporate events such as meetings, training, banquets, and conferences, as well as private events such as wedding receptions, luncheons and service club meetings for event facilities). The demographic characteristics of the local market (combined with the level of nearby

facility competition) will have important influences on the quantity and type of events estimated for a new or expanded convention center in Lane County.

Eugene-Springfield's existing hotel inventory, in terms of the number of hotel properties, total number of hotel rooms, size of largest single property, limitations in full-service (upscale and upper-upscale chain scale) properties, and the aging nature of some of the core properties will work to govern the upside opportunity to penetrate into larger convention business.

Likewise, there are some limitations in Lane County's existing convention/conference facility inventory, in terms of quality and finish of space, volume of space, differentiation of space, aesthetics and functionality of space, amenities, etc. Specifically, event space offered at the Lane Events Center, UO facilities, within certain hotel properties and other facilities located throughout the destination serve important roles, but many have certain competitive disadvantages limiting their ability to attract state, regional and national conventions and conferences. Convention/conference space offered at the Hilton Eugene and Conference Center, the Valley River Inn, the Lane Events Center, and various facilities at UO are presently accommodating most of the local market's non-local convention, conference and meeting demand; however, there are important facility space, availability and site/location issues that affect each of these existing facilities.

The Hilton Eugene and Conference Center, represents the destination's most traditional headquarters hotel and convention facility product, given its original public/private partnership origin and continued public sector ownership of its convention/conference space, location in an urban central business district, national full service brand, and relatively sizeable convention/conference space. Based on available information, it is believed that the Hilton Eugene is presently accommodating a large share of traditional rotating state and regional convention, conference and meeting business that is presently attracted to Lane County, with other local facilities accommodating smaller individual shares.

Key Market Conclusions

Key conclusions associated with Phase One of the feasibility study of potential convention center development in Lane County include:

1. **Unmet convention market demand exists.** The effective unmet market demand for a new/expanded convention center in Lane County is estimated to be moderate, suggesting an opportunity for a certain type of convention product investment. Specifically, demand findings include:
 - a. State/regional convention market:
 - i. Survey interest levels: Moderate to moderately-low interest levels noted through a telephone survey of state and regional planners.
 - ii. Sizing: From a size perspective, existing local convention/conference facilities in Lane County are able to accommodate the majority of state/regional convention markets.
 - iii. Existing issues limiting market capture: However, there are a number of indications that market capture by existing facilities in Lane County is not optimized due to: (1) periods of date availability constraints (relating to both conference space and hotel rooms); (2) difficulty in accommodating concurrent events; (3) challenges in accommodating events with both exhibit and assembly and food function requirements; and (4) the lack of a public sector-controlled convention asset that is designed to maximize capture of state/regional conventions.

b. National convention market:

- i. Survey interest levels: Relatively low interest levels were noted through a telephone survey of national convention planners; however, the number of national convention events that rotate throughout the country is very large (relative to the number of state/regional conventions). Therefore, lower capture rates could still result in attracting important new convention business to the area.
- ii. Issues governing upside opportunity: As is the case for any community in the country, the strength of air access and convention-quality hotel product are key characteristics that will work to govern the size and number of larger conventions that could be attracted to Lane County. The Eugene-Springfield destination is generally highly-regarded, but its remote geographic location (within the country itself and from major population bases within the region), challenging air accessibility, and hotel product offerings/mix (relative to larger cities) were concerns noted by many national survey respondents.
- iii. Existing issues limiting market capture: As with state/regional conventions, it is believed that market capture by convention and conference facilities that presently exist in Lane County is not optimized due to a number of issues, such as date availability, mix of space, hotel room block issues, and other such issues.

2. **Market supportable convention center program.** Key aspects of a market supportable facility program for a potential Lane County convention center are estimated to include:

- Total Sellable Space = 50,000-55,000 square feet
 - Multipurpose Hall / Grand Ballroom:
 - 25,000-30,000 square feet of subdividable, column-free, carpeted, upscale space
 - 25-foot or higher ceiling height
 - Utility floor grids, independent loading/public access, climate control
 - Junior Ballroom:
 - 10,000 square feet of subdividable, column-free, carpeted, upscale space
 - 22-foot or higher ceiling height
 - Breakout Meeting Rooms:
 - 15,000 square feet of breakout meeting space
 - Subdividable, upscale
- Total Gross Facility Space (sellable + support space) = 100,000-110,000 square feet
- Other Requirements:
 - 250-room or larger full-service hotel attached
 - 400 or more total full-service hotel rooms attached or adjacent
 - Sufficient parking, pre-function, support and storage space

3. **Identified sites.** Given its significant concentration of visitor amenities (including the ability to leverage multiple proximate hotel properties), population base, and transportation accessibility, it is believed that site consideration for any new convention center investment in Lane County should be focused in the Eugene-Springfield area. At the direction of Travel Lane County and the study committee, five site locations were identified for evaluation: (1) Glenwood Riverfront; (2) Gateway; (3) Butterfly Lot; (4) EWEB West; and (5) Sixth & Oak.

4. **Convention center is only market feasible with specific hotel support.** Without physical connection to appropriate headquarters hotel product (i.e., minimum of 250-room full service hotel property) and availability of 400 or more total full service hotel rooms (including the headquarters hotel) that are attached or within close walking distance (within 2 to 3 city blocks), a new/expanded

convention center (consistent with the market supportable program) would not be expected to be feasible from market and cost/benefit perspectives. Therefore, the requirements and preferences of the private hotel partner will have significant influence on the ultimate location.

5. **Recommended development scenarios.** Depending on the primary project objectives, the sites being considered, and the participating private stakeholders, various development scenarios would represent opportunities.
 - a. Convention Center, Full Program (50,000-55,000SF of sellable space):
 - i. Assuming a primary investment objective of driving “incremental” visitation and economic impact to Lane County, the most appropriate way to achieve this is to leverage and expand upon the destination’s de facto convention/hotel product, the Hilton Eugene and Conference Center, through benefitting from its existing hotel room base and its Conference Center space (City of Eugene-owned), rather than develop a large new convention center and associated headquarters hotel elsewhere.
 - ii. The preferred approach under this scenario would be to expand the Hilton Conference Center by adding a 25,000-square foot multipurpose ballroom and associated support space on an adjacent parcel physically connected with the Hilton Conference Center; reassigning the existing “grand” ballroom to a “junior” ballroom; and the negotiate a new operating agreement between the City and the Hilton Eugene covering management of the entire convention center product (i.e., existing Hilton Eugene Conference Center plus expanded convention product). This would involve approximately 30,000 square feet of net convention space development. Additional new hotel product within close walking distance would be helpful, but would not be required under this scenario.
 - iii. If the Hilton is uninterested in entering into a new operating agreement involving expanded convention facility space, another scenario relevant to downtown Eugene would involve a stand-alone convention center consisting of the full program (50,000-55,000SF of sellable space) that is built adjacent or within close walking distance to the Hilton. Under this scenario, a new supporting full-service headquarters hotel of 250 rooms would be required to be built (with a room block agreement) and attached to the convention center. A public sector incentive would most likely be required to induce such a qualifying hotel development, in addition to the development of the convention center.
 - b. Hotel/Conference Center, Reduced Program (30,000-40,000SF of sellable space):
 - i. Assuming a primary investment objective that is not necessarily focused on incremental impacts for the entire county, other site locations could merit consideration, particularly under P3 (public/private partnership) models with a new hotel partner and the development of a smaller-sized convention product (relative to the market supportable program). A Phase Two cost/benefit analysis of these types of scenarios could reveal high ROI (return-on-investment).
 - ii. A reduced program hotel/conference center project could be pursued at other sites, such as Gateway, Glenwood and EWEB.
6. **Other important issues.** There are a number of other noteworthy issues that are believed to be relevant during any consideration and discussion of investment in convention facility product in Lane County. These include:
 - a. A room block agreement is needed. There is not presently a hotel room block agreement, or other specific booking guidance provided via the management agreement, with regard

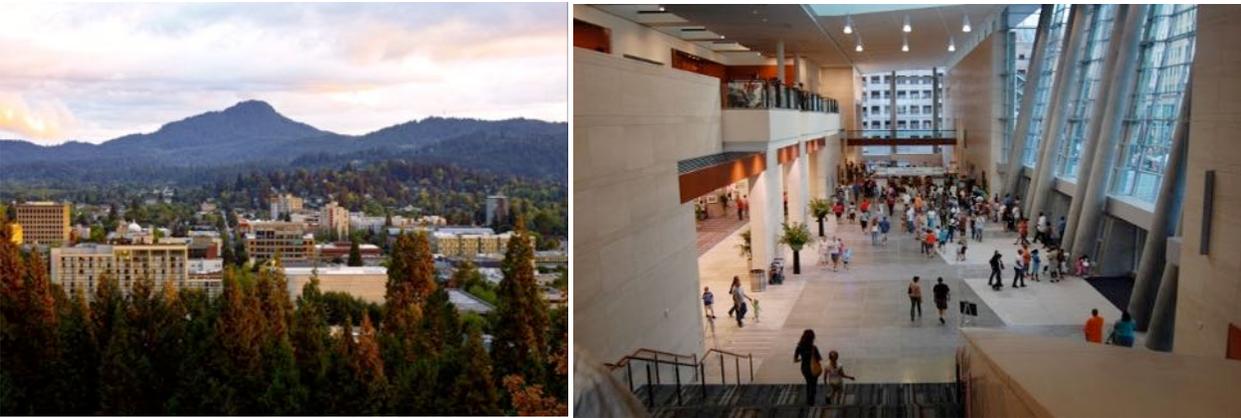
to the Hilton Eugene Conference Center to ensure that it is maximizing opportunities to attract nonlocal, economic impact generating business (even though the Conference Center is owned by the City). It is normally challenging to generate the type of leverage needed to compel a private hotel owner to enter into a new room block agreement that would dictate how it conducts its business. An investment by the public sector to fund the construction of a new attached convention center could provide the needed leverage to negotiate such an agreement or similar provisions that would serve to enhance the ability to optimize the attraction of conventions and associated economic impact. Nevertheless, it should be recognized that a balance must be struck to make the private partner “whole” in such a P3 transaction, as a room block agreement can reduce the private partner’s internal ROI assessment of the opportunity. Any public sector investment made for a new/expanded convention center should include a room block agreement or similar provisions written into a management/development agreement with the new or existing hotel that is physically attached to the convention product and will serve as the headquarters hotel property.

- b. Enhance oversight of City’s existing convention investment. As the Hilton Eugene Conference Center is owned and was originally funded by the City of Eugene, it is believed that City would be best served to increase its involvement with oversight of its use, bookings, business mix, and performance. While the financial operations of the Conference Center are integrated with the operations of the privately-owned Hotel, it is reasonable, and normal industry practice, to expect that event, utilization, attendance and room night data associated with activity taking place in the City-owned Conference Center space should be regularly reported to its owner.
- c. Appropriate hotel product is key for all scenarios. All of the sites evaluated would require new hotel product investment to occur if a new convention center was built. A sub-scenario that involves an expansion of the Hilton Eugene (and also assumes their interest in operating the new space) would be the only possible exception. While a comparison of benefits versus costs of various scenarios would be brought into focus under the potential Phase Two of this study, it is quite possible that the cost/benefit analysis could conclude that incentivizing new hotel room development in downtown Eugene would be a more prudent course of action in terms of serving economic development goals and driving incremental economic impact and return-on-investment on the public sector dollar relative to funding a new convention center project (that would also require new hotel rooms).

1.0. INTRODUCTION

Conventions, Sports & Leisure International (CSL) was commissioned by Travel Lane County, with participation by the City of Eugene and the City of Springfield, to conduct Phase One of a potential two-phased feasibility analysis related to potential convention center development in Lane County, Oregon. Phase One of the potential two-phased study focuses on analysis of market demand, supportable programmatic, and site/location aspects of the project, as well as issues related to headquarter hotel needs.

Precipitating the commission of this study was the belief by Travel Lane County and other community constituents that Lane County presently lacks a large, quality convention space suitable for accommodating many types of conventions, conferences, tradeshow, meetings and other such events. An initial goal of this study is to investigate and determine if there is market support for new or expanded convention facility product in Lane County that would serve to grow visitation, hotel room nights, and new economic impact.



A new or expanded convention center, as envisioned, would act as an economic generator and a public resource for the local community, hosting conventions, tradeshow, public/consumer shows, conferences, meetings, sports tournaments/competitions, civic events, and other events of both a non-local and local nature. An important goal of the facility would be to attract non-local events to the area that presently cannot be accommodated by existing local facilities, providing new visitation and related economic impact in the local area. Much of the quantifiable economic impacts and non-quantifiable benefits the convention center provides in any local community and to its residents would not be possible if it were not for the initial (and, oftentimes, ongoing) investment by a public sector partner.

This study provides a foundation for strategic planning to provide decision makers with the information necessary to strategically plan for Lane County's future in the convention industry, with a focus on protecting and growing its competitive position in the evolving regional and national convention/conference industry. This research provides direction not only as to the facility components that may be supportable from market demand perspectives, but also the visitor amenities surrounding Lane County's potential new convention/conference facility, including hotel support.

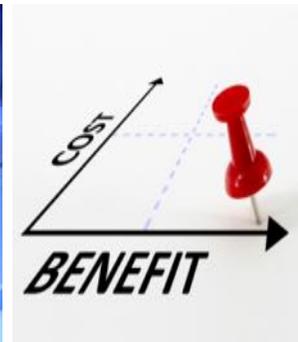
Throughout the country, cities of all sizes have expanded or developed new public sector-owned convention/conference centers within the past decade or two. Further, many of these communities have also invested substantial public sector dollars into enhancing the convention/conference industry's supporting amenity infrastructure, including incentivizing appropriate headquarter hotel products and entertainment/mixed use districts and infrastructure nearby the convention/conference center. Ideally leveraging private sector dollars when possible, all this investment is geared towards enhancing the

attractiveness of the destination and its infrastructure in order to better compete for economic impact-generating events and visitation.



Conclusions of a conference facility project's feasibility can be assessed in various ways, including:

- Market feasibility – the facility's ability to attract and support levels of event activity and patronization that are consistent with or in excess of industry standards.
- Financial feasibility – the ability of the facility to "break-even" or generate an operating profit focusing only on direct facility-related operating revenues and expenses.
- Economic spending – the facility's ability to generate new spending activity in the local community (i.e., direct and indirect spending that is attributable to out-of-town visitors that would not otherwise occur in the local area).
- Tax generation – the ability of the facility to generate new tax revenue for the local area (i.e., tax revenue resulting from direct, indirect and induced spending that is attributable to out-of-town visitors that would not otherwise occur in the local area).
- Costs/benefits/return on investment – the facility's ability to generate new revenues (i.e., from taxes, operating income and ancillary facility-related revenues, etc.) in excess of quantifiable facility-related costs (i.e., construction costs, operating costs, marketing costs, public sector contribution, etc.).
- Intangible benefits/public good – the ability of the facility to represent an important resource for the local community, regardless of financial or economic concerns. These types of benefits add to the local community's "quality of life" in the same way that libraries, museums and recreational parks do, without consideration of the economic impacts that the facility might generate.



When evaluating the feasibility of a public assembly facility, such as a convention center, communities throughout the country have differed in the specific criteria that best reflects the definition of “feasible” for their community. For instance, one community may focus more on the ability of the project to be operationally self-supportive or require below a certain threshold of public sector contribution, rather than the intangible “public good” aspects the project would provide local residents. The research, data, information and analysis provided through this study is intended to allow stakeholders and other community constituents to draw their own informed conclusions concerning the “feasibility” of public sector investment in Lane County’s convention center product and related infrastructure.

This study process consisted of detailed research and analysis, including a comprehensive set of market-specific information derived from the following:

- ✓ Experience garnered through more than 500 convention/conference facility projects throughout the country.
- ✓ Local market visit at the outset of the project, including community and site tours.
- ✓ In-person interviews/meetings with Lane County individuals, including representatives from the Travel Lane County, the Cities of Eugene and Springfield, University of Oregon and Lane Community College leadership and staff, representatives of key area conference/meeting and hotel facilities, potential development partners and business leaders, local facility users, and other local visitor industry stakeholders. A number of follow-up telephone interviews were also conducted with these types of local area individuals.
- ✓ Research and analysis of local market conditions.
- ✓ Comparative analysis of socioeconomic data from competitive/regional and comparable facility markets.
- ✓ Completed telephone interviews with state and regional convention planners representing more than 120 potential rotating events.
- ✓ Completed telephone interviews with national convention event planners of more than 95 potential rotating events.
- ✓ Completed telephone interviews with corporate meeting planners representing over 600 off-site events.
- ✓ Potential convention center events include:
 - Conventions
 - Conferences
 - Tradeshows
 - Public/consumer shows
 - Meetings, banquets and receptions
 - Civic events and uses
 - Special events and other

2.0. ANALYSIS OF LOCAL MARKET CONDITIONS

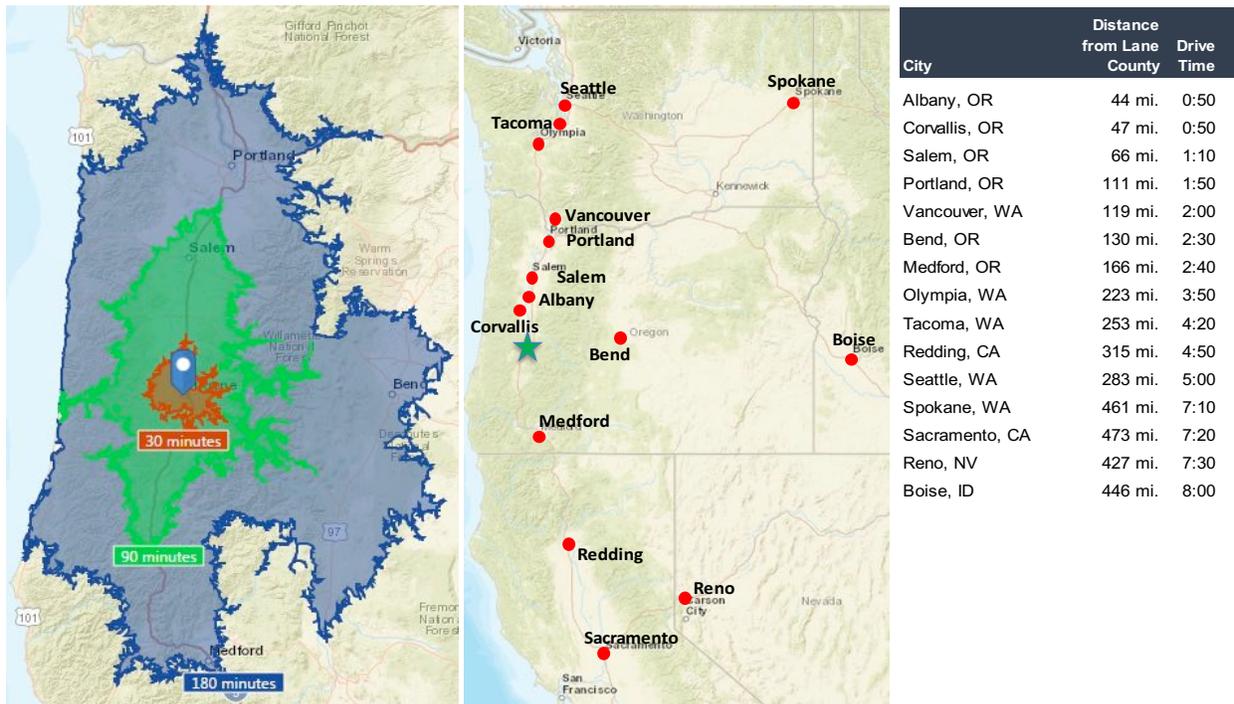
The strength of the local market, in terms of its socioeconomic and demographic attributes, can provide an indication of a convention facility's ability to draw and accommodate convention, conference, tradeshow, consumer show, and other event related attendees and participation. Furthermore, a community's hospitality infrastructure in terms of hotels, restaurants, entertainment, transportation amenities and other such factors contribute heavily to the potential success of any conference facility. An analysis of these attributes was conducted as they relate to potential convention center development in Lane County.

Location and Accessibility

Lane County is located approximately 110 miles south of Portland, Oregon and is intersected by Interstate 5. The County is the third largest Metropolitan Statistical Area in the state of Oregon and features a population of just over 359,300 in 2015. Its county seat Eugene, Oregon, is the third-largest city in the state with a population of 159,900. The Eugene/Springfield metro market represents the largest single concentration of population, businesses, and hospitality industry infrastructure within Lane County. Eugene/Springfield is just under two hours from Portland and within practical driving distance of Salem, Medford and Vancouver, Washington. Other major metropolitan areas such as Seattle, Sacramento and Reno are longer drives, but are still relevant due to Eugene/Springfield's interstate access.

Exhibit 1 illustrates the location of Lane County, its proximity to nearby regional markets. Additionally, the exhibit demonstrates the markets and land area captured within 30-, 90- and 180-minute estimated driving distances from downtown Eugene (used as a center point as it represents the County's population and visitor infrastructure core). These distances will be utilized throughout the report for analyzing and comparing demographic and socioeconomic variables.

**Exhibit 1
Driving Distance to Regional Cities**



Eugene-Springfield is located just an hour away from the state’s capital, Salem. Portland, the largest population center in Oregon, is just under two hours away to the north. Other population centers located within 500 miles include Reno, Nevada; Boise, Idaho; Sacramento, California; and Tacoma, Washington.

Lane County is also home to the fifth largest airport in the Pacific Northwest, the Eugene Airport. An expansion of the airport is presently underway and significant efforts continue to be made to secure additional major carrier routes, as well as new hotel support nearby. Air access into a destination is normally an important determinant of the ability of a destination to successfully compete within national and regional convention markets, as it is often a key factor that national and regional event organizers evaluate when selecting a host market for their event(s). Air access issues will be discussed further in a subsequent chapter of this report.

Beyond air access, passenger vehicle accessibility of Eugene to the greater Pacific Northwest market will also be critical for a potential convention center product, particularly as it relates to drawing from a large population base (mostly Oregon-based) and attracting new economic activity for the County.

Demographics

An important component in assessing the potential success of the convention/conference center product within a given market is the demographic and socioeconomic profile of the local area. Specific demographic and socioeconomic information that can provide an indication of the ability of a market to support an event facility includes population, age, and household income. Exhibit 2 provides a summary of key demographic characteristics estimated for Lane County, and markets captured in a 30-minute, 90-minute and 180-minute drive time from the selected center point of downtown Eugene.

**Exhibit 2
Lane County Area Summary**

| Demographic Variable | Lane | | | | State of | U.S. |
|---------------------------------------|----------|-----------|-----------|------------|-----------|-------------|
| | County | 30-minute | 90-minute | 180-minute | Oregon | |
| Population (2000) | 322,959 | 281,794 | 880,757 | 3,406,814 | 3,421,399 | 281,421,906 |
| Population (2010) | 351,715 | 309,742 | 976,924 | 3,886,392 | 3,831,074 | 308,745,538 |
| Population (2015 est.) | 359,308 | 316,224 | 1,002,100 | 4,024,008 | 3,953,654 | 316,296,988 |
| % Change (2000-2015) | 11.3% | 12.2% | 13.8% | 18.1% | 15.6% | 12.4% |
| Population (2020 est.) | 367,202 | 323,050 | 1,027,782 | 4,189,124 | 4,101,646 | 327,981,317 |
| % Change (2015-2020) | 2.2% | 2.2% | 2.6% | 4.1% | 3.7% | 3.7% |
| Avg. Household Inc. (2015 est.) | \$58,736 | \$ 59,011 | \$ 61,339 | \$ 71,181 | \$ 68,854 | \$ 72,809 |
| Avg. Household Inc. (2020 est.) | \$66,916 | \$ 67,208 | \$ 69,726 | \$ 81,302 | \$ 78,687 | \$ 83,937 |
| % Change (2015-2020) | 13.9% | 13.9% | 13.7% | 14.2% | 14.3% | 15.3% |
| Median Age (2015, in years) | 39.9 | 37.7 | 38.0 | 38.8 | 39.3 | 37.7 |
| Businesses (2015 est.) | 16,848 | 15,248 | 42,977 | 178,862 | 184,825 | 24,262,035 |
| Employees (2015 est.) | 188,427 | 178,397 | 487,100 | 1,921,998 | 1,924,563 | 141,523,742 |
| Employee/Residential Population Ratio | 0.52:1 | 0.56:1 | 0.49:1 | 0.48:1 | 0.49:1 | 0.45:1 |

As shown, the population of Lane County was approximately 323,000 in 2000, and, according to U.S. Census data, grew to approximately 351,700 by 2010 and again to 359,300 by 2015. The estimated population within a 30-minute drive of Eugene was approximately 316,200 in 2015, which is an estimated 12.2 percent increase over the 2000 population within that radius. This increase is less than the estimated

15.6 percent increase throughout the state of Oregon and is slightly below the estimated 12.4 percent increase of the United States. The population base in 2015 within a 90-minute and 180-minute drive is estimated at 1.0 million and 4.0 million, respectively.

Average household income among Lane County residents approximates \$58,700, which is just over 19 percent (\$14,100) less than the national average. Further, the County has an employee/residential population ratio of 0.52 to 1, which is just above the national average, and nearly 16,900 businesses. These important metrics help measure Eugene’s corporate base and economic strength, an element that is explored in further detail in the subsequent section.

Economy and Attractions

Partially due to its geographic breadth, as a destination, Lane County offers a diverse set of attractions and amenities. A sampling of some of the County’s primary attractions is included below.



Eugene/Springfield offers a variety of historical, cultural and natural attractions, with the University of Oregon serving as a significant component of the area’s economy and destination product. Lane County has prominent higher education and related research industries due to the presence of the University of Oregon, the largest university in the state. The University is the largest public employer with over 5,400 employees and a student population of 24,100, and its size and reputation leverages the city of Eugene’s appeal as a visitor destination. The Ducks Cross Country and Track and Field teams are among the oldest and most successful college programs in the nation, winning 28 total NCAA national titles between the teams, most recently in the 2016 indoor championships. This history has earned Eugene the nickname of “TrackTown USA”.

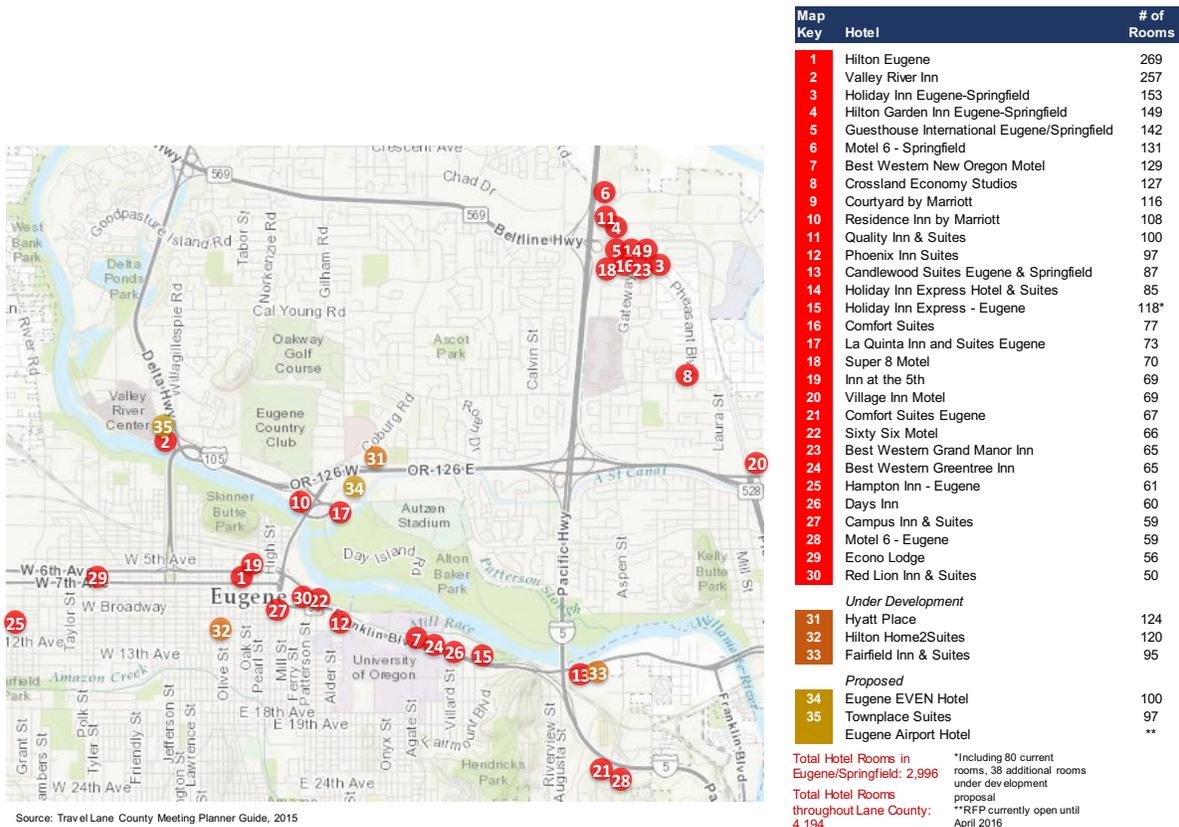
Lane County is also home to Lane Community College, which employs over 1,000 people and features a student population of 15,400. PeaceHealth Corp represents the largest private employer, with over 5,500 employees. Aside from higher education and health care, the area’s primary industries include forest products, leisure and hospitality, manufacturing and high technology.

As a greater destination, Lane County is known for its extensive hiking and biking trails, beaches along the Pacific Coast, memorable outdoor scenery, wineries, and various other outdoor and adventure opportunities. Primary manmade attractions in the Eugene-Springfield metro area include the Hult Center for the Performing Arts, Lane Events Center, Willamalane Center for Sports and Recreation, and Matthew Knight Arena (home of the Oregon Ducks basketball team), and Autzen Stadium (home of the Oregon Ducks football team).

Local Lodging/Hotel Inventory

A community's hospitality infrastructure, in terms of hotels, restaurants, entertainment and other such factors, plays a key role in generating the desired economic impact of added event space, particularly when considering a convention center project. A paramount component of this hospitality infrastructure is the local inventory of quality hotel properties. As such, Eugene-Springfield hotel properties offering 50 or more sleeping rooms or more are outlined below in Exhibit 4. Eugene-Springfield is specifically highlighted due to its profile as the population center of the County and it contains the large majority of hotel properties and rooms in the county. Given its significant concentration of visitor amenities (including the ability to leverage multiple proximate hotel properties), population base, and transportation accessibility, it is clear that any new convention center investment in Lane County should be focused in the Eugene-Springfield area. Specific site issues are discussed further in a subsequent section of this report.

Exhibit 4
Primary Eugene-Springfield Hotels



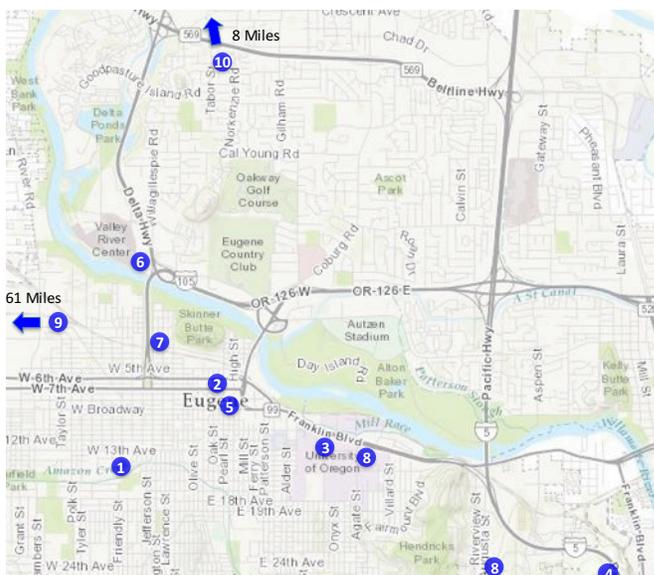
As shown in the previous exhibit, clusters of hotel properties exist in and near downtown Eugene and in the area surrounding Springfield's Gateway Mall along Interstate 5. There are 30 lodging properties that offer 50 or more guestrooms in the Eugene-Springfield area, the largest being the 269-room Hilton Eugene. The second largest property is the Valley River Inn (257 rooms), followed by the Holiday Inn Eugene-Springfield (153) and the Hilton Garden Inn Eugene-Springfield (149). Eugene features 11 hotels with at least 100 rooms and has three under development, each of which are planned to contain 95 rooms or more. Including properties with fewer than 50 guestrooms, the total number of hotel guest rooms in Eugene-Springfield is estimated at just under 3,000, and there are nearly 4,200 throughout Lane County.

Throughout the country, traditional convention headquarters hotel product is most typically represented by a hotel within the Upper-Upscale chain scale segment and features at least 200 sleeping rooms. Brands within this Upper-Upscale include full service Marriott, Embassy, Hilton, Hyatt, Renaissance, Westin, Sheraton, DoubleTree, Wyndham, and Omni. Smaller destinations often consider slightly lower cost and sized hotel products that fall within the Upscale chain scale segment (such as Hilton Garden Inn, Courtyard Marriott, Hyatt Place, Aloft, etc.). As with many cities of a similar size, the number of nationally-branded, full-service hotels within the Upper-Upscale chain scale segment in Eugene-Springfield is limited—effectively only presently represented by the Hilton Eugene. However, a number of other quality full-service and select/focused service hotels exist throughout the Eugene-Springfield marketplace, which are instrumental as supporting properties to accommodate convention room blocks.

Local Meeting Facility Inventory

The number of potentially competitive and/or supporting event facilities in the local market area is also an important consideration with respect to the overall viability of a market's conference product. Exhibit 5 summarizes the primary event facilities in the Eugene market that offer flat floor event space. Prime exhibit space refers to dedicated exhibition area that is column-free or with minimal columns, has a concrete floor and high ceilings (i.e., 25 feet or higher). Ballroom and meeting space normally represents carpeted, high quality, sub-dividable space. Ballroom space has higher ceiling heights and larger space volume than traditional breakout meeting room space.

Exhibit 5
Local Facilities – Primary Existing Eugene Convention/Meeting Facilities



Note: only includes facilities with 5,000 or more square feet of sellable event space
Source: Travel Lane County Meeting Planner Guide, 2016

| Map Key | Facility | Total Space (sf) |
|---------|---------------------------------------------------|------------------|
| 1 | Lane Events Center | 79,900 |
| 2 | Hilton Eugene/Hult Center for the Performing Arts | 31,000 |
| 3 | Erb Memorial Union (University of Oregon) | 19,900 |
| 4 | Center for Meeting and Learning | 17,900 |
| 5 | The John G. Shedd Institute for the Arts | 17,000 |
| 6 | Valley River Inn | 15,500 |
| 7 | Venue 252 | 9,800 |
| 8 | Ford Alumni Center (University of Oregon) | 8,800 |
| 9 | Florence Events Center | 6,200 |
| 10 | Shadow Hills Country Club | 6,300 |



As shown, there are ten meeting facilities in the Eugene market that offer more than 6,000 square feet of total sellable space, totaling approximately 215,3000 square feet of cumulative sellable flat floor event space throughout the market. The three primary facilities that offer the largest amount of rental flat floor event space or notable conference space include the Lane Events Center, the Hilton Eugene, and the Erb Memorial Union at the University of Oregon.

Exhibit 6 on the following page provides a more detailed breakdown of the various event spaces offered at each of the facilities included in the map above.

Exhibit 6
Key Local Flat Floor/Convention Facilities

| Facility | Exhibit Space | | Ballroom Space | | Meeting Space | | Sellable Space | Largest Contiguous Space | HQ Hotel Rooms |
|-------------------------------------------|---------------|----------|----------------|----------|---------------|------------|----------------|--------------------------|----------------|
| | Prime SF | Other SF | Grand SF | Other SF | Total SF | # of Rooms | | | |
| Lane Events Center | 59,000 | 11,000 | 0 | 0 | 9,900 | 4 | 79,900 | 37,000 | 0 |
| Hilton Eugene | 0 | 8,000 | 11,600 | 4,500 | 6,900 | 8 | 31,000 | 11,600 | 269 |
| Venue 252 | 0 | 0 | 9,400 | 0 | 400 | 1 | 9,800 | 9,400 | 0 |
| The John G. Shedd Institute for the Arts | 0 | 0 | 7,700 | 4,000 | 5,300 | 5 | 17,000 | 7,700 | 0 |
| Center for Meeting and Learning (LCC) | 0 | 0 | 0 | 0 | 17,900 | 16 | 17,900 | 6,900 | 0 |
| Valley River Inn | 0 | 0 | 6,100 | 6,800 | 2,600 | 5 | 15,500 | 6,100 | 257 |
| Shadow Hills Country Club | 0 | 0 | 6,000 | 0 | 300 | 1 | 6,300 | 6,000 | 0 |
| Florence Events Center | 0 | 5,900 | 0 | 0 | 300 | 1 | 6,200 | 5,900 | 0 |
| Erb Memorial Union (University of Oregon) | 0 | 0 | 4,700 | 0 | 15,400 | 26 | 20,100 | 4,700 | 0 |
| Ford Alumni Center (University of Oregon) | 0 | 0 | 3,900 | 0 | 4,900 | 9 | 8,800 | 3,900 | 0 |

Notes: Facilities sorted by largest contiguous space.
 Only includes facilities with 5,000 or more square feet of sellable event space.
 Pre-function space at Hilton Eugene not considered "Prime Exhibit" space, which typically features column-less space, concrete floors and 30'+ ceilings.
 Source: Travel Lane County Meeting Planner Guide, 2016

As shown, Lane Events Center and Hilton Eugene are the only two facilities that offer over 10,000 contiguous square feet of event space, with the former offering 37,000 square feet of prime exhibit space in its Exhibit Hall and the latter offering 11,600 of upscale carpeted space in its Playwrights Room. Only two facilities with significant event space in the County, the Hilton Eugene and the Valley River Inn, include headquarter hotel rooms. Several facilities from the list above, including the Hilton and Lane Events Center, are described in greater detail below.



The Hilton Eugene and Conference Center

Located in the heart of downtown Eugene’s art and entertainment district, the Hilton Eugene and Conference Center is the largest hotel in Eugene-Springfield and the destination’s largest existing hotel-attached convention/conference facility product. The hotel and conference center was originally developed under a public/private partnership model in the early 1980’s. Within its first decade of operation, the City of Eugene divested its ownership share of the hotel asset; however, the City remains the owner of the Conference Center that is operated by Davidson Hotels and Resorts (through a contract with the hotel’s owner, Rockbridge).



Source: Travel Lane County Meeting Planner Guide, 2016

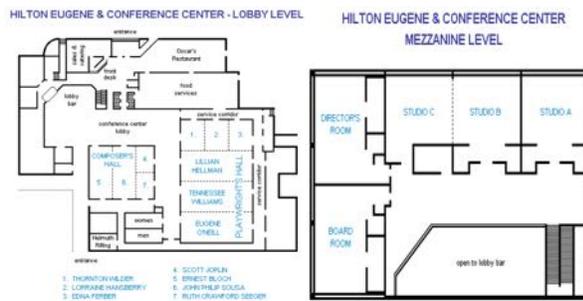
FACILITY: HILTON EUGENE AND CONFERENCE CENTER

City, State: Eugene, Oregon

Owner: Rockbridge

Operator: Davidson Hotels and Resorts

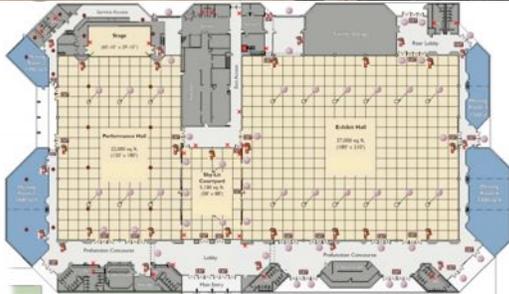
Facility Specs: Constructed in 1982
269 rooms
6,900 total square feet of meeting space
8,000 square feet of open pre-function/exhibit space
16,100 square feet of ballroom space
8 meeting rooms



The facility offers 269 hotel rooms, 8,000 square feet of open pre-function space (that is often marketed and used as event space for activities including exhibits/tradeshows, and receptions), 6,900 square feet of breakout meeting space, a 11,600-square foot grand ballroom, and a 4,500-square foot junior ballroom. The center’s location in the core of Eugene’s central business and entertainment district and proximity to the University of Oregon, Autzen Stadium, Matt Knight Arena and Hayward Field is believed to be important in sustaining group, corporate and leisure room night demand and event activity. The city’s Amtrak station is two blocks away from the facility and the hotel provides a shuttle service to the Eugene Airport. The Hilton Eugene and Convention center hosts corporate and University-related functions, including luncheons, meetings, conferences, banquets and various other types of general assemblies.

Lane Events Center

Owned and operated by Lane County, the Lane Events Center is the local area's primary multipurpose expo/event complex. The complex consists of variety of event spaces and facilities, most of which are flat floor, low finish spaces that are typical of a traditional fairgrounds/exposition complex model that exist throughout the country.



Source: Travel Lane County Meeting Planner Guide, 2016

FACILITY: LANE EVENTS CENTER AT THE LANE COUNTY FAIRGROUNDS

City, State: Eugene, Oregon

Owner: Lane County

Operator: Lane County

Facility Specs: Constructed in 1979
37,000-square foot Exhibit Hall
22,000-square foot Performance Hall
11,000-square foot Pavilion
36,000-square foot Livestock Arena with 540 seats
9,900-square feet of meeting space
4 meeting rooms

Operations: 123 events and 400,400 attendees in 2015
7 banquets (2,400 attendees)
23 conventions and tradeshow (98,200)
8 fairs and festivals (161,600)
6 livestock/animal shows (9,000)
21 meetings (2,100)
33 public/consumer shows (100,500)
14 sporting events (8,300)
11 other events (18,400)

Over the last two years, has averaged:
\$2.2 million in annual operating revenues
\$3.0 million in operating expenses
Approximate operating deficit of \$762,000

Home to the Lane County Fair and located in the center of Eugene, the Lane Events Center at the Lane County Fairgrounds offers the most-square footage of space in Lane County with a total of 79,900 of sellable space. Constructed in 1979, the Lane Events Center contains a 37,000-square foot Exhibit hall, 22,000-square foot Performance hall, 11,000-square foot Pavilion area, 36,000-square foot Livestock Arena with 540 seats and 9,900-square feet of meeting space distributed throughout 4 meeting rooms.

The Lane Events hosted 123 events and 400,400 attendees in 2015. Conventions/tradeshow and public/consumer shows were the most frequent types of events held at the Center, making up 19 percent and 28 percent of event activity, respectively.

The Lane Events Center has had an important role in Lane County for decades. It continues to host a large number of events that positively contributes to the quality of life of citizens and generates economic impact through the attraction of events, visitors and associated spending. However, given the nature of its fairgrounds-oriented setting, the lack of attached or proximate convention-quality hotel product, lack of visitor amenities (i.e., concentrations of restaurants, bars, nightlife, retail, etc.) within close walking distance, and the quality/finish of existing facility product, it is not believed that new convention center investment (for the purpose of enhancing competitiveness within regional and national convention markets) would be appropriate at the Lane Event Center, even with the opportunity to potentially leverage certain existing facility spaces through expansion. Nevertheless, as is typical in other similarly-sized communities, the Lane Events Center has, and will continue to have, an important role in Lane County by accommodating a segment of event demand that otherwise would not occur in Lane County.

Several other conference centers located throughout Lane County are detailed in Exhibit 7 below.

**Exhibit 7
Other Key Local Area Conference Facilities**

| ERB MEMORIAL UNION (U OF O) | | VALLEY RIVER INN | | CENTER FOR MEETING AND LEARNING | |
|-----------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------|--------|-------------------------------------------------------------------------------------|--------|
|  | |  | |  | |
|  | |  | |  | |
| Hotel Guestrooms: | N/A | Hotel Guestrooms: | 257 | Hotel Guestrooms: | N/A |
| Convention Space (square feet): | | Convention Space (square feet): | | Convention Space (square feet): | |
| Exhibit - Prime | 0 | Exhibit - Prime | 0 | Exhibit - Prime | 0 |
| Exhibit - Other | 0 | Exhibit - Other | 0 | Exhibit - Other | 0 |
| Meeting Space | 15,400 | Meeting Space | 2,600 | Meeting Space | 17,900 |
| Ballroom - Grand | 4,700 | Ballroom - Grand | 6,100 | Ballroom - Grand | 0 |
| Ballroom - Other | 0 | Ballroom - Other | 6,800 | Ballroom - Other | 0 |
| Total Sellable Space | 20,100 | Total Sellable Space | 15,500 | Total Sellable Space | 17,900 |
| Largest Contiguous | 4,700 | Largest Contiguous | 6,800 | Largest Contiguous | 6,900 |

Erb Memorial Union – University of Oregon

Since 1950, the Erb Memorial Union has served as the centerpiece for campus activities, community events, and socialization at the University of Oregon. The Union holds 15,400-square feet of meeting space and a 4,700-square foot ballroom, totaling in 20,100-square feet of sellable space. The Union just completed an expansion consisting of 80,000-square feet of overall building space and 134,000-square feet of renovated building space. Included in this renovation is a 250-seat multipurpose performance theater, expanded parking for cars & 200 spots for bicycles, and an expanded campus pub for food and beverage services.

Valley River Inn

Built in 1973, the Valley River Inn offers 15,500 square feet of total sellable space, including the 6,100 square foot Willamette Ballroom and two 3,300-plus-square foot junior ballrooms. The hotel houses 257 sleeping rooms and is situated along the Willamette River. The Inn will be undergoing a significant \$23 million renovation in 2017.

Center for Meeting and Learning

Located at Lane Community College's main campus, the Center for Meeting and Learning is available for public rentals and is commonly used by local and corporate groups for banquets and breakout sessions. The facility features 16 different breakout meeting rooms and offers 6,900 square feet of space within the Curtis Meeting Room.

Conclusions

The demographic and socioeconomic characteristics of a local market are important components in assessing the market potential for new convention center space in a community. The strength of a market in terms of its ability to attract events and attendees, and generate revenues, is predicated, somewhat, on the size of the regional market area population and its demographic makeup as well as the level of competition within the regional area. Further, a community's hospitality infrastructure in terms of hotels, restaurants, entertainment and other such factors contribute heavily to the ability to attract non-local events.

From a competitive standpoint as a "destination", some of Lane County's most prominent strengths include (1) the diversity of destination in terms of visitor appeal and interests (i.e., diverse and quality mix of urban, rural, indoor, outdoor, entertainment, scenic, and leisure amenities and attractions); (2) direct driving accessibility via I-5 to major Oregon, Washington and California markets; (3) conveniently-located airport with direct air service to key regional hubs; (4) centralized location on the western side of Oregon; (5) strong educational infrastructure and positive direct/indirect impacts associated with the University of Oregon; and (6) progressive economic development and socioeconomic attributes. Events that rotate within a given region (e.g., conventions, conferences, and meetings hosted by associations, government, corporate/trade groups, and non-professional organizations, such as SMERF [social, military, educational, religious, fraternal] groups) normally view destinations with diverse offerings, such as Lane County, favorably when considering convention sites.

In terms of weaknesses, despite a location that is fairly centralized within the more populated western half of Oregon, Eugene-Springfield is relatively remotely located relative to other larger cities and metropolitan areas. While Eugene-Springfield benefits from a quality commercial airport, there are important challenges affecting air travel to and from Eugene-Springfield, like there are with many remotely-located cities in the country. Overall flight volume and non-stop market limitations, plus relatively high average cost of air travel will work to govern the size and volume of national convention, tradeshow, and conference demand for a new or expanded Lane County convention center.

Local events and attendees residing in a given "local" (i.e., nearby) market normally comprise the largest user segment of event facilities of any type (via corporate events such as meetings, training, banquets, and conferences, as well as private events such as wedding receptions, luncheons and service club meetings for event facilities). The demographic characteristics of the local market (combined with the level of nearby facility competition) will have important influences on the quantity and type of events estimated for a new or expanded convention center in Lane County.

Eugene-Springfield's existing hotel inventory, in terms of the number of hotel properties, total number of hotel rooms, size of largest single property, limitations in full-service (upscale and upper-upscale chain scale) properties, and the aging nature of some of the core properties will work to govern the upside opportunity to penetrate into larger convention business. These issues will be discussed further in a subsequent chapter of this report.

Likewise, there are some limitations in Lane County's existing convention/conference facility inventory, in terms of quality and finish of space, volume of space, differentiation of space, aesthetics and functionality of space, amenities, etc. Specifically, event space offered at the Lane Events Center, UO facilities, within certain hotel properties and other facilities located throughout the destination serve important roles, but many have certain competitive disadvantages limiting their ability to attract state, regional and national conventions and conferences. Convention/conference space offered at the Hilton Eugene and Conference Center, the Valley River Inn, the Lane Events Center, and various facilities at UO are presently accommodating most of the local market's non-local convention, conference and meeting demand; however, as will be discussed in a subsequent chapter, there are important facility space, availability and site/location issues that affect each of these existing facilities.

The Hilton Eugene and Conference Center, represents the destination's most traditional headquarters hotel and convention facility product, given its original public/private partnership origin and continued public sector ownership of its convention/conference space, location in a urban central business district, national full service brand, and relatively sizeable convention/conference space. Based on available information, it is believed that the Hilton Eugene is presently accommodating a large share of traditional rotating state and regional convention, conference and meeting business that is presently attracted to Lane County, with other local facilities accommodating smaller individual shares.

3.0. INDUSTRY CHARACTERISTICS & TRENDS

The market success of a convention facility can be partially attributed to the characteristics of the industry as a whole. In order to assess the current and future strength of the market with regard to event activity that could utilize a new or expanded Lane County convention center, it is important to evaluate the industry trends from a national and regional perspective. Broad industry changes, characterized by—sometimes significant—retraction and expansion in event demand and attendance/participation characteristics have taken place within the industry over the past decade.

The convention, trade and meetings industries are diverse and dynamic, consisting of a wide variety of events, many of which focus around a collection or gathering of individuals for the purpose of entertainment/recreation and/or face-to-face communication and the transmission of ideas/information. Typical convention facility (i.e., flat floor event venue, excluding fixed seating entertainment/sports venues) event segments include:

- Conventions – Events traditionally held by professional associations of international, national, regional, state or local scope. Many of these groups tend to hold annual events that rotate among various destinations within a particular region. In addition, certain large corporations hold annual conventions.
- Conferences – Meetings held by professional associations, non-local corporations and local area companies. While sometimes used interchangeably with the term “convention,” these events tend to be smaller, on average, than conventions and are also less exhibition-focused.
- Tradeshows – Events traditionally held by professional associations of international, national, regional, state or local scope, as well as private events hosted by one or more corporations. Some of these groups tend to hold annual events that rotate among various destinations within a particular region, similar to conventions, while others are fixed in specific cities each year.
- Consumer Shows – Exhibit-based shows are typically open to the general public and generally draw from the local area. These events tend to charge a nominal fee for entry and typically include events such as home and garden shows, boat shows, auto shows, gun shows, antique shows, career fairs, etc.
- SMERF (Social, Military, Educational, Religious, Fraternal) – Events include reunion-type meetings, conferences, conventions and special gatherings of groups and members, educational conferences and other such events. These events tend to be more sensitive to cost aspects than association and corporate groups.
- Meetings/Banquets – Events include functions hosted by local service clubs (Rotary, Shriners, and Elks) intended to share information, generate interest and spur membership. Other private events include local corporate meetings/training, exams, wedding receptions, anniversary/birthday parties and private banquets.

Exhibit 1 illustrates a summary of traditional convention facility event types along with their key characteristics.

Exhibit 1
Summary of Convention Industry Event Types

| Event Types | Primary Purpose | Key Facility Requirements | Typical Facility Used | Attendee Characteristics |
|-------------------------------------------------------------------|-------------------------------------------------|--------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------|
| Conventions | Information exchange, sales & networking | Exhibit, Ballroom & Meeting space | Convention Center, Conference Center | Predominantly non-local |
| Conferences | Information exchange, sales & networking | Ballroom and Meeting space | Conference Center, Hotel, Convention Center meeting space | Depends on scope of group, many are predominantly non-local |
| Tradeshows | Sales & Advertising | Exhibit space | Convention Center, Exhibition Center, Tradeshow Facility | Depends on scope of show, can have large percentage non-local |
| Consumer Shows | Sales & Advertising | Exhibit space | Convention Center, Exhibition Center | Mostly local |
| Social, Military, Educational, Religious, Fraternal Events | Information exchange, civic, social, networking | Meeting, banquet, multipurpose space | Civic/Community Ctr., Exhibition Center, Conv./Conf. Center | Depends on scope of group, some are predominantly non-local |
| Meetings / Banquets | Information exchange, training, incentive | Meeting and Ballroom | Conference Center, Hotel | Typically local |

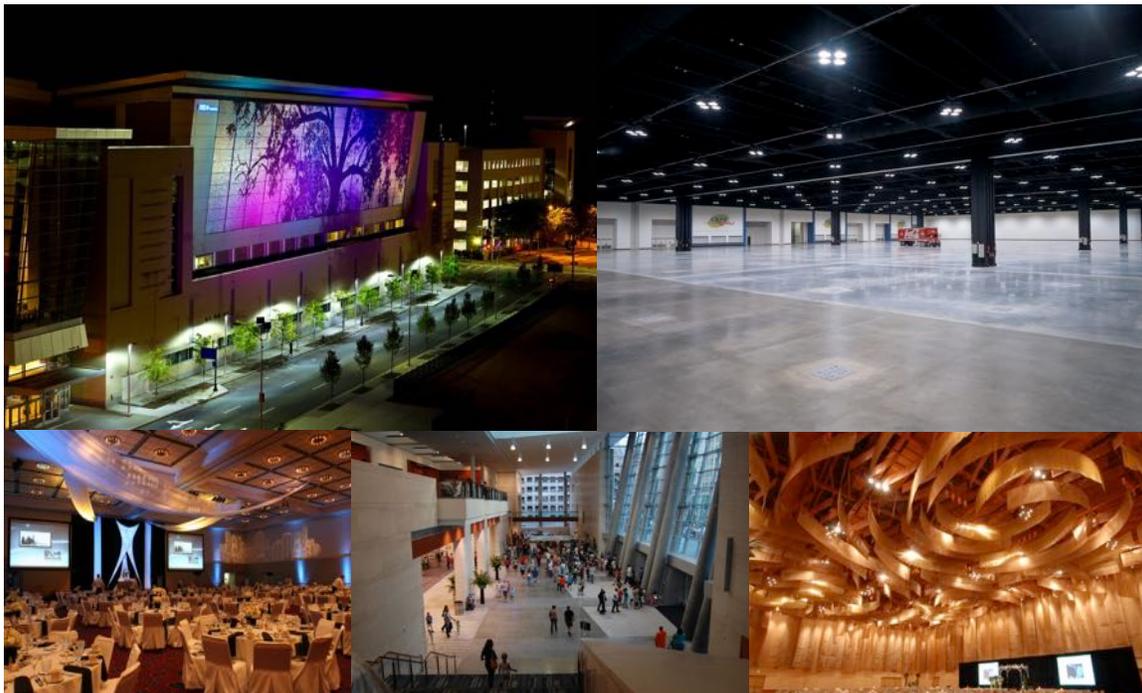
The types of facility products serving the events industry are diverse. Communities of all sizes throughout the country are home to event facilities that serve a wide swath of event segments, attendees, exhibitors, participants, and spectators. Beyond broad variation in the physical facility products offered, there are a multitude of differences in structure/approach to operating mission, policies, procedures, sales and marketing, funding, financial/economic performance goals, and other such items.

This discussion begins to lay the groundwork for some important issues that will likely affect the types of events that may be attracted to a potential new or expanded convention center in Lane County. The type, level of finish, configuration, and amenities of the space offered in any potential facility will play a strong role in determining the ability of the facility to attract and accommodate certain types of events. Ultimately, this information also implies that industry best practices dictate that event facilities cannot, and should not, be “everything to everyone”. Any event facility can be “multipurpose” and attempt to attract a diversity of events; however, it must ultimately “lean” in one direction or the other in terms of its:

1. identity,
2. mission,
3. physical spaces, configuration and amenities,
4. functionality,
5. booking and marketing approach,
6. pricing and discounting,
7. policies and procedures, and
8. other such items.

Additionally, the “state-of-the-industry” in terms of convention center physical product aesthetics and functionality has continued to advance year-over-year in cities throughout the country. For those communities that do not see regular investment in public and/or private sector convention facility assets and related infrastructure, the ability to effectively compete for key pieces of rotating convention, conference, tradeshow and meeting business (and its resulting economic impact) often deteriorates.

The “state-of-the-industry” relating to convention center products has progressed significantly over the past two decades. Meeting planners throughout the country have come to prefer, and demand in many cases, the modern, spacious aesthetics and optimized, advanced functionality and efficiency of newer facility designs and programs. Beyond attracting higher numbers of groups, visitors and economic impact, modern convention facilities often offer significant advancements in operating efficiencies and enhanced revenue generation opportunities, as compared to previous generations of facilities.



Beyond the facilities themselves, the importance of amenities and location attributes “outside the box” continues to strengthen. Recognizing that the convention center facility itself is only one piece of a larger puzzle that event planners, exhibitors, attendees, and spectators tend to consider when selecting sites and/or deciding whether to attend/participate in an event, more and more communities have been focusing on ways to strengthen the appeal of the proximate area surrounding the event facility itself. This often involves comprehensively master planning a mixed-use or entertainment district containing the convention center, whereby an attractive pedestrian-friendly environment is created to welcome convention center attendees, through offerings of restaurants, retail, nightlife, entertainment and attractions. “Connectivity” issues are often addressed that physically and perceptually bring together the district to other nearby attractions and districts. Healthy, vibrant and exciting environs surrounding the center are normally viewed very attractively by event planners and can provide important advantages in marketing a destination and its convention center.



Facilities that have limitations with respect to attached and adjacent quality hotel room supply, as well as other amenities such as restaurants, bars, cafes, retail, entertainment options, and other such items are often at a significant competitive disadvantage with other destinations that possess some or all of these amenities in terms of competing for non-local events.

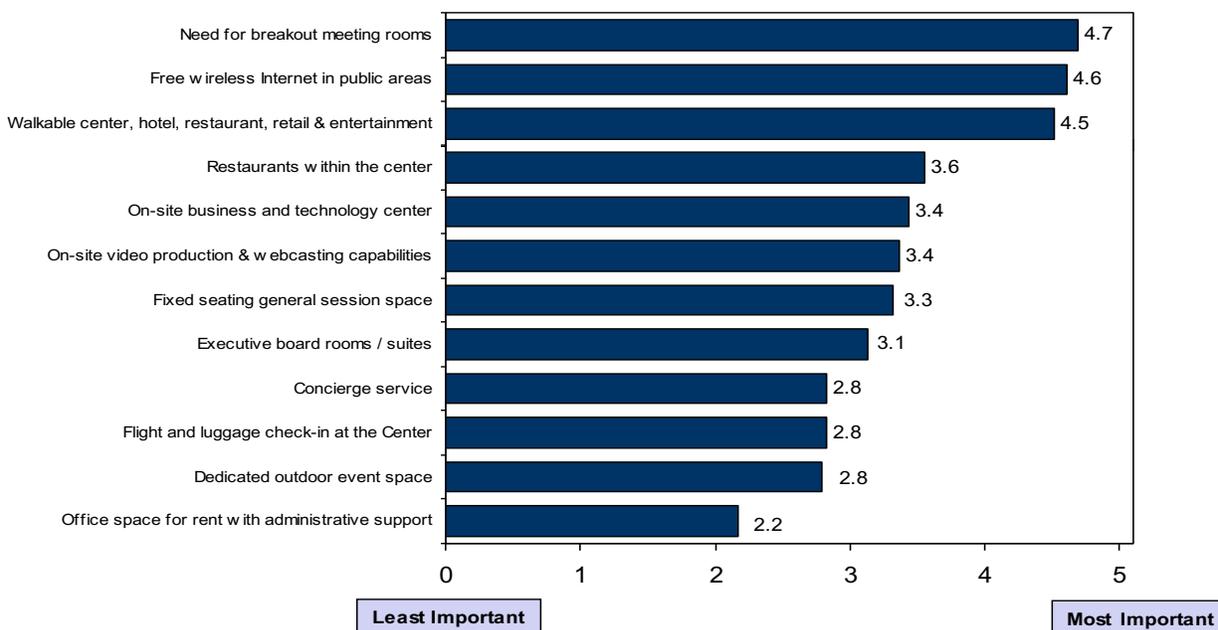
Broad industry changes, characterized by retraction and expansion in convention and tradeshow demand have taken place within the industry during the past decade. After significant decreases in industry demand levels during the recent recession, demand for convention space has grown industry-wide over the past several years.

Through 2016, nearly all indicators suggest that the national economy has largely recovered from a significant recession. A large collection of data suggests that the health of the convention, tradeshow and

meetings industry, like nearly all industries, has historically been and is currently linked to the strength and fluctuations of the overall U.S. economy. This “linkage” is a fundamental premise of any analysis of future convention and tradeshow industry performance. To address the question of future industry trends, we need to consider how the future performance of the convention industry will respond in these post recessionary times.

As part of our ongoing research with convention and tradeshow event planners, survey respondents were asked to identify which of several convention center and destination features are expected to increase in importance in the future. Results among 100 survey respondents are presented in Exhibit 4.

**Exhibit 4
Convention Center & Destination Features Expected to
Increase in Importance in the Future**



As shown, the need for breakout meeting rooms was viewed as the most pressing need for hosting future events, with an average score of 4.7 (on a scale with “0” being the least important and “5” being the most). Following the breakout rooms in importance was the need for free wireless internet and more attractions within the walkable area surrounding the host facility. Interest in a walkable environment surrounding a center has increased significantly over the past five to ten years.

Throughout the country, public sector investment in convention product development is increasingly targeting both convention facility (bricks/mortar and policies/procedures) and its supporting visitor amenities (hotel, restaurants, entertainment, attractions, etc.)—all geared towards enhancing attractiveness compared to other competitive destinations. Many of the communities throughout the country that host convention facilities have also invested substantial public sector dollars into enhancing the convention product’s supporting amenity infrastructure, including incentivizing appropriate headquarter hotel products and entertainment/mixed use districts and infrastructure nearby the convention center.

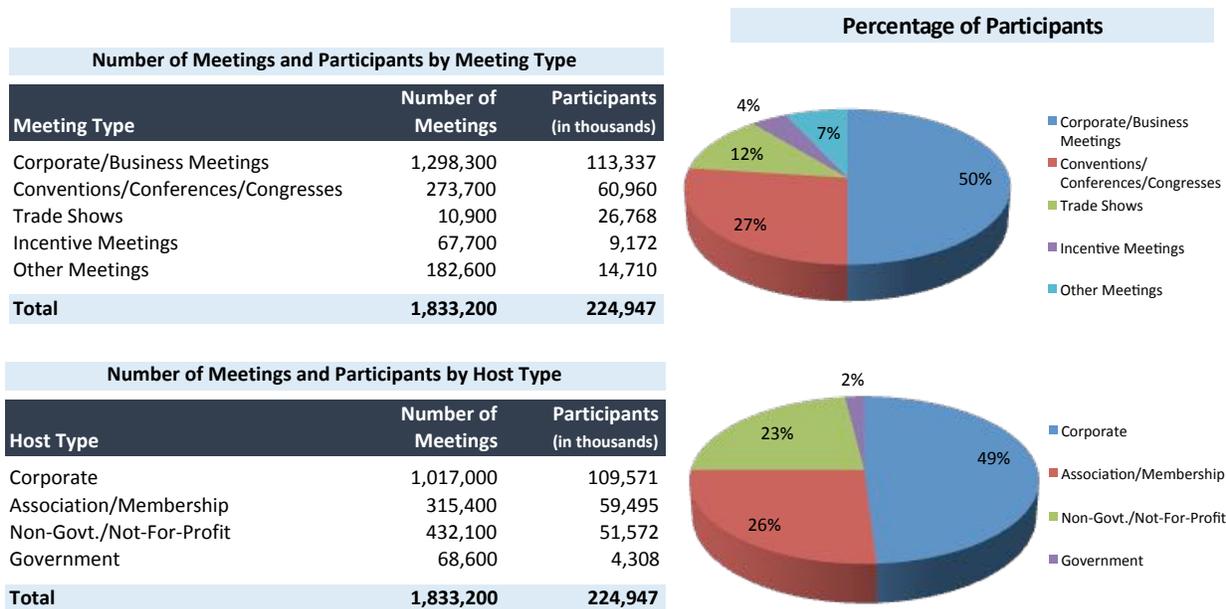


With respect to the convention and tradeshow industry, however, the practical manifestations for smaller and mid-sized communities of the downturn in the economy should be more limited, as they tend to be more economical and drive-in regional destinations. These types of second/third-tier destinations often have lower costs of living (including lower priced hotels, restaurant meals, taxes, etc.) that become more appealing during hard economic times.

Additionally, it is critical to recognize that every community and destination is unique, and application of blanket industry-wide, macro assessments of convention/meeting supply and demand phenomena do not consider the uniqueness of individual markets. Like nearly everything in a free market society, individual convention centers operate in a "survival of the fittest" environment. Destination appeal is normally the common denominator with successful projects. Convention centers located in the strongest destinations tend to be the most successful, while facilities located in destinations with weak appeal and/or deficient visitor amenities more often struggle or underperform industry averages.

PricewaterhouseCoopers (PWC) recently completed a study detailing aggregated industry-wide data regarding meeting industry trends. According to their study, "meetings" are defined as a gathering of ten or more individuals for a minimum of four hours in a contracted venue. PWC's findings on volume of events by type are detailed below in Exhibit 5.

Exhibit 5 Estimated Breadth of the U.S. Meetings Industry



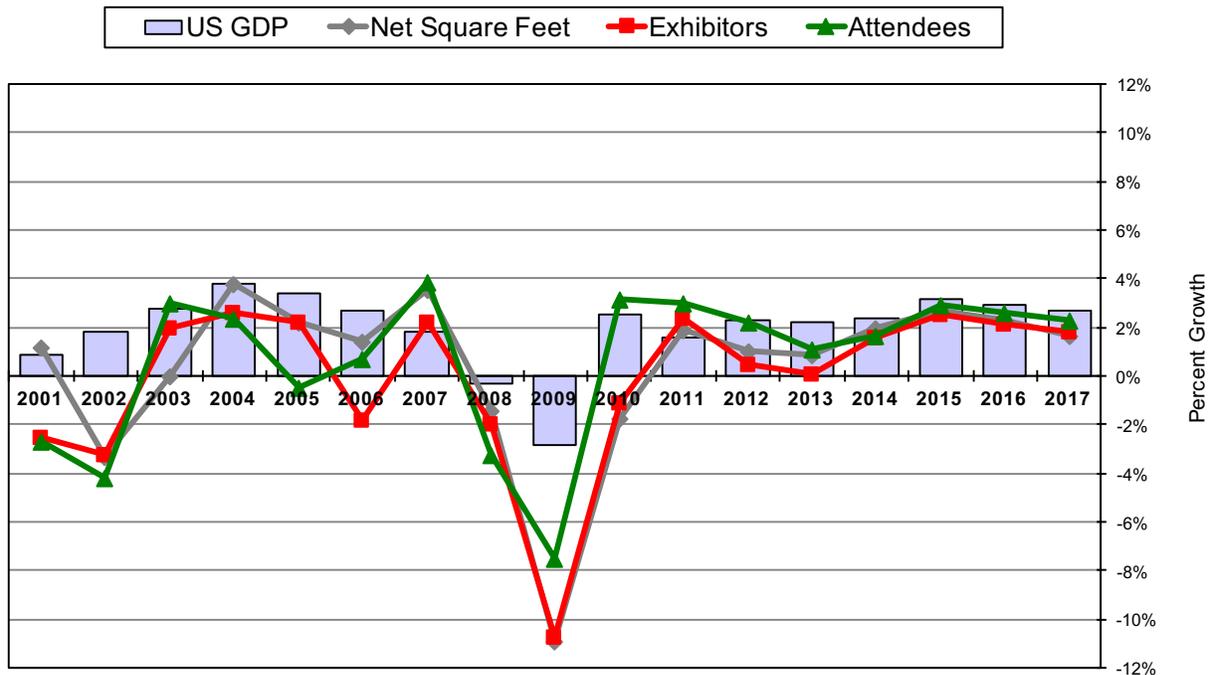
Source: PWC, The Economic Significance of Meetings in the U.S. Economy, 2014

As presented in the exhibit, just over 1.8 million meetings were held during 2012, attracting a total of just under 225 million meeting participants. Corporate/business meetings made up the largest portion of this meeting activity, encompassing 50 percent of all 2012 meetings, with conventions/conferences/congresses following behind at 27 percent.



A summary of CEIR produced historical and projected performance among three of the four variables listed above, as compared to growth in the U.S. Gross Domestic Product (GDP), for the 15-year period spanning 2001 through 2015 is shown in Exhibit 8.

Exhibit 8
Trends in Convention & Exhibition Industry Demand



Note: Convention and tradeshow data for 2015 through 2017 is based on forecasts.
Source: Center for Exhibition Industry Research (CEIR), 2015

As shown in Exhibit 8, the overall exhibition industry as measured by the CEIR Index experienced a substantial decline in overall performance post 2007. The indices appear to have bottomed out in 2009, during which time the space use showed a 10.9 percent decline and the number of exhibitors fell by an estimated 10.7 percent when compared to 2008.

A significant industry rebound took place starting in 2010 that is projected to continue through at least 2017. Expectations for 2016 call for an overall exhibition industry growth rate of approximately 2.4 percent. This compares to projected growth of 2.0 percent in 2017. The U.S. economy has continued a trend of moderate growth since 2010, with GDP growing at a rate of 2.2 percent in 2013, 2.4 percent in 2014 and is forecasted to grow by 3.2 percent in 2015.

Projections for full year 2016 have the GDP growing at a rate of 2.9 percent, while 2.7 percent growth is estimated in 2017. These data help support the notion of a linkage between the convention and tradeshow industry and the overall national economy.

Conclusions

The market success of a convention center can be partially attributed to the characteristics of the industry as a whole. Broad industry changes, characterized by—sometimes significant—retraction and expansion in convention/tradeshow event demand and attendance/participation characteristics have taken place within the industry over the past decade. In 2009, the U.S. economy fell into a significant recession. Metrics for 2008 illustrated deteriorating economic conditions that led to a decline in macro industry-wide demand. However, the convention and tradeshow industry has exhibited slow, but consistent recovery, along with the U.S. economy, in recent years. Metric indicators project continued moderate growth into the foreseeable future.

With respect to the convention and tradeshow industry, however, the practical manifestations for smaller and mid-sized communities during economic downturns are normally more limited, as they tend to be more economical and drive-in regional destinations. These types of second/third-tier destinations often have lower costs of living (including lower priced hotels, restaurant meals, taxes, etc.) that become more appealing during hard economic times.

Additionally, it is critical to recognize that every community and destination is unique, and application of blanket industry-wide, macro assessments of convention/meeting supply and demand phenomena do not consider the uniqueness of individual markets. Like nearly everything in a free market society, individual convention centers operate in a “survival of the fittest” environment. Destination appeal is normally the common denominator with successful projects. Convention centers located in the strongest destinations tend to be the most successful, while facilities located in destinations with weak appeal and/or deficient visitor amenities more often struggle or underperform industry averages.

Recognizing that the convention center facility itself is only one piece of a larger puzzle that non-local event planners tend to consider when selecting sites, more and more communities have been focusing on ways to strengthen the appeal of the proximate area surrounding the “box”. This often involves comprehensively master planning a mixed-use or entertainment district containing the convention center, whereby an attractive pedestrian-friendly environment is created to welcome convention center attendees, through offerings of restaurants, retail, nightlife, entertainment and attractions. “Connectivity” issues are often addressed that physically and perceptually bring together the district to other nearby attractions and districts. Healthy, vibrant and exciting environs surrounding the convention center are normally viewed very attractively by event planners and can provide important advantages in marketing a destination and its convention center.

4.0. COMPETITIVE AND COMPARABLE FACILITIES ANALYSIS

This chapter provides an analysis of various physical characteristics and resources of both competitive and comparable facilities and communities. Throughout the country, public sector investment in convention product development is increasingly targeting both facility (bricks/mortar and policies/procedures) and its supporting visitor amenities (hotel, restaurants, entertainment, attractions, etc.)—all geared towards enhancing destination/product attractiveness compared to other competitive destinations.

A review of various physical characteristics and resources of facilities and communities around the country that are comparable to a potential new or expanded convention center in Lane County is presented in this section. This data is used to understand how other similar markets are performing within current industry conditions, the level of space and hotel room inventory offered by competitive and comparable facilities and destinations, and other such characteristics. A number of characteristics are considered by event planners in determining the ability of a community to attract convention, conference and tradeshow business.

Competitive/Regional Facilities

As a part of this analysis, we identified 16 convention facilities throughout the regional area that are presently accommodating convention demand in the regional area and will likely offer some level of competition to a potential new or expanded convention center in Eugene. Exhibit 1 presents the name, distance, and specifications of these competitive facilities.

Exhibit 1
Competitive Regional Convention Facilities

| Facility | Market | Largest Contiguous Space | Sellable Space | Rooms at HQ Hotel | Distance to Eugene/Springfield |
|------------------------------------------|---------------|--------------------------|----------------|-------------------|--------------------------------|
| Oregon Convention Center | Portland, OR | 255,000 | 368,700 | 0 | 112 mi |
| Spokane Convention Center | Spokane, WA | 100,200 | 169,200 | 375 | 462 |
| Greater Tacoma Convention & Trade Center | Tacoma, WA | 49,500 | 75,300 | 482 | 253 |
| Doubletree Lloyd Center | Portland, OR | 18,200 | 71,700 | 477 | 112 |
| Sheraton Seattle Hotel | Seattle, WA | 18,300 | 57,000 | 1,236 | 283 |
| Meydenbauer Center | Bellevue, WA | 36,000 | 49,400 | 0 | 286 |
| The Westin Seattle | Seattle, WA | 18,000 | 46,600 | 891 | 283 |
| Portland Marriott Downtown Waterfront | Portland, OR | 15,500 | 37,800 | 503 | 109 |
| Hilton Portland & Executive Tower | Portland, OR | 10,900 | 37,400 | 782 | 111 |
| The River House on the Deschutes | Bend, OR | 16,600 | 36,400 | 220 | 127 |
| Boise Centre | Boise, ID | 24,400 | 33,300 | 250 | 446 |
| Vancouver Conference Center | Vancouver, WA | 14,100 | 30,400 | 226 | 119 |
| LaSells Stewart Center | Corvallis, OR | 10,500 | 28,900 | 153 | 48 |
| Salem Convention Center | Salem, OR | 11,400 | 24,300 | 121 | 66 |
| Skamania Lodge | Stevenson, WA | 6,900 | 21,700 | 254 | 154 |
| Seaside Civic and Convention Center | Seaside, OR | 10,500 | 21,000 | 0 | 181 |
| Average (1) | | 36,600 | 66,400 | 460 | 203 |
| Average (2) | | 17,800 | 39,400 | | |

Notes: Includes only facilities with minimum 20,000 sf of total sellable space.
(2) Excludes the Oregon and Spokane Convention Centers.

As presented, there is a relatively limited number of competitive convention facilities with more than 40,000 square feet of sellable space throughout Oregon, providing an indication of a potential competitive opportunity for a potential convention center product in Lane County. The Oregon Convention Center in Portland, the Spokane Convention Center in Spokane, Washington, and the Greater Tacoma Convention and Trade Center in Tacoma, Washington are the three largest facilities in terms of total sellable space. None of the competitive facilities identified in Seaside, Salem, Corvallis or Bend offer more than 25,000 square feet of contiguous space.

However, there are numerous conference and meeting facilities (not shown in the exhibit) located throughout the Pacific Northwest that offer convention, conference and meeting space of greater than 10,000 square feet, but less than 20,000 square feet. Therefore, the size and space requirements of the events comprising the convention, tradeshow, conference and meetings market that is rotating through the regional area will be critical to consider to provide context to the question of competition. Demand issues will be discussed in the subsequent chapter.

Comparable Facilities

Certain inferences can be made by reviewing comparable convention facilities operating in markets throughout the country of a similar size and/or geographic positioning. The facilities reviewed were selected based on their characteristics, total space offered and the size and location of the markets in which they are located. Exhibit 2, on the following page, presents a summary of the 14 selected comparable convention center facilities and markets analyzed.

For purposes of this analysis, only "prime" exhibit space has been considered. "Prime" space refers to the dedicated exhibition area that is column-free or with minimal columns, has a concrete floor and high ceilings. While space in certain facilities may be termed "exhibit space," only space fitting the aforementioned description is considered exhibit space. State-of-the-industry prime exhibition space normally possesses ceiling heights of 30 feet or higher.

In state-of-the-industry convention centers, ballroom space tends to provide a large contiguous open area, high ceilings (25 to 28 feet as opposed to 12 to 15 feet for meeting space) and a slightly higher level of finish, including a higher grade of lighting, floor covering and wall finish. This space can be used for general assemblies, product demonstrations, light exhibits and a variety of other uses. Recognizing this, planners have increasingly placed a premium on such space in their selection of host cities. Ballroom space is also desirable in that it tends to keep delegates in the convention/conference center during the event as a variety of different functions, such as meal functions, can be conducted all under one roof. Further, adjacent hotel ballrooms may be occupied with unrelated events that may prevent their use by convention center events.

Smaller rooms with lower ceiling heights tend to be used for breakout meeting space. Importantly, state-of-the-industry convention facilities offer a variety of meeting rooms of differing sizes and available configurations.

Combining prime exhibit space, multipurpose ballroom space and breakout meeting space produces the total sellable space within a facility, as presented throughout our analysis. Total sellable space does not include common area spaces such as pre-function or lobby space, or back-of-house and other support spaces.

**Exhibit 2
Comparable Convention Centers**

| Facility | Market | Exhibit Space | Meeting Space | Multipurpose/ Ballroom Space | Sellable Space | Largest Contiguous Space |
|-------------------------------------------------|-------------------|---------------|---------------|---------------------------------|----------------|--------------------------|
| Lexington Center | Lexington, KY | 66,000 | 16,100 | 23,600 | 105,700 | 66,000 |
| Overland Park Convention Center | Overland Park, KS | 58,500 | 14,100 | 25,000 | 97,600 | 58,500 |
| Greater Tacoma Convention & Trade Center | Tacoma, WA | 49,500 | 12,400 | 13,400 | 75,300 | 49,500 |
| Arlington Convention Center | Arlington, TX | 48,600 | 8,500 | 30,000 | 87,100 | 48,600 |
| Monona Terrace Convention Center | Madison, WI | 37,200 | 5,300 | 20,400 | 62,900 | 37,200 |
| Waco Convention Center | Waco, TX | 32,000 | 17,700 | 30,000 | 79,700 | 32,000 |
| Coralville Marriott Hotel and Conference Center | Coralville, IA | 29,600 | 5,200 | 21,900 | 56,700 | 29,600 |
| Embassy Suites Norman | Norman, OK | n/a | 6,900 | 34,100 | 41,000 | 27,200 |
| Boise Center on the Grove | Boise, ID | n/a | 8,900 | 24,400 | 33,300 | 24,400 |
| Blue Water Convention Center | Port Huron, MI | n/a | 4,500 | 25,500 | 30,000 | 20,000 |
| Utah Valley Convention Center | Provo, UT | 19,600 | 10,000 | 16,900 | 46,500 | 19,600 |
| Davis Conference Center | Layton, UT | 18,400 | 2,700 | 22,400 | 43,500 | 18,400 |
| Vancouver Conference Center | Vancouver, WA | n/a | 8,500 | 21,900 | 30,400 | 14,100 |
| Salem Conference Center | Salem, OR | n/a | 12,900 | 11,400 | 24,300 | 11,400 |
| Average | | 39,900 | 10,200 | 22,600 | 55,600 | 30,900 |
| Hilton Eugene | Eugene, OR | (1) | 6,900 | 16,100 | 23,000 | 11,600 |

(1) – Figure excludes Hilton Eugene’s non-prime exhibit space.
Notes: Facilities sorted by largest contiguous space.
Average exhibit space figure only includes facilities with exhibit space.
Source: facility floor plans, management, and industry publications, 2015

Each of the listed facilities is located in a market that is similar to the Eugene-Springfield area, with respect to population size, geographic proximity to other metropolitan areas and/or facility size/characteristics. As available, operational data was obtained and analyzed from these facilities and host communities to assist in the understanding of the operational characteristics of a potential new or expanded convention center in Lane County.

As shown, the sellable space inventories range from the 105,700 square feet featured at the Lexington Center to the 11,400 square feet housed within the Salem Conference Center. In all, the facilities analyzed average 55,600 square feet of total sellable space and 30,900 square feet of contiguous space. Note that the Hilton Eugene’s event space would rank 15th and 14th in categories, respectively. Additionally, ancillary meeting space ranges from the 2,700 square feet offered at the Davis Conference Center in Layton, Utah to the 17,700 square feet offered at the Waco Convention Center.



Comparable Market Hotel Inventory Analysis

As previously mentioned, a community’s hospitality infrastructure contributes heavily to the potential success of a convention center. The availability of hotel rooms to serve the requirements of the convention industry is a critical factor in the success of a public assembly facility. As such, we have conducted a detailed analysis of hotel room inventory among the comparable markets reviewed. The inventory of hotel rooms in a community is measured in many different ways, including:

- Greater market area hotel rooms; and
- Hotel rooms within ½-mile of the convention facility.

Greater Market Area Hotel Rooms

Exhibit 3 details the total number of available hotel rooms in each of the comparable markets.



As shown in the exhibit, the Lexington, Kentucky market features the largest hotel room inventory among the comparable markets with 7,700 total rooms. The 1,032 rooms offered in Port Huron, Michigan represent the smallest number of rooms offered within the comparable markets reviewed. The average number of market-wide hotel rooms among the comparable locations is approximately 3,300 while the median is about 2,700.

As previously discussed and shown in Exhibit 3, the Eugene-Springfield market offers approximately 3,617 total sleeping rooms, which ranks 6th among the 15 markets evaluated. Eugene-Springfield ranks right above the average number of hotel rooms in the comparable market. However, due to University-affiliated track and field activities in the spring and football activities in the fall, the hotel room inventory in Eugene-Springfield area can be limited during certain periods. Further, total hotel room supply in a market is only one metric considered in the evaluation of hotel issues, as it does not consider the size of individual properties, their location, type and quality, and room blocks available at key properties.

Hotels Rooms within ½-Mile of the Convention Facility

While some event planners require their entire room block be accommodated within a single hotel property, other events (especially those with a large number of out-of-town attendees) may stay in multiple hotel properties around the convention center. It is thus advantageous for a facility to have additional hotel support within walking distance from the convention facility. Exhibit 4 shows the number of hotel rooms within one-half mile from the comparable convention facilities reviewed. Practical walking distance is normally considered within two to three city blocks; however, the half-mile metric is commonly used throughout the industry and can be useful for benchmarking purposes of further evaluation hotel concentrations.

As shown, the Overland Park Convention Center has the greatest number of hotel rooms within walking distance with nearly 1,400 rooms, while the Blue Water Convention Center in Port Huron, Michigan has only 149 rooms. The average number of rooms within a half-mile is 610, while the median is 660.

Notably, downtown Eugene currently offers just over 350 rooms within a half mile of the site. This inventory would rank Eugene-Springfield 13th out of the 15 markets compared, and is an initial indication of the need for additional hotel supply in downtown Eugene should a new convention center project be considered for that location. While the Gateway area offers a large supply of hotel product within a half mile, most of that supply is not within practical walking distance of a potential Gateway site. Glenwood Riverfront in Springfield has similar challenges with the number of hotel rooms within close walking distance.

**Exhibit 4
Comparable Markets –
Hotels within One-Half Mile**



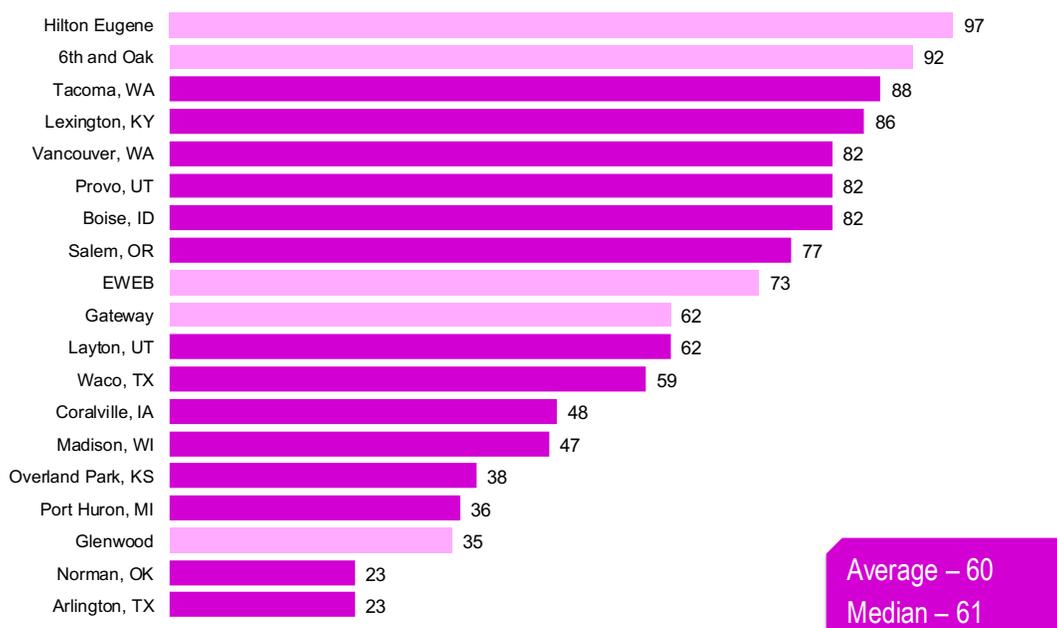
Additional information related to the location and level of proximate hotel support associated with comparable convention center facilities is presented in Appendix B at the conclusion of this report.

Local Area Walkability

Exhibit 5, on the following page, represents an indication of the concentration of amenities within walking distance of the comparable convention centers reviewed. Generally, the Walk Score is used as a measurement to provide one indication of how pedestrian-friendly an area is, with the highest score of 100 (most pedestrian friendly) and lowest score of zero (least pedestrian friendly). The maximum score is given for amenities within one-quarter mile of the venue, with no points awarded for amenities outside of a one-mile radius. Factors influencing walkability include the presence and quality of footpaths, sidewalks, traffic and road conditions, land use patterns, building accessibility, and safety, proximity to amenities such as

restaurants, parks, hotels, schools, etc. Not all of these factors comprising the score are completely relevant to an evaluation of a potential convention center site, but, together, they can provide a useful comparative indication of the density of amenities and the walkability of environments nearby various sites.

**Exhibit 5
Comparable Convention Centers –
Walkability Score**



Note that the site of the Hilton Eugene has the highest walkability score of 97 points, just ahead of the proposed site at 6th and Oak in downtown (which scored 92). The areas surrounding Arlington, Texas and Norman, Oklahoma shared the lowest score of 23 points. The comparable facilities reviewed averaged a score of approximately 60 and produced a median of approximately 61.

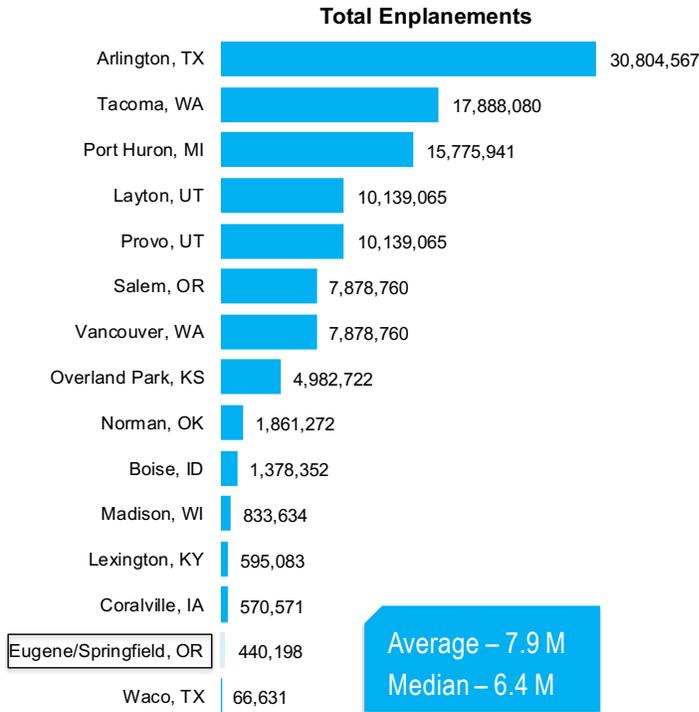
It is important to note the variance in scores relating to potential sites for the proposed convention center (to be discussed in a subsequent chapter), with the identified Glenwood location in Springfield scoring a 35, the Gateway site in Springfield scoring 62, the proposed EWEB site just northeast of downtown Eugene scoring 73 and the two downtown sites scoring 92 and 97. While many other factors are considered when evaluating individual sites for a new convention center and/or hotel development, this type of metric can be useful in a preliminary assessment of the proximity and density of critical visitor amenities that, in turn, can contribute to the marketability and performance success of a convention center project.

Airlift Accessibility Comparison

Air access into a city can also be an important determinant of a quality convention destination and is often a factor that event organizers evaluate when selecting a host market for their event(s). As such, we have assessed the total number of enplanements for the primary airport facility in each of the comparable markets, utilizing the most recent available data from the Federal Aviation Administration. Exhibit 6 compares the total number of passengers departing from each comparable market.



**Exhibition 6
Comparable Convention Centers Total Enplanements**



Source: FAA, 2016

Of the comparable markets reviewed, Arlington (Dallas/Fort Worth International Airport) and Tacoma (Seattle-Tacoma International Airport) have the most passengers traveling through their respective airports, with approximately 30.8 million and 17.9 million annual passengers, respectively.

As presented, Waco Regional Airport, which services the Waco Convention Center, ranks the lowest of comparable markets reviewed, serving approximately 66,600 annual passengers. The Eugene International Airport generates approximately 440,200 annual enplanements, which is significantly lower than the average of approximately 7.9 million annual enplanements at the comparable markets reviewed.

It will also be important to consider the accessibility of Lane County from various geographical regions

throughout the Pacific Northwest and the United States. To attract nationally and regionally based organizations, a potential convention center in Lane County will have to be directly reachable by a substantial portion of a respective organization’s membership base. To better understand the number of population centers that have access to direct flights to Lane County, CSL tallied the available direct flights at each comparable market’s airport facility. These findings are shown in Exhibit 7 on the following page.

As shown in Exhibit 7, Arlington (Dallas/Fort Worth International Airport) and Port Huron (Detroit Metropolitan Airport) are directly reachable via flight for over 100 different destinations. The Eugene International Airport offers direct flights to ten different destinations, including Denver, Las Vegas, Phoenix, Los Angeles, Salt Lake City, Portland, Seattle, San Jose, San Francisco and Oakland. Eugene/Springfield’s accessibility by direct flight is comparable with Madison, Wisconsin, Lexington, Kentucky, and Coralville, Iowa, all of which are serviced by less than 20 direct flights.

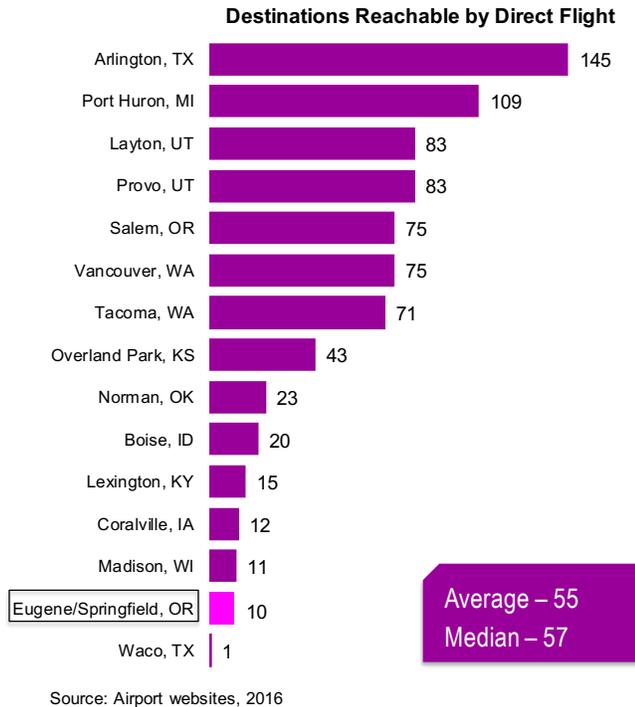


**Exhibit 7
Destinations Reachable by Direct Flight from Eugene**

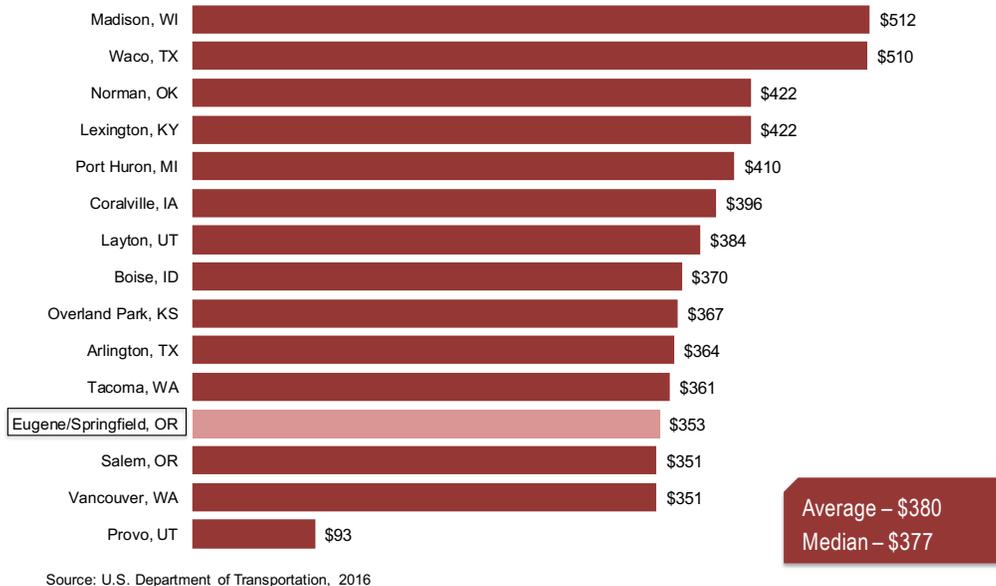
Notably, Lane County’s air access is well below that of the comparable set’s average. The airports within the 14 markets analyzed average approximately 55 destinations that are reachable by direct flight.

These two charts emphasize important challenges affecting air travel to and from Eugene-Springfield. These flight volume limitations will negatively impact market capture opportunities within the national convention market.

Another important factor considered by event planners is the estimated cost of airfare for a potential event in a respective location. Consequently, the average cost of airfare for a direct flight to each of the comparable markets was analyzed using data from the U.S. Department of Transportation. These results are shown in Exhibit 8 below.



**Exhibit 8
Average cost of Airfare (incoming flights)**

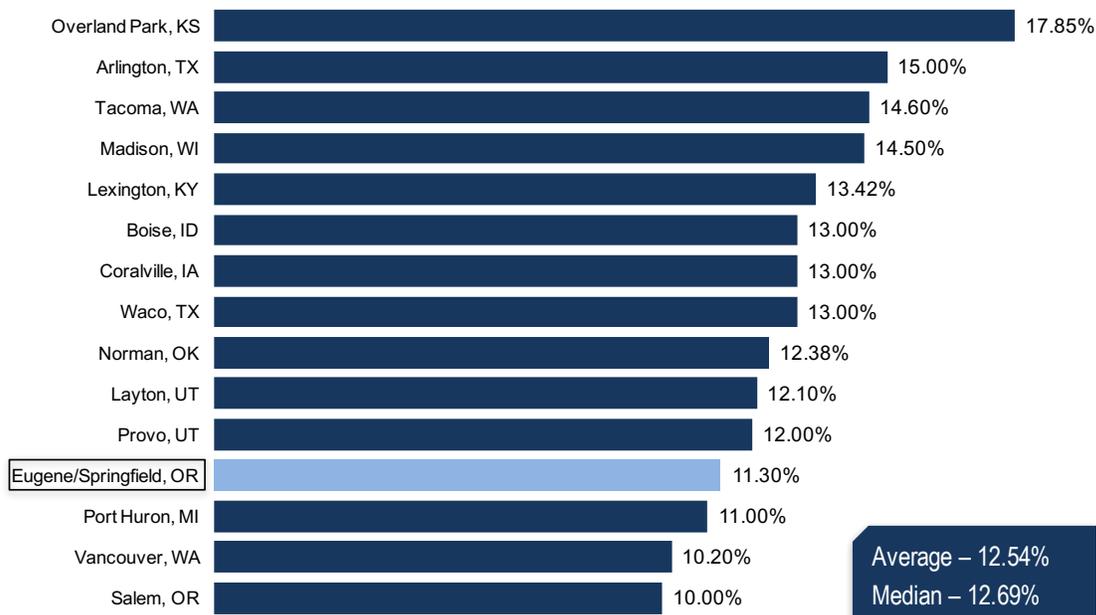


As shown, the average cost associated with flying to Eugene International Airport ranks 12th out of 15 markets. However, it is important to note that this figure does not include the costs of an initial connecting flight that might be necessary to reach the destination.

Hotel Room Tax Rate

In addition to hotel room availability, the total tax charged on hotel rooms is an important factor considered by meeting and event planners when making their site assessments. Locations with considerably higher room tax rates relative to other markets can, for some events, negatively impact the likelihood of the location being selected. Exhibit 9 provides a summary of total hotel room tax rates among the comparable markets reviewed.

**Exhibit 9
Comparable Convention Centers Hotel Tax Rates**



Source: CVB's, 2016

Many of the comparable markets utilize hotel tax revenue to fund convention and visitors bureau and facility operations. Overland Park, Kansas charges the highest such rate (17.85 percent), while Salem collects the least (10.00 percent). The total effective hotel tax rate for Eugene-Springfield increased in July 2016 to 11.30 percent (from its previous rate of 10.50 percent). This ranks below the average (12.54 percent) of the markets reviewed making the Eugene-Springfield area more competitive within the comparable markets when measuring the total effective hotel tax rate.

Demographic Benchmarking

A primary component in assessing the success of a potential convention center in Lane County is the demographic and socioeconomic profile of the local market. To gain an understanding of the relative strength of the Lane County market area, it is useful to compare various demographic and socioeconomic characteristics among the comparable markets supporting convention/conference centers. Exhibit 10 summarizes the population, average household income, median age and corporate base present within the CBSA, county, 30-minute drive time, 90-minute drive time and 180-minute drive time of the venues in the 15 comparable markets, as well as where Lane County fits in relative to those comparable markets.

Exhibit 10
Comparable Convention/Conference Facilities – Demographics Summary

| | Comparable Markets | | | | Eugene/Springfield, OR | | |
|---------------------------------|--------------------|------------|-----------|-----------|------------------------|-----------------------|------|
| | Low | High | Average | Median | Estimate | % of Avg. (out of 15) | Rank |
| Population | | | | | | | |
| CBSA | 161,200 | 6,888,000 | 1,736,900 | 648,200 | 359,300 | 21% | 13 |
| 30-Minute Drive | 120,500 | 2,682,500 | 748,800 | 511,800 | 316,200 | 42% | 12 |
| 90-Minute Drive | 741,800 | 7,182,200 | 2,992,900 | 2,840,500 | 1,002,100 | 33% | 14 |
| 180-Minute Drive | 967,700 | 16,582,800 | 7,345,700 | 6,778,900 | 4,024,000 | 55% | 12 |
| Average Household Income | | | | | | | |
| CBSA | \$58,700 | \$90,500 | \$74,300 | \$74,700 | \$58,700 | 79% | 15 |
| 30-Minute Drive | \$58,500 | \$78,900 | \$70,200 | \$72,300 | \$59,000 | 84% | 14 |
| 90-Minute Drive | \$61,300 | \$88,100 | \$73,200 | \$71,200 | \$61,300 | 84% | 15 |
| 180-Minute Drive | \$62,400 | \$82,500 | \$73,100 | \$75,200 | \$71,200 | 97% | 10 |
| Median Age | | | | | | | |
| CBSA | 25.2 | 40.3 | 34.9 | 36.1 | 39.9 | 114% | 14 |
| 30-Minute Drive | 25.2 | 42.2 | 34.4 | 34.9 | 37.7 | 110% | 14 |
| 90-Minute Drive | 29.8 | 40.2 | 35.9 | 34.6 | 38.0 | 106% | 12 |
| 180-Minute Drive | 29.9 | 39.4 | 36.2 | 34.4 | 38.8 | 107% | 13 |
| Corporate Base | | | | | | | |
| CBSA | 6,600 | 166,100 | 54,800 | 26,700 | 16,800 | 31% | 10 |
| 30-Minute Drive | 4,900 | 120,800 | 32,500 | 22,300 | 15,200 | 47% | 11 |
| 90-Minute Drive | 30,100 | 272,700 | 120,200 | 114,100 | 43,000 | 36% | 14 |
| 180-Minute Drive | 41,800 | 644,600 | 299,100 | 300,900 | 178,900 | 60% | 12 |

Source: Esri, 2016

As shown, the average population within a 30-minute drive of the 15 comparable facility markets is approximately 748,800. Eugene has a population of approximately 316,200 within a 30-minute drive of the Hilton Eugene, which ranks well below the comparable set's average. Additionally, Eugene ranks in the bottom half of the comparable set for city, 90- and 180-minute drive time population sizes among comparable markets. Average household incomes, median age and corporate base are also displayed to help better demonstrate the market conditions of Eugene relative to the 15 other comparable facility markets.

Comparable Facility Space Extrapolation

One method of beginning to evaluate potential size parameters for a convention center product that could be developed in Lane County is to consider the sizes of comparable facilities relative to their demographic and socioeconomic characteristics. Exhibit 11 presents a market and facility ratio analysis for the Lane County market, using the average ratio of exhibit, meeting, ballroom, largest contiguous space and total sellable space each to population of the CBSA, 30, 90 and 180-minute drives surrounding the comparable markets reviewed. As it is also useful to utilize other visitor industry-related metrics to gain an understanding of the potential supportable program of event space within the Lane County market, we have also included a ratio analysis utilizing the average number of rooms within one-half mile and market-wide hotel room inventory among the comparable markets.

Exhibit 11
Market/Facility Ratios – Hypothetical Extrapolation

| | <u>CBSA</u> | <u>30 Minutes</u> | <u>90 Minutes</u> | <u>180 Minutes</u> |
|----------------------------------------|---------------|-----------------------|-----------------------|------------------------|
| Exhibit Space to Population | 24,400 | 23,300 | 13,900 | 23,300 |
| Meeting Space to Population | 5,900 | 6,700 | 4,000 | 8,300 |
| Ballroom Space to Population | <u>13,400</u> | <u>17,700</u> | <u>10,200</u> | <u>20,500</u> |
| Sellable Space to Population | 35,000 | 39,400 | 23,200 | 43,700 |
| Largest Contiguous Space to Population | 18,200 | 21,700 | 13,300 | 25,300 |
| Headquarters Hotel Rooms to Population | 187 | 213 | 131 | 258 |
| Hotels within 1/2 Mile to Population | 373 | 387 | 288 | 600 |
| Hotels in the Market to Population | 1,683 | 1,937 | 1,477 | 3,046 |

According to the extrapolation, a convention center in Lane County could potentially support approximately 39,400 square feet of sellable event space and 21,700 square feet of contiguous space, based on the population within 30 minutes of downtown Eugene. For comparison, based on the population within a 180-minute drive Lane County could support a convention facility with 43,700 square feet of event space.

While this type of hypothetical space level extrapolation is only one of many methods used to understand the market demand, comparing the relative amount of available space among comparable venues helps paint a broader picture of what the Lane County market could sustain and serves to provide some initial insight into potential sizing parameters for a new convention center. Nevertheless, it does not take into consideration the specific demand generators unique to each community. These issues relative to the Lane County market will be discussed in the subsequent chapter of this report.

Comparable Facility Operational Performance Analysis

Next, we compare the number of total events held at the comparable centers. These events can be held in a variety of different locations throughout the facility and include banquets, weddings, corporate meetings, seminars, social gatherings and other such events. Exhibit 12 presents a summary of the total number of events held in a recent year of operations within 19 convention centers.

**Exhibit 12
Comparable Convention/Conference Facilities
Recent Year Event & Attendance Levels**

| Total Events | | | | | | | | | | |
|------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| By Event Type | Facility A | Facility B | Facility C | Facility D | Facility E | Facility F | Facility G | Facility H | Facility I | Facility J |
| Conventions/Tradeshows | 41 | 74 | 40 | 24 | 25 | 6 | 18 | 14 | 19 | -- |
| Public/Consumer Shows | 24 | 6 | 24 | 23 | 1 | 26 | -- | 16 | 13 | 27 |
| Banquets | 65 | 201 | 86 | 28 | 63 | 55 | 50 | 66 | 53 | 64 |
| Meetings | 176 | 303 | 174 | 180 | 175 | 58 | 38 | 24 | 135 | 393 |
| Other | 23 | 24 | 33 | 41 | 18 | 19 | 10 | -- | 25 | 43 |
| Total | 329 | 608 | 357 | 296 | 282 | 164 | 116 | 120 | 245 | 527 |

| Total Attendance | | | | | | | | | | |
|------------------------|----------------|------------|------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|
| By Event Type | Facility A | Facility B | Facility C | Facility D | Facility E | Facility F | Facility G | Facility H | Facility I | Facility J |
| Conventions/Tradeshows | 66,753 | -- | 54,268 | 74,659 | 37,458 | 9,083 | 29,661 | -- | 24,994 | -- |
| Public Shows | 95,098 | -- | 112,178 | 93,992 | 600 | 102,707 | -- | -- | 23,487 | -- |
| Banquets | 26,104 | -- | 32,731 | 9,312 | 28,213 | 84,150 | 15,283 | -- | 13,407 | -- |
| Meetings | 37,845 | -- | 52,105 | 15,393 | 48,505 | 24,498 | 5,393 | -- | 40,135 | -- |
| Other | 39,937 | -- | 38,973 | 133,814 | 23,433 | 65,143 | 7,151 | -- | 19,655 | -- |
| Total | 265,737 | -- | -- | 327,170 | 138,209 | 285,581 | 57,488 | 73,503 | 121,678 | 201,243 |

| Average Attendance | | | | | | | | | | |
|------------------------|------------|------------|------------|--------------|------------|--------------|------------|------------|------------|------------|
| By Event Type | Facility A | Facility B | Facility C | Facility D | Facility E | Facility F | Facility G | Facility H | Facility I | Facility J |
| Conventions/Tradeshows | 1,628 | -- | 1,357 | 3,111 | 1,498 | 1,514 | 1,648 | -- | 1,315 | -- |
| Public/Consumer Shows | 3,962 | -- | 4,674 | 4,087 | 600 | 3,950 | -- | -- | 1,807 | -- |
| Banquets | 402 | -- | 381 | 333 | 448 | 1,530 | 306 | -- | 253 | -- |
| Meetings | 215 | -- | 299 | 86 | 277 | 422 | 142 | -- | 297 | -- |
| Other | 1,736 | -- | 1,181 | 3,264 | 1,302 | 3,429 | 715 | -- | 786 | -- |
| Total | 808 | -- | -- | 1,105 | 490 | 1,741 | 496 | 613 | 497 | 382 |

| Total Events | | | | | | | | | | | Averages |
|------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|----------|
| By Event Type | Facility K | Facility L | Facility M | Facility N | Facility O | Facility P | Facility Q | Facility R | Facility S | | |
| Conventions/Tradeshows | 18 | -- | 40 | 15 | 31 | -- | 20 | 46 | -- | 29 | |
| Public/Consumer Shows | 3 | 6 | -- | -- | 21 | -- | 14 | 26 | -- | 16 | |
| Banquets | 66 | 26 | 109 | -- | 218 | -- | -- | -- | -- | 82 | |
| Meetings | 46 | 36 | 164 | 68 | 226 | -- | 74 | -- | -- | 142 | |
| Other | 12 | 16 | 55 | 415 | 164 | -- | 94 | 126 | -- | 70 | |
| Total | 145 | 84 | 368 | 498 | 660 | 219 | 202 | 198 | 363 | 304 | |

| Total Attendance | | | | | | | | | | | Averages |
|------------------------|---------------|---------------|---------------|----------------|------------|----------------|----------------|----------------|----------------|----------------|----------|
| By Event Type | Facility K | Facility L | Facility M | Facility N | Facility O | Facility P | Facility Q | Facility R | Facility S | | |
| Conventions/Tradeshows | 22,810 | -- | 25,731 | 6,917 | -- | -- | 32,350 | 87,640 | -- | 39,360 | |
| Public Shows | 3,700 | 8,800 | -- | -- | -- | -- | 32,256 | 92,205 | -- | 56,502 | |
| Banquets | 21,198 | 14,170 | 8,714 | -- | -- | -- | -- | -- | -- | 25,328 | |
| Meetings | 24,732 | 4,305 | 10,029 | 49,020 | -- | -- | 50,803 | -- | -- | 30,230 | |
| Other | 3,865 | 15,900 | 14,836 | 58,917 | -- | -- | 62,351 | 95,028 | -- | 44,539 | |
| Total | 76,305 | 43,175 | 59,310 | 114,854 | -- | 136,541 | 177,760 | 274,873 | 114,215 | 154,228 | |

| Average Attendance | | | | | | | | | | | Averages |
|------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|------------|------------|----------|
| By Event Type | Facility K | Facility L | Facility M | Facility N | Facility O | Facility P | Facility Q | Facility R | Facility S | | |
| Conventions/Tradeshows | 1,267 | -- | 643 | 461 | -- | -- | 1,618 | 1,905 | -- | 1,497 | |
| Public/Consumer Shows | 1,233 | 1,467 | -- | -- | -- | -- | 2,304 | 3,546 | -- | 2,763 | |
| Banquets | 321 | 545 | 80 | -- | -- | -- | -- | -- | -- | 460 | |
| Meetings | 538 | 120 | 61 | 721 | -- | -- | 687 | -- | -- | 322 | |
| Other | 322 | 994 | 270 | 142 | -- | -- | 663 | 754 | -- | 1,197 | |
| Total | 526 | 514 | 161 | 231 | -- | 623 | 880 | 1,388 | 315 | 673 | |

Source: Facility management, 2016



Based on requests for confidentiality, that are commonly made by facilities providing this type of data, the names of the facilities/cities have not been specifically attributed to the actual dollar figures in the previous exhibit. As shown, in a recent year of operations, the compared facilities averaged 304 total events and 154,200 total attendees. Approximately nine percent of the events held by the compared facilities were Conventions/Tradeshows, five percent were Public/Consumer Shows, 27 percent were Banquets, 47 percent were Meetings events and 23 percent were Other events. Public/Consumer shows made up 37 percent of total attendance on average, followed by Other events (29 percent) and Conventions/Tradeshows (26 percent).

To help estimate the operating revenues and expenses associated with potential new convention center in Lane County, Exhibit 13 presents a summary of the financial operations of 23 comparable convention/conference center venues from around the country.

Exhibit 13
Comparable Convention/Conference Facilities
Recent Year Event & Attendance Levels

| Facility | Operating Revenue | Operating Expense | Net Operating Income/(Loss) | Net Operating Inc./ (Loss) per SF Tot. Sel. Space | Coverage Ratio | Rev. per SF of Tot. Sel. Space | Exp. per SF of Tot. Sel. Space |
|----------------|--------------------|--------------------|-----------------------------|---------------------------------------------------|----------------|--------------------------------|--------------------------------|
| Facility A | \$7,234,948 | \$8,116,329 | (\$881,381) | (\$17.84) | 89.1% | \$146.46 | \$164.30 |
| Facility B | \$716,943 | \$1,413,571 | (\$696,628) | (\$15.34) | 50.7% | \$15.79 | \$31.14 |
| Facility C | \$1,327,785 | \$1,756,371 | (\$428,586) | (\$6.75) | 75.6% | \$20.91 | \$27.66 |
| Facility D | \$1,908,691 | \$2,183,512 | (\$274,821) | (\$8.30) | 87.4% | \$57.66 | \$65.97 |
| Facility E | \$2,546,412 | \$2,182,612 | \$363,800 | \$17.00 | 116.7% | \$118.99 | \$101.99 |
| Facility F | \$1,379,358 | \$1,853,542 | (\$474,184) | (\$17.12) | 74.4% | \$49.80 | \$66.91 |
| Facility G | \$4,440,396 | \$6,232,657 | (\$1,792,261) | (\$15.58) | 71.2% | \$38.61 | \$54.20 |
| Facility H | \$2,574,420 | \$2,504,725 | \$69,695 | \$1.50 | 102.8% | \$55.36 | \$53.87 |
| Facility I | \$1,772,024 | \$2,342,953 | (\$570,929) | (\$27.06) | 75.6% | \$83.98 | \$111.04 |
| Facility J | \$635,552 | \$1,070,849 | (\$435,297) | (\$18.60) | 59.4% | \$27.16 | \$45.76 |
| Facility K | \$2,893,856 | \$2,585,052 | \$308,804 | \$12.71 | 111.9% | \$119.09 | \$106.38 |
| Facility L | \$1,940,934 | \$3,814,200 | (\$1,873,266) | (\$14.17) | 50.9% | \$14.68 | \$28.85 |
| Facility M | \$239,235 | \$1,278,990 | (\$1,039,755) | (\$57.76) | 18.7% | \$13.29 | \$71.05 |
| Facility N | \$5,678,457 | \$5,325,913 | \$352,544 | \$6.21 | 106.6% | \$99.97 | \$93.77 |
| Facility O | \$1,681,875 | \$1,279,705 | \$402,170 | \$16.83 | 131.4% | \$70.37 | \$53.54 |
| Facility P | \$2,292,268 | \$2,341,268 | (\$49,000) | (\$1.03) | 97.9% | \$47.96 | \$48.98 |
| Facility Q | \$1,125,833 | \$1,634,113 | (\$508,280) | (\$22.20) | 68.9% | \$49.16 | \$71.36 |
| Facility R | \$4,656,669 | \$7,368,760 | (\$2,712,091) | (\$43.12) | 63.2% | \$74.03 | \$117.15 |
| Facility S | \$4,426,206 | \$5,215,646 | (\$789,440) | (\$4.67) | 84.9% | \$26.16 | \$30.83 |
| Facility T | \$631,765 | \$704,743 | (\$72,979) | (\$3.48) | 89.6% | \$30.08 | \$33.56 |
| Facility U | \$1,623,145 | \$2,261,735 | (\$638,590) | (\$19.18) | 71.8% | \$48.74 | \$67.92 |
| Facility V | \$2,756,581 | \$3,751,441 | (\$994,860) | (\$9.41) | 73.5% | \$26.08 | \$35.49 |
| Facility W | \$1,342,453 | \$3,450,102 | (\$2,107,649) | (\$26.44) | 38.9% | \$16.84 | \$43.29 |
| Average | \$2,427,200 | \$3,072,600 | (\$645,300) | (\$11.90) | 78.7% | \$54.40 | \$66.30 |
| Median | \$1,840,400 | \$2,301,500 | (\$491,200) | (\$14.17) | 75.6% | \$48.74 | \$54.20 |

Source: Facility management, 2016

The compared venues average an approximate \$645,300 deficit and a net loss of \$11.90 per square foot, resulting in an average expense coverage ratio of approximately 78.7 percent. Operational revenues range from a low of \$239,200 to a high of \$7.2 million, while operational expenses range from \$704,700 to \$8.1 million.



5.0. MARKET DEMAND ANALYSIS

The purpose of this chapter is to provide an analysis of the estimated market demand for a potential new convention center in Lane County. The overall market analysis consisted of detailed research and analysis, including a comprehensive set of market-specific information derived from the following:

- ✓ Experience garnered through more than 500 convention/conference facility projects throughout the country.
- ✓ Local market visit at the outset of the project, including community and site tours.
- ✓ In-person interviews/meetings with Lane County individuals, including representatives from the Travel Lane County, the Cities of Eugene and Springfield, University of Oregon and Lane Community College leadership and staff, representatives of key area conference/meeting and hotel facilities, potential development partners and business leaders, local facility users, and other local visitor industry stakeholders. A number of follow-up telephone interviews were also conducted with these types of local area individuals.
- ✓ Research and analysis of local market conditions.
- ✓ Comparative analysis of socioeconomic data from competitive/regional and comparable facility markets.
- ✓ Completed telephone interviews with state and regional convention planners representing more than 120 potential rotating events.
- ✓ Completed telephone interviews with national convention event planners of more than 95 potential rotating events.
- ✓ Completed telephone interviews with corporate meeting planners representing over 600 off-site events.
- ✓ Potential convention/conference center events include:
 - Conventions
 - Conferences
 - Tradeshows
 - Public/consumer shows
 - Meetings, banquets and receptions
 - Civic events and uses
 - Special events and other

The focus of much of the remainder of this chapter is focused on quantified survey data associated with the three primary groupings of telephone surveys completed for this study: state/regional event planners, national event planners and independent and/or corporate event planners. These events would be expected to represent the logical targets for new non-local, economic impact generating activity for a Lane County convention center. Additional survey data, including extensive verbatim survey responses, is provided at the conclusion of this report in Appendix D.

State and Regional Convention Survey

Given Lane County's local market characteristics and the event profiles of other comparable convention facilities in similar markets, it is believed that an important non-local event market segment for a new convention center in Lane County would be events hosted by state and regional groups. While local events tend to be the largest users of facilities, they generate little new economic impact for host communities (as opposed to the hotel room nights and new spending generated by non-local event attendees and exhibitors). As such, estimation of the market demand associated with non-local state and regional groups is normally of particular interest for communities like Lane County who are evaluating new convention center development.

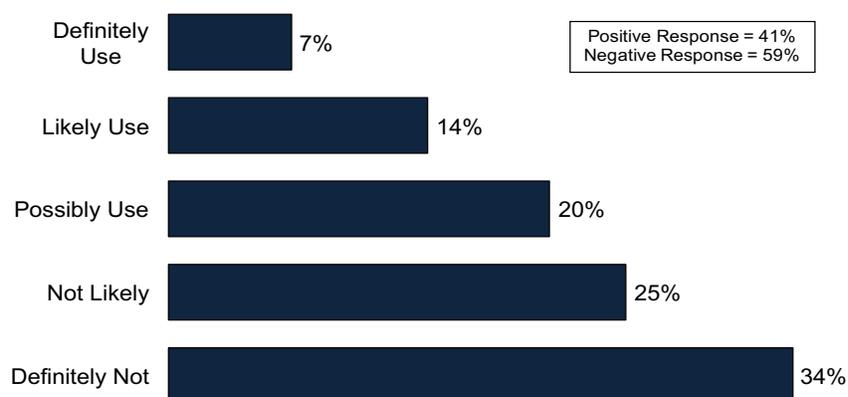
A detailed telephone survey was conducted with planners of state and regional conventions, conferences and tradeshows. The survey resulted 75 completed interviews with state and regional planners, representing more than 120 rotating events. Surveyed groups included professional associations, SMERF (social, military, education, religious, fraternal) groups, government groups, nonprofits and other producers of rotating events.

A primary objective of the survey of the state and regional organizations was to ascertain their perceived interest in using a new convention center in Lane County for one or more future events. The events identified through the state and regional surveys were analyzed in terms of potential for being held in Lane County and in terms of attributes unique to the individual events. The survey results produced information on the likelihood concerning state and regional organization planners rotating their event(s) to Lane County, as well as specific event characteristics of those events that represent the potential event markets. Further detail relating to event planners' responses is presented in Appendix D.

Likelihood of Utilizing a New Convention Center in Lane County

State and regional organization planners were asked to indicate the likelihood of their organization using a potential new Lane County convention center, assuming it and the area's hotel inventory meets the needs of their event(s). Responses related to state and regional groups surveyed are presented in Exhibit 1.

Exhibit 1
State/Regional Organization Survey –
Likelihood of Utilizing a New Lane County Convention/Convention center



Source: CSL State/Regional Organization Survey 2016.

The overall positive interest by respondents in rotating one or more events to Lane County if sufficient facility space and hotel inventory existed is 41 percent. Specifically, seven percent indicated their group would "definitely" hold an event in Lane County, 14 percent "likely", 20 percent "possibly", 25 percent "not likely", and 34 percent "definitely not".

Based on other surveys completed in recent years, Lane County's response is characterized as moderate to moderately-low for a state and regional event market. Exhibit 2 displays Lane County's interest level in comparison to other similar markets in which CSL has conducted similar surveys of state and regional groups.

**Exhibit 2
State/Regional Organization Survey –
Interest Level Comparison with Other Studies**

| | | Past CSL State/Reg. Telephone Surveys 61 Comparable Markets | | | |
|--------------------------------------------|-------------|-------------------------------------------------------------------|-------------|-------------|-------------|
| | | Eugene, OR | | | |
| | | AVERAGE | MEDIAN | Low metric | High metric |
| Eugene/Springfield Interest Levels: | | | | | |
| Definitely Use | 7% | 10% | 10% | 0% | 33% |
| Likely Use | 14% | 13% | 13% | 3% | 29% |
| Possibly Use | 20% | 28% | 28% | 9% | 44% |
| Not Likely Use | 25% | 25% | 25% | 7% | 48% |
| Definitely Not Use | 34% | 23% | 23% | 0% | 48% |
| Positive Response | 41% | 52% | 51% | 21% | 86% |
| Strength of Interest | 1.80 | 2.26 | 2.04 | 0.54 | 4.50 |
| Population Basis | 1.11 | 1.09 | 0.89 | 0.38 | 3.25 |
| Demand Index | 1.99 | 2.39 | 2.08 | 0.54 | 7.82 |

| | |
|--------------------|-----------------------|
| Ames, IA | Moore County, NC |
| Appleton, WI | Muskegon, MI |
| Arlington, VA | New Braunfels, TX |
| Bemidji, MN | New Haven, CT |
| Boise, ID | New Iberia, LA |
| Boulder, CO | Norman, OK |
| Branson, MO | Ogden, UT |
| Carbon County, UT | Oklahoma City, OK |
| Charleston, WV | Owatonna, MN |
| Covington, KY | Palmer, AK |
| Cullman, AL | Park City, UT |
| Davis County, UT | Pinehurst, NC |
| Fairbanks, AK | Plainfield, IN |
| Franklin, KY | Port Huron, MI |
| Grand Junction, CO | Provo, UT |
| Hammond, LA | Richmond, IN |
| Have, MT | Roseville, CA |
| Henderson, NV | Salisbury, NC |
| Hendersonville, NC | Sarasota, FL |
| Hendricks Cty., IN | Sioux Falls, SD |
| Homer, AK | St. Charles, MO |
| Hoover, AL | St. Cloud, MN |
| Jackson, MI | St. Paul, MN |
| Jacksonville, FL | Stillwater, OK |
| Lansing, MI | Tangipahoa Parish, LA |
| Laredo, TX | Temple, TX |
| Lawrence, KS | Vermillion, SD |
| Lewistown, MT | Waterbury, CT |
| McAllen, TX | Watertown, SD |
| Midland, TX | Wichita, KS |
| Missoula, MT | |

Source: CSL State/Regional Organization Survey 2016.

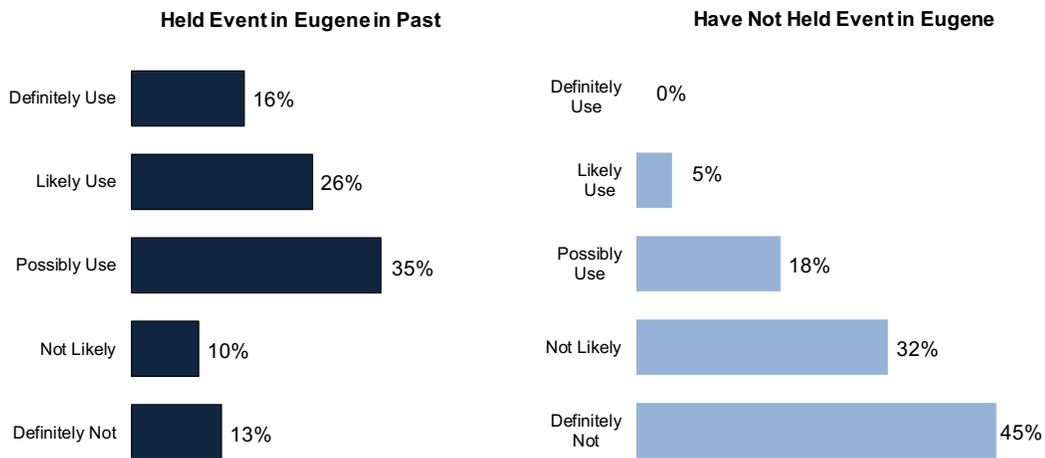
As presented in the exhibit, Eugene's overall positive response percentage ("definitely," "likely," and "possibly") of 41 percent is below the average of the similar study surveys conducted. Further, while the overall positive response percentage is useful in comparatively evaluating the general interest in a particular destination, it is important to recognize differences in the "strength" of specific stated interest. To better assess these variations, a formula was developed to consider the "strength of interest," whereby a weighting system is applied to positive responses. The highest weight is applied to a "definitely use" response, while the lowest weight is applied to a "possibly use" response. Using this method, Lane County again measures below the average of all surveys included in this comparison in terms of its "strength of interest" score (1.80 versus an average survey score of 2.26 and a median score of 2.04), reflecting weaker than average positive response percentages among the highest weighted categories (i.e., "definitely" and "likely").



As each convention destination has a different population of rotating state/regional events, a “demand index” was formulated. The “demand index” uses the “strength of interest” score for each market and weighs it against the estimated population base of rotating events. The resulting demand index for a potential new or expanded convention center in Eugene-Springfield is 1.99, which is below the average survey score of 2.39 and the median score of 2.08 among the telephone surveys completed for comparable projects throughout the country. It is important to note that this analysis is a characterization of comparative gross demand, but does not take into consideration (1) competition from other regional convention facilities, (2) the specific ability of a local community to accommodate this demand through its amenity package and the unique characteristics of the ultimately developed convention center and its site characteristics, and (3) other quantifiable and non-quantifiable cost/benefit justifications for considering facility development.

The level of interest in a new facility in Lane County varied by those organizations already utilizing Lane County as a host market compared to those that have not. Exhibit 3 compares the likelihood of past Lane County event facility users with those that have not previously held an event in Lane County.

**Exhibit 3
State/Regional Organization Survey –
Incremental Market Interest**



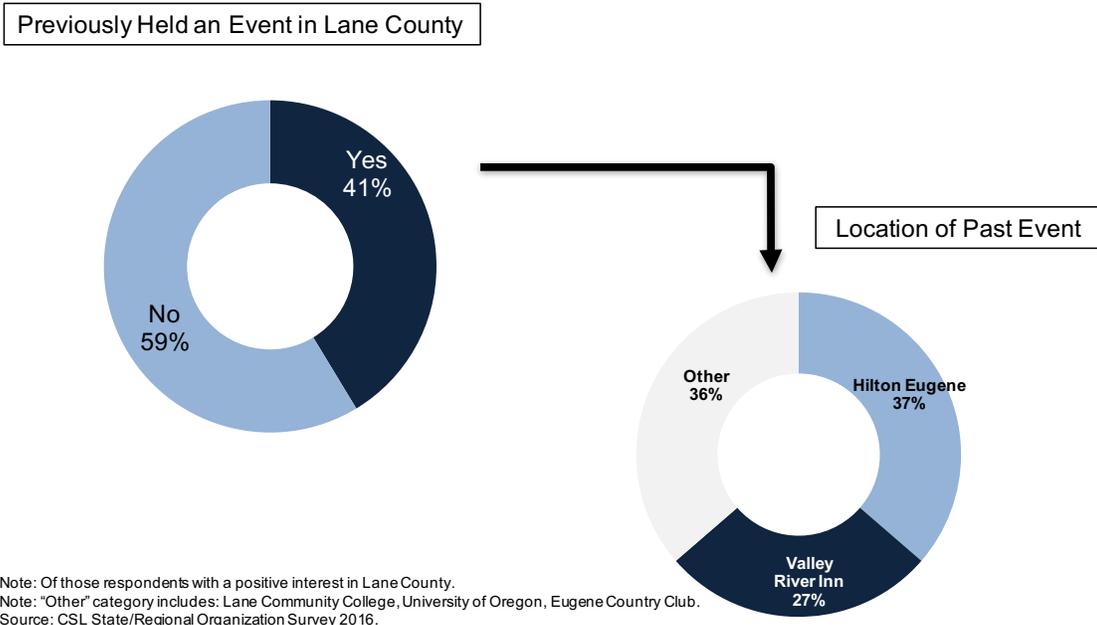
Source: CSL State/Regional Organization Survey 2016.

As shown, the interest level is higher for state and regional organizations that have held an event in Lane County in the past, with a positive response of 77 percent, compared to 23 percent for organizations that have not held an event in Lane County. This type of result is typical in nearly all surveys of this nature when all of the respondents who have indicated using local market facilities for some event in the past are removed.

Further, some of the groups expressing positive interest in the left chart (those indicating having held an event in Lane County at some point in the past) are not presently accommodated by Eugene facilities (i.e., they have recently outgrown existing facilities or dates were unavailable at existing preferred facilities). An important benefit of a new Lane County convention facility would be the additional capacity to host a greater number of *concurrent* events than key local market facilities do today.

Exhibit 4 shows the facilities used by the surveyed groups that have previously held their event(s) in Eugene-Springfield, and where they held their event(s).

Exhibit 4
State/Regional Organization Survey –
Past Lane County Facility Usage

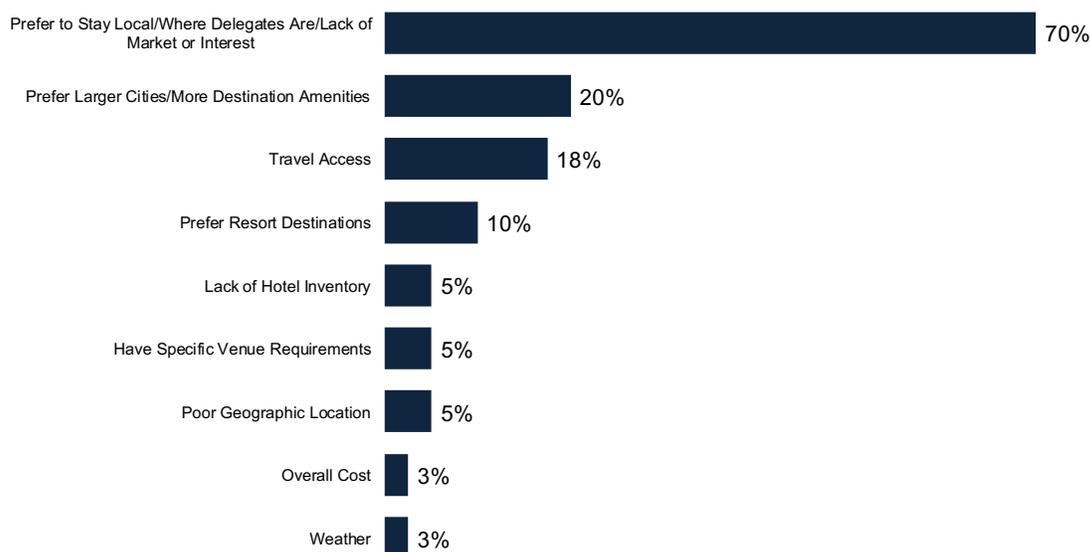


Of the surveyed groups, 41 percent had previously used facilities in Lane County for their event(s), while 59 percent had not. Facilities previously used by the surveyed groups include Hilton Eugene, which 37 percent of respondents had used and the Valley River Inn (27 percent). Thirty-six percent of respondents indicated that they have used "other" facilities such as Lane Community College, the University of Oregon or the Eugene Country Club.

Reasons for Negative Interest in a New Convention Center in Lane County

Event planners who indicated that they would not likely use a potential new convention center in Lane County were asked to expand on their reasons. Based on survey results, reasons for not likely rotating to Lane County for a future event varied among respondents. A summary of the reasons for not choosing Lane County are illustrated in Exhibit 5.

Exhibit 5
State/Regional Organization Survey –
Reasons for Negative Interest in a New Convention Center in Eugene/Springfield



Source: CSL State/Regional Organization Survey 2016.

Most cited reasons for organizations having negative interest include the market's distance to their respective attendee bases, preference for larger cities with more destination amenities, travel accessibility to Lane County, preference for resort destinations, the lack of hotel inventory, have specific venue requirements for their events, Lane County's geographic location, overall costs, and Lane County's weather.

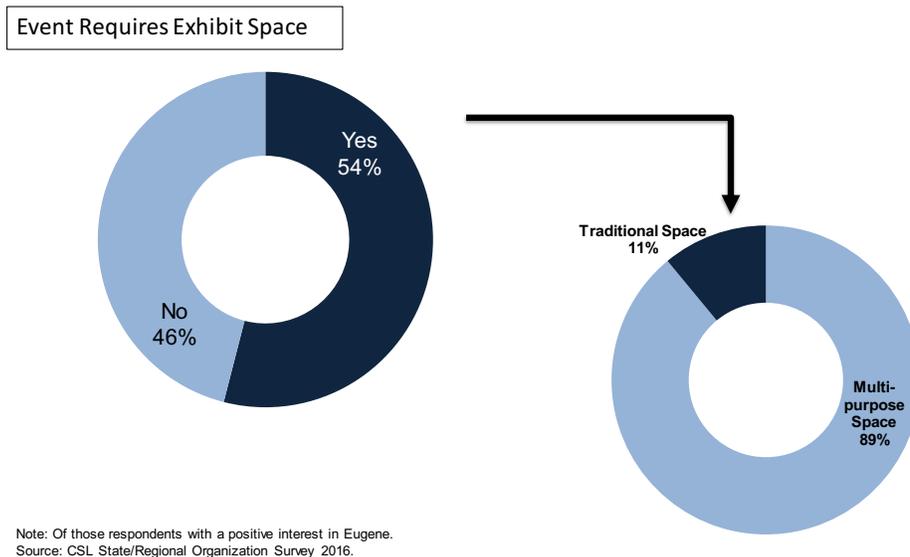
Some comments regarding negative interest included:

- This group tends to meet in larger cities, such as Portland. As lovely as Eugene is, it's just not a workable destination for this group.
- Their membership is mostly in the Portland area and for it to be outside it'll have to be a resort.
- We have a lot of local attendees and they have plenty of hotels in downtown Portland. Eugene airfare is higher than Portland's airfare, which would be an issue.
- Unfortunately, Eugene, from a major airport, is a two-hour drive. It's too much for these attendees.
- We like to have our larger meetings in Seattle where our head office is located.

Facility Space Requirements

While conducting interviews with various state and regional organizations, those respondents expressing a positive interest in Lane County indicated their organization's approximate need for square footage according to type of facility space. These space requirements have been separated into the need for exhibit space, ballroom space, meeting space and total sellable space. Responses have been summarized in Exhibit 6.

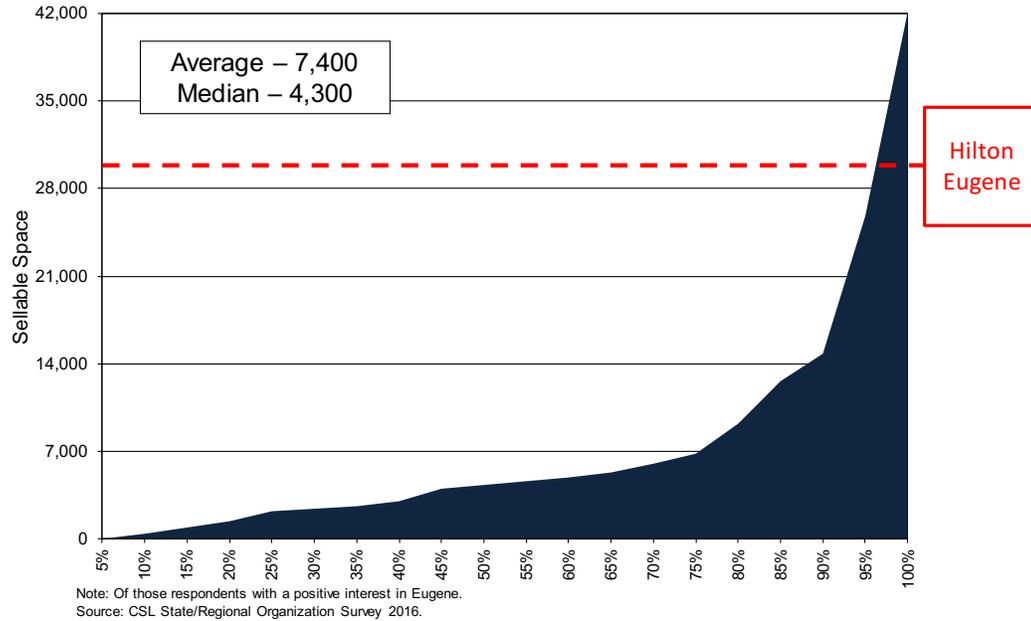
Exhibit 6
State/Regional Organization Survey –
Exhibit Space Requirements



State and regional organization planners were first asked whether exhibit space was required for their event (i.e., containing a tradeshow function). Based on survey results, 54 percent of positively responding state and regional organizations require exhibit space for their event(s), while 46 percent do not. Further, of those that require exhibit space, 11 percent require traditional hard floor exhibit space while the other 89 percent would be willing to use carpeted multi-purpose spaces to house their exhibit events.

In order to approximate event space requirements of the state and regional event market specific to Lane County, event planners with a positive interest in Lane County were asked to estimate the total sellable space levels required for their events, summarized in Exhibit 7.

**Exhibit 7
State/Regional Organization Survey –
Total Sellable Space Required**



As shown, state and regional groups surveyed require an average of 7,400 square feet of total sellable space for their events. Fifty percent of the potential national organization market for Lane County can be accommodated within approximately 4,300 square feet of total sellable space or less. In order to capture 90 percent of the Lane County potential event market, approximately 14,800 square feet of total sellable event space would be required.

Currently, the Hilton Eugene Conference Center is able to accommodate approximately 95 percent of the potential state and regional organization event market demand for Lane County; however, the actual percentage is likely less than this due to the lack of true “prime” exhibit space at the hotel. Though the Hilton offers 8,000 square feet of pre-function space to events for exhibit booth set up, this would not be viewed as traditional exhibit space by many of today’s event planners. Subtracting this 8,000-square foot figure would decrease the Hilton Eugene’s technical market capture closer to approximately 90 percent.

However, there are a number of indications that market capture by the Hilton Eugene Conference Center and other existing facilities in Lane County is not optimized due to: (1) periods of date availability constraints (relating to both conference space and hotel rooms); (2) difficulty in accommodating concurrent events; (3) challenges in accommodating events with both exhibit and assembly and food function requirements; and (4) the lack of a public sector-controlled convention asset that is designed to maximize capture of state/regional conventions.

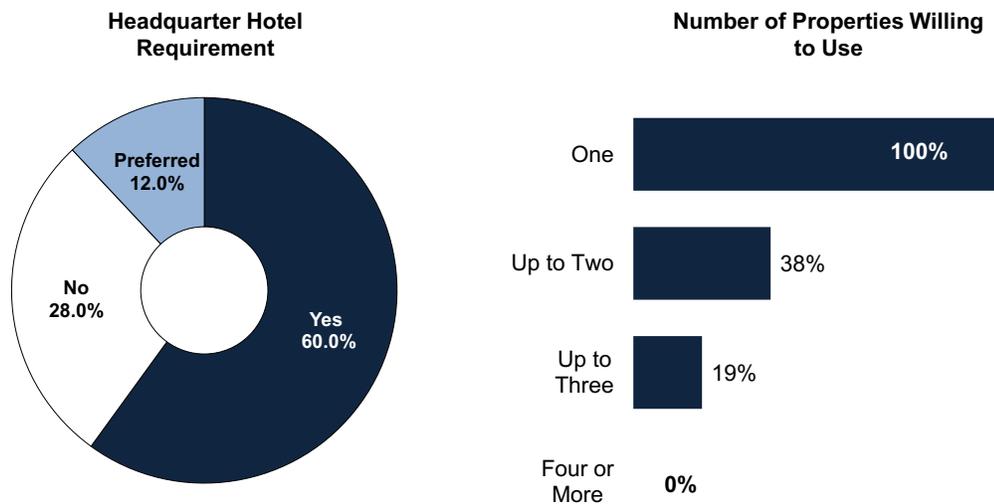
Additional survey data regarding various event space needs by event space type are provided in Appendix D at the conclusion of this report.

Hotel Requirements

As discussed throughout this report, one of the most important aspects in attracting conventions and conferences is the availability of committable, convention-quality hotel rooms. "Convention-quality" is a term that varies by particular community and type of group considered.

Exhibit 8 below shows a breakdown of survey respondent requirements of an attached headquarter hotel or a hotel property within three blocks of the convention center, as well as the number of hotel properties they are willing to use to accommodate their event.

Exhibit 8
State/Regional Organization Survey –
Hotel Requirements



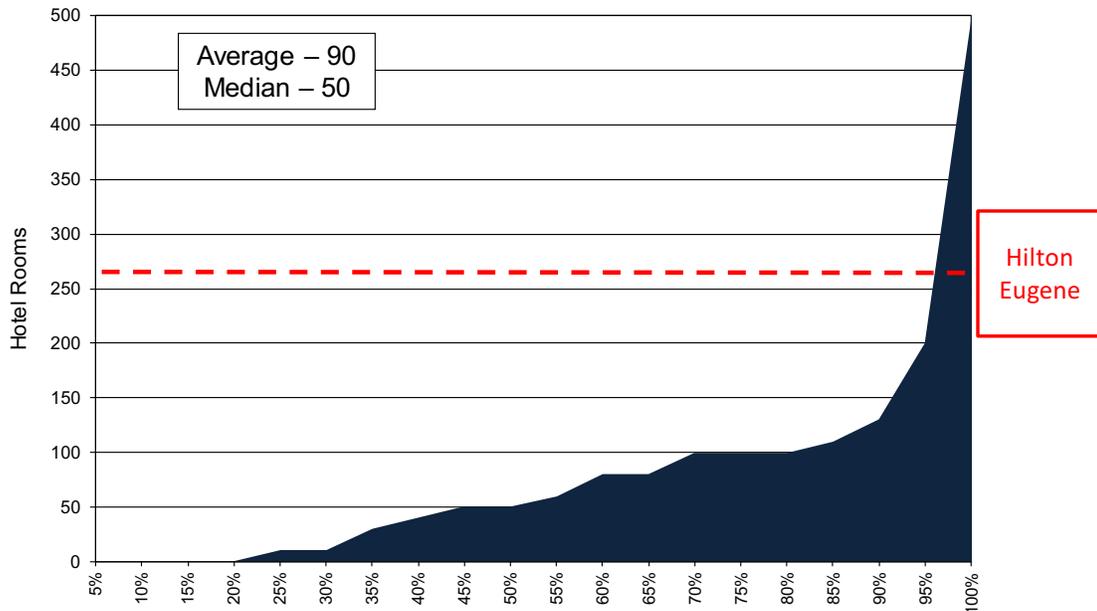
Note: Of those respondents with a positive interest in Eugene.
Source: CSL State/Regional Organization Survey 2016.

With 60 percent of positive respondents requiring a headquarters hotel and 12 percent indicating preference for one or more headquarter hotels attached or within close walking distance, the survey data strongly suggests that a majority of Lane County's potential state and regional event market would be lost without an appropriate headquarters hotel that is attached, adjacent or within close walking distance to the convention center.

Although a headquarters hotel may oftentimes be required, state and regional organization events with a larger membership base may also use additional hotel properties in order to achieve their room blocks. As shown in Exhibit 8, approximately 62 percent of the potential state and regional organization market capture for Lane County requires housing their entire room block within one hotel property, while 38 percent of the market would be willing to assemble a room block in more than one hotel. Should three hotels be required to accommodate the organization's room block, 81 percent of the potential market capture for Lane County would be lost. Generally, groups with a large delegate attendance use multiple hotel properties, while a smaller group will typically only use one or two properties.

The market share captured in any community cannot expand beyond what the area hotels can accommodate. Exhibit 9 presents a summary of peak night guest room demand associated with the potential state and regional event market for Lane County.

Exhibit 9
State/Regional Organization Survey –
Peak Hotel Room Nights Required



Note: Of those respondents with a positive interest in Eugene.
 Source: CSL State/Regional Organization Survey 2016.

As shown above, the average state and regional organization event with a potential interest in rotating future events to Lane County requires a room block of 90 peak night guest rooms. The Hilton Eugene’s 269 sleeping rooms can currently accommodate over 95 percent of state and regional demand, though it will be important to consider that available room blocks at the hotel vary by time of year and by event. In addition, fluctuations in occupancy occur throughout the year, partially influenced by University activity. Athletic competitions held at the University during the spring or fall may significantly diminish the number of rooms available within the Hilton. Additional survey data detail regarding hotel requirements can be found in Appendix D.



Open-Ended Questions

State and regional event planners were also asked to rate the proposed convention facility sites located in downtown Eugene, the Glenwood neighborhood and the Gateway area (as these were three of the general locations identified by the study team for investigation, without specific reference to actual parcels of land that might be candidates for development). Survey respondents were asked to rate the general locations on a scale of 1 to 7, with 1 being the “weakest or least desirable”, and 7 being the “strongest or most desirable”. For purposes of the survey questionnaire, the location of these site areas were described in general terms to survey respondents. The average rating of each site is shown in Exhibit 10 below.

Exhibit 10
State/Regional Organization Survey –
Convention Center Site Location Preferences

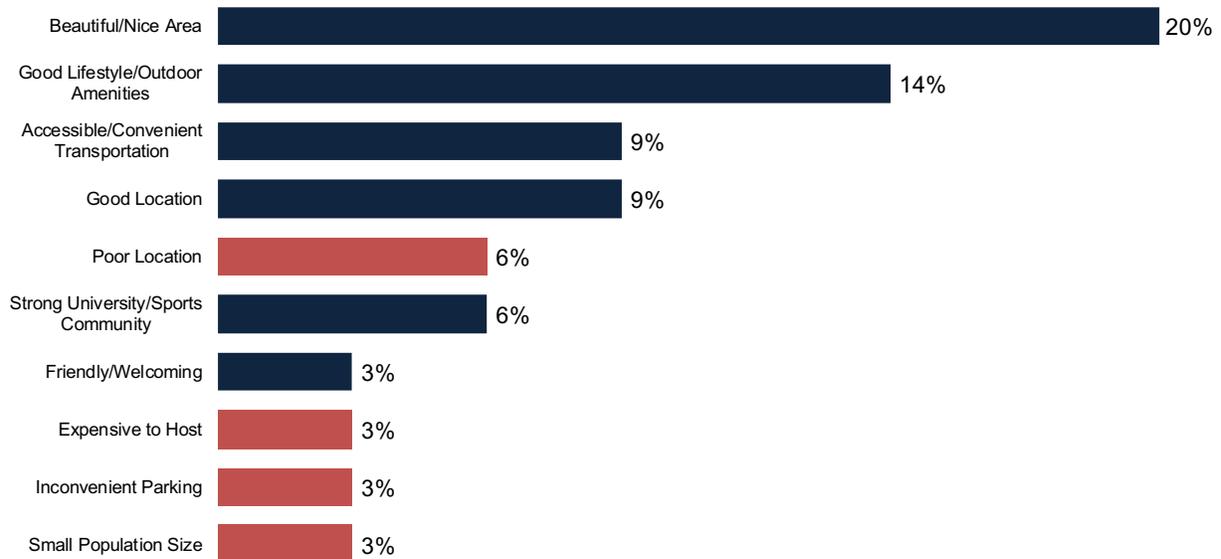


Note: Of those respondents with a positive interest in Eugene.
Source: CSL State/Regional Organization Survey 2016.

As shown, state and regional event planners expressed a preference for a downtown location. Glenwood and Gateway were rated similarly despite the significantly different appeals and challenges associated with each site. Further discussion of site/location issues is provided in the subsequent chapter of this report.

State and regional event planners were asked open-ended questions pertaining to what their impressions were of Lane County as a potential host market. Exhibit 11 displays the most common impressions tallied among respondents who expressed a positive interest in Lane County.

Exhibit 11
State/Regional Organization Survey –
Comments on Lane County as Destination



Source: CSL State/Regional Organization Survey 2016.

As shown, the majority of respondents with a positive interest in Lane County have favorable impressions of the destination. Beautiful/nice area, the lifestyle and outdoor amenities, accessibility and convenient transportation and good location were specifically cited as features that add to Lane County’s appeal as a destination. A number of state and regional organizations did note that Lane County’s location, expensive costs associated with hosting an even, parking and population size as disadvantages. Additional responses to open-ended questions are presented in Appendix D.

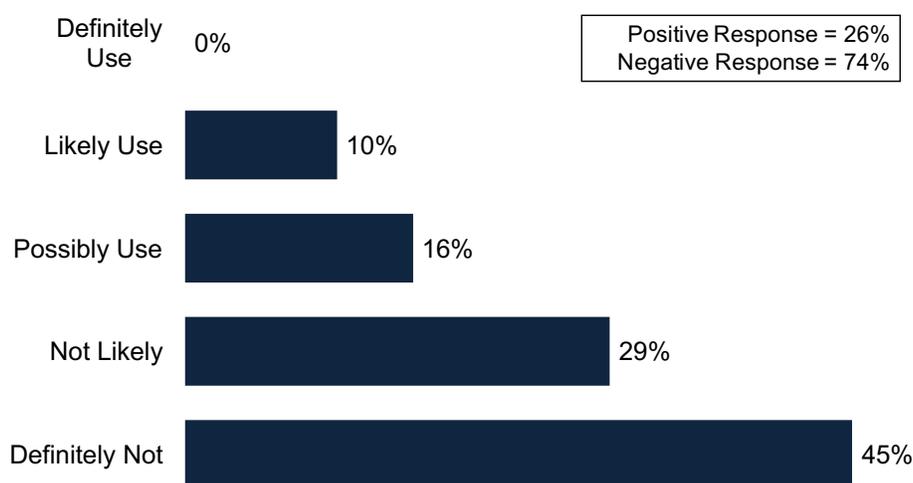
National Convention Survey

National convention, conference and tradeshow markets often represent particular segment of interest for destinations the size of Eugene-Springfield, as unmet demand in this particular segment often represents a key market opportunity that could support investment in convention and hotel facility product. Surveys were completed with 75 event/meeting planners representing over 95 national convention, conference and tradeshow events. Further detail of their responses is presented in Appendix D.

Likelihood of Utilizing a New Convention Center in Lane County

National event planners were asked to indicate the likelihood of their organization utilizing a new convention center in Lane County if it and the hotel package would meet the needs of their event(s). Responses are presented in Exhibit 12.

Exhibit 12
National Organization Survey –
Likelihood of Utilizing a Lane County Convention Center



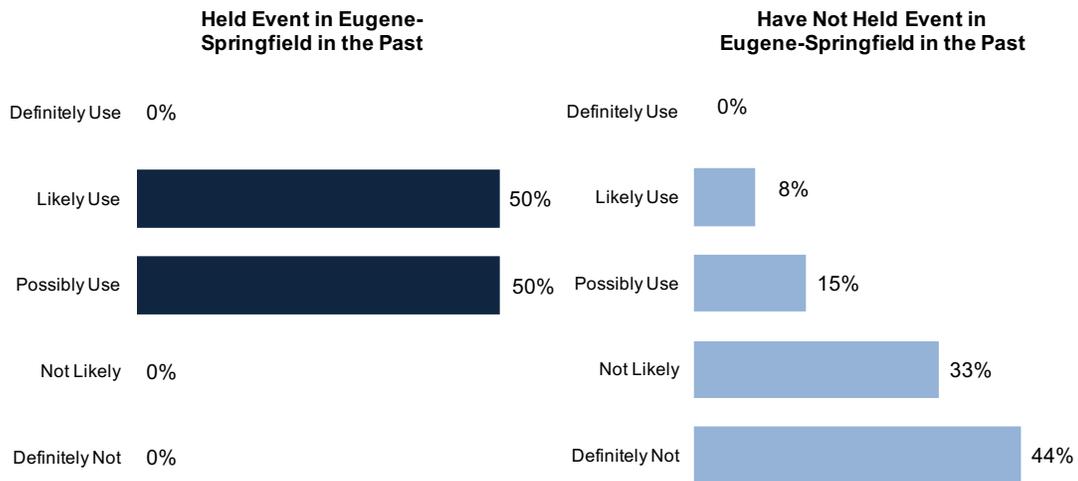
Source: CSL National Organization Survey 2016.

As shown, the overall positive interest in rotating one or more events to Lane County if sufficient facility space was present is 26 percent. Specifically, 10 percent indicated that their group would "likely" hold an event in Lane County, 16 percent "possibly", 29 percent "not likely" and 45 percent "definitely not". One and three percent of respondents indicated that they would "definitely" and "likely" be interested in bringing an event to Lane County, respectively. The higher level of positive interest responses in the "possibly" category among potential national events is typical in surveys of this nature. A low "definitely" response is typical based on similar surveys conducted for comparable projects for markets with low existing national market penetration.

Overall, this response from the national convention, conference and tradeshow market is lower than measured in other similarly-sized destinations that CSL has conducted similar survey for. This response underscores some of the challenges and limitations Lane County has, and would have with a new/expanded convention center product in penetrating new business within national markets.

Exhibit 13 compares the likelihood of past Lane County event facility users with those that have not previously held an event in Lane County.

**Exhibit 13
National Organization Survey –
Incremental Market Interest**



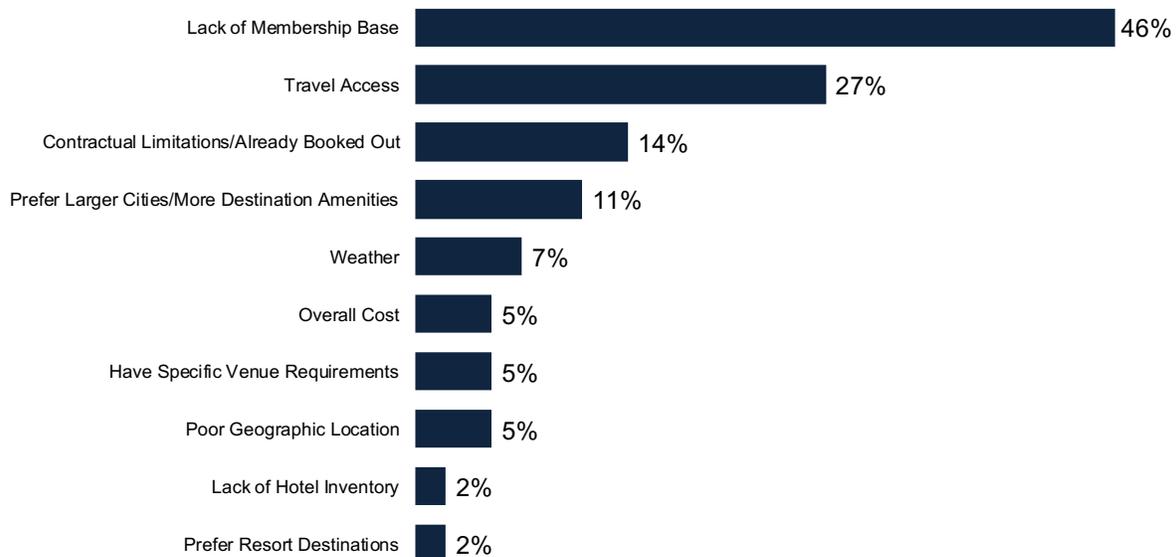
Source: CSL National Organization Survey 2016.

As shown, the interest level is higher for national organizations that have held an event in Lane County in the past, with a positive response of 100 percent (based on the small number of national events surveyed that indicated having used Eugene-Springfield facilities in the past), compared to 23 percent for organizations that have not held an event in Lane County at some point in the past. This type of result is typical in nearly all surveys of this nature when all the respondents who have indicated using local market facilities for some event in the past are removed. The resultant 23 percent positive response from national groups that have never held events locally is lower than the average CSL survey conducted involving comparable projects.

Reasons for Negative Interest in a New Convention/Convention center in Eugene

National event planners who indicated that they would not likely use a potential new convention center in Lane County were asked to expand on their reasons. Based on survey results, reasons for not likely rotating to Lane County for a future event varied among respondents. A summary of the reasons for not choosing Lane County are illustrated in Exhibit 14.

Exhibit 14
National Organization Survey –
Reasons for Not Considering Lane County



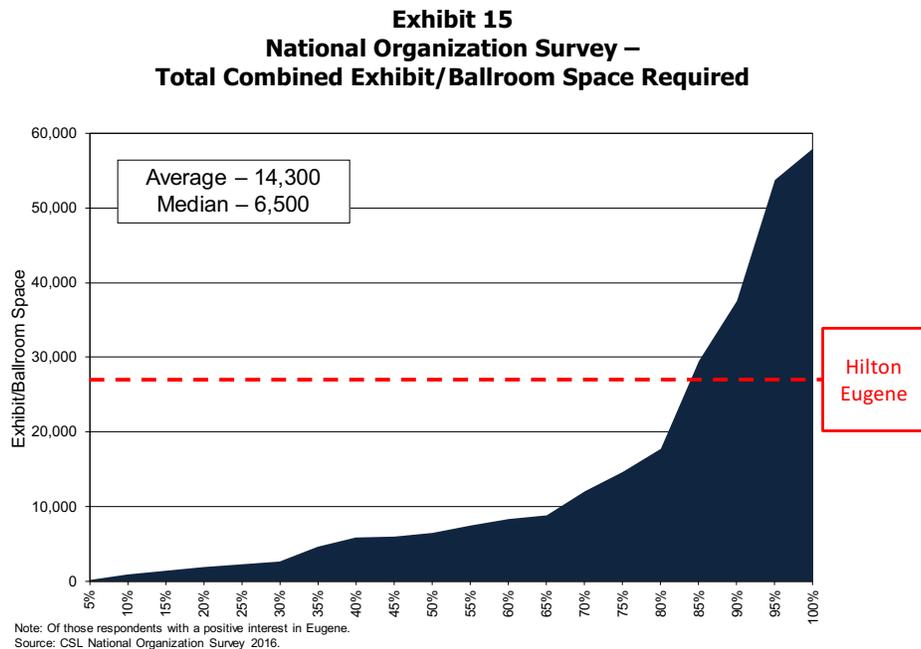
Source: CSL National Organization Survey 2016.

Most cited reasons for organizations having negative interest include the lack of membership base, travel access to Lane County, contractual limitations and preference for larger cities with more destination amenities. Many of the reasons above highlight Lane County's positioning as a drive-in market at the western edge of the country with airlift limitations (relative to larger cities and airline hub markets), a fact that limits the attractiveness of the destination from consideration by a number of national groups. However, past CSL survey outreach indicates that there are many small and medium-sized "niche" national associations that often prefer more remote and/or unique destinations that offer amenities or attractions that closely meet their interests.

Facility Space Requirements

While conducting interviews with various national organizations, those respondents expressing a positive interest in Lane County indicated their organization's approximate need for square footage according to type of facility space. These space requirements have been separated into the need for exhibit space, ballroom space, meeting space and total sellable space. Additional survey data detail is provided in Appendix D at the conclusion of this report.

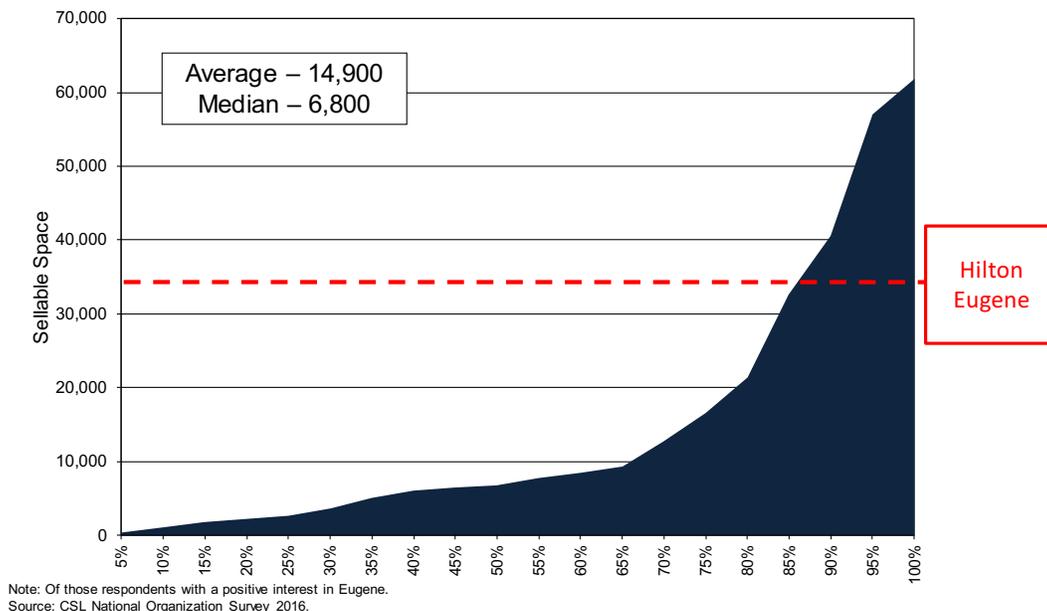
Exhibit 15 summarizes the total combined exhibit and ballroom space required by national organizations.



As shown, the average responding national organization utilizes approximately 14,300 square feet of combined exhibit and ballroom space. As these results correspond only to those national groups that indicated some level of positive interest in the Lane County destination, this data implies that the national market that would be the candidates for a potential new Lane County convention center would be on the smaller end of the size spectrum of national events (in terms of attendance and space requirements). Fifty percent of the potential national convention market for Lane County consists of events requiring approximately 6,500 square feet of combined exhibit and ballroom space or less. Approximately 90 percent of respondents indicated that their event(s) require approximately 37,500 square feet of space or less. The Hilton Eugene currently accommodates approximately 85 percent of demand for combined exhibit/ballroom space, but subtracting the 8,000 square feet of exhibit space within the hotel's pre-function area reduces this figure to just over 80 percent.

Exhibit 16 presents a summary of the estimated total sellable space demand among the same set of national organizations. Sellable space consists of rentable exhibit, ballroom and breakout meeting space.

**Exhibit 16
National Organization Survey –
Total Sellable Space Required**



As presented, the average amount of total sellable space utilized by Lane County’s potential national organization market is approximately 14,900 square feet. Approximately 50 percent of the overall market can be accommodated with 6,800 square feet or less of total sellable space. Nearly 85 percent of Lane County’s potential market for national events can technically currently be accommodated within Hilton Eugene’s 31,000 square feet of total sellable space.

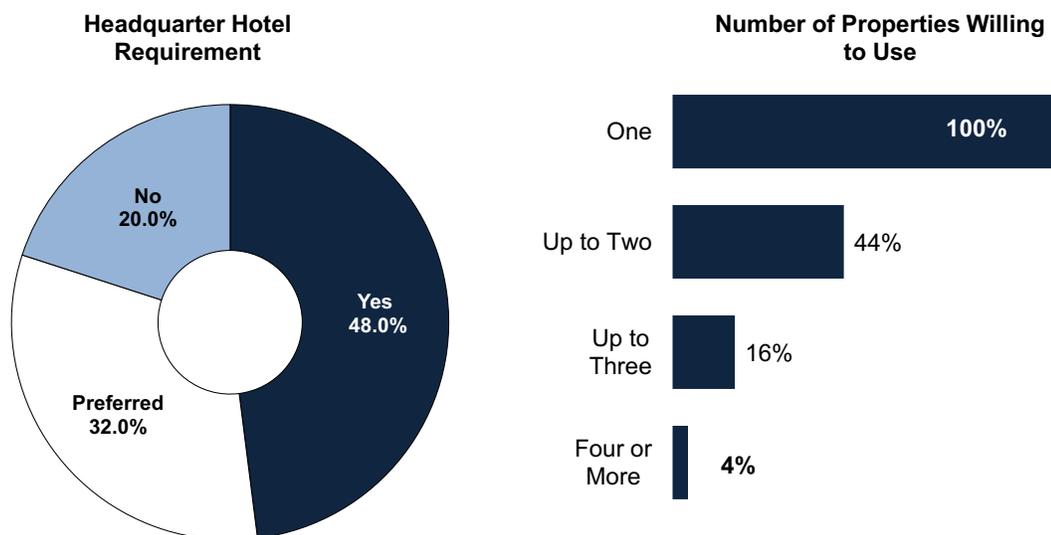
However, as mentioned in the state/regional market section, there are a number of indications that market capture by the Hilton Eugene Conference Center and other existing facilities in Lane County is not optimized due to: (1) periods of date availability constraints (relating to both conference space and hotel rooms); (2) difficulty in accommodating concurrent events; (3) challenges in accommodating events with both exhibit and assembly and food function requirements; and (4) the lack of a public sector-controlled convention asset that is designed to maximize capture of state/regional conventions.

Hotel Requirements

As previously discussed, any new convention center will require the support of a quality headquarters hotel in order to attract non-local events. Ideally, the headquarters hotel would be physically attached to the convention center. In general, the smaller the convention center, the more important that the headquarters hotel is physically-attached/integrated with the convention center.

Exhibit 17, on the subsequent page, shows a breakdown of survey respondent requirements of an attached headquarter hotel or a hotel property within three blocks of the convention center, as well as the number of hotel properties they are willing to use to accommodate their event.

**Exhibit 17
National Organization Survey –
Hotel Requirements**



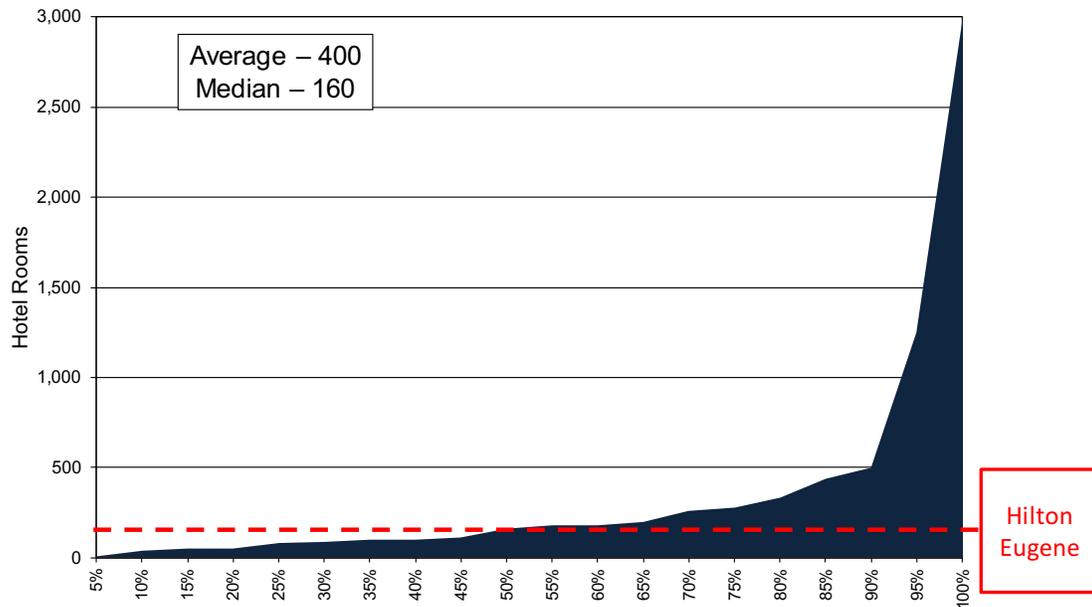
Note: Of those respondents with a positive interest in Eugene.
Source: CSL National Organization Survey 2016.

As illustrated in the charts above, 48 percent of positive respondents require a headquarters hotel and 32 percent indicate a significant preference given to venues with one or more attached/adjacent headquarters hotel, suggesting that most of Lane County’s potential national event market would be lost without an appropriate headquarters hotel that is attached or adjacent to the convention center.

As with the previously reported state and regional organizations, although a headquarters hotel may oftentimes be required, national organization events with a larger membership base may also use additional hotel properties in order to achieve their room blocks. As indicated in the above exhibit, 56 percent of the potential national organization market capture for Lane County requires housing their entire room block within one hotel property, while 44 percent of the market would be willing to assemble a room block in more than one hotel. Should three hotels be required to accommodate the organization’s room block, 84 percent of the potential market capture for Lane County would be lost, compared to the 92 percent of state and regional organizations. Generally, national events are more willing to divide into more hotel properties due to their larger delegate attendance.

As previously noted, the market share captured in any community cannot expand beyond what the area hotels can accommodate. Exhibit 18 summarizes peak night guest room demand associated with the potential national organizations with a positive interest in Lane County.

**Exhibit 18
National Organization Survey –
Peak Hotel Rooms Required**



Note: Of those respondents with a positive interest in Eugene.
Source: CSL National Organization Survey 2016.

As shown above, those organizations with a potential interest in rotating future events to Lane County require an average room block of 400 peak night guest rooms. As noted previously, approximately 48 percent of national organizations with a potential interest in Lane County require a headquarter hotel large enough to contain the entirety of their peak room night demand. As increasing numbers of events share such a requirement, it is important to appropriately size the headquarter hotel for a given convention facility.

As an example, a committable room block at the Hilton Eugene currently could accommodate under half of the demand from interested national event planners. This underscores the need to have a site that leverages multiple convention-quality hotels, in order for any new/expanded convention center product to be optimized in terms of competing within the national convention market.

National event planners were also asked to rate the identified potential convention facility locations in downtown Eugene, the Glenwood neighborhood, and the Gateway area. The average rating of each site is shown in Exhibit 19 below.

Exhibit 19
National Organizational Survey
Convention Center Site Location Preferences



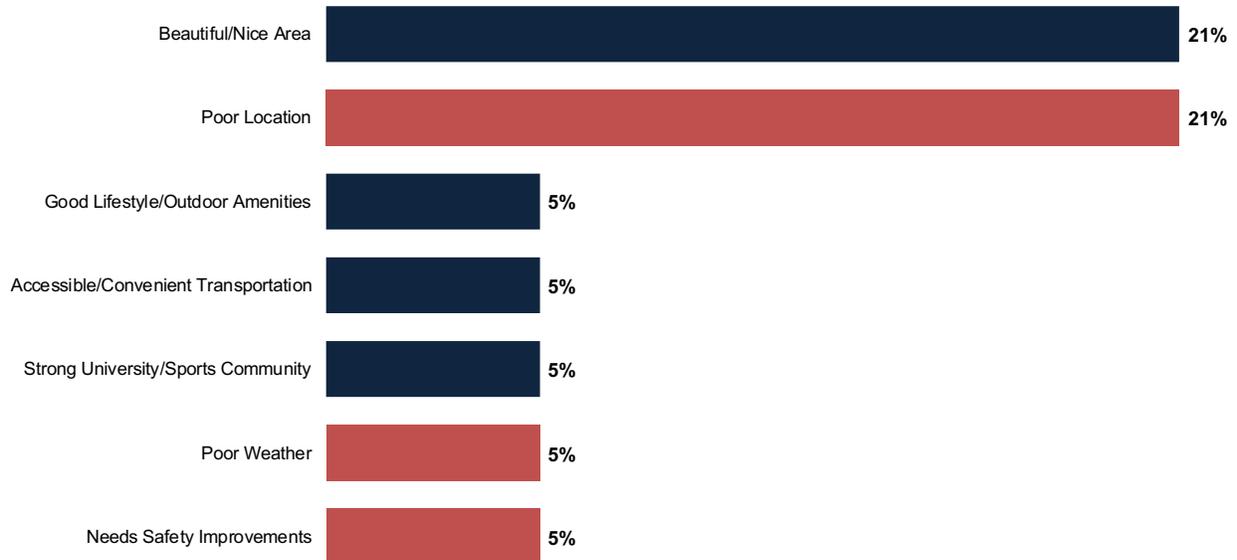
Note: Of those respondents with a positive interest in Eugene.
Source: CSL State/Regional Organization Survey 2016.

As shown, national event planners demonstrated a stronger preference for a convention center in downtown Eugene relative to the interested state and regional planner survey group. This underscores preferences for concentrated visitor amenities and a walkable environment that is often demanded and expected by national markets.

Open-Ended Questions

National event planners were asked what their impressions were on Lane County as a potential host destination. The most frequent responses are presented in Exhibit 20 below.

Exhibit 20
National Organization Survey –
Comments on the Destination



Source: CSL National Organization Survey 2016.

Similar to state and regional organizations, Lane County was noted as a beautiful and nice destination by national organizations. Other positive responses by respondents about the Lane County destination include the lifestyle and outdoor amenities, accessibility and convenient transportation as well as a strong University sports community. In contrast, such things as the location, weather and safety concerns were the most commonly cited negative comments about the Lane County destination among national organizations.

Corporate Meeting Planners Survey

Corporate, independent and government meeting planners of nearly 600 annual events throughout the greater Oregon marketplace were also surveyed to ascertain their interest in utilizing a potential new convention center in Lane County to host their event(s) and to collect pertinent event-related data, should an interest be expressed. Key findings from this research are summarized below:

- Events include: training events, sales conferences, developer conferences, awards banquets, holiday parties, and other such events. Planners conduct meetings and events year round, with the heaviest demand in spring and fall months.
- Nearly 150 potential rotating events would be potentially interested in a new Eugene-Springfield convention facility. The majority of meetings planners would consider Eugene-Springfield for meeting or training events that feature 100 to 400 attendees if the facility & hotel package met event requirements.
- Planners were asked to rank the proposed convention center sites located in downtown Eugene, the Glenwood area and the Gateway area. Site ranking averages (on a 1 to 7 scale, with 7 being the highest score):
 - Downtown Eugene: 5 to 6
 - Gateway (Springfield): 3 to 4
 - Glenwood (Springfield): 4 to 5
- Planners expressed a general need for at least 250 available rooms in two or three hotel properties within close walking distances would be sufficient to attract most corporate event demand.
- A 15,000-square foot ballroom space in addition to ten breakout meeting rooms would accommodate the largest interested events.
- Other specific requirements event planners have for the convention center:
 - Easily modifiable and flexible space
 - Good lighting and décor
 - Latest technology available – Wi-Fi quality, projection and sound
 - Sound proof rooms
 - Nightlife and a wide variety of entertainment options
 - Locally sourced food offerings
 - Restaurants, entertainment, retail, etc. must be within walking distance
- Overall impressions of Lane County and Eugene/Springfield:
 - "Great culture and great restaurants in the area."
 - "Strong medical and healthcare industries there."
 - "University would be a strong draw for our attendees."
 - "The challenge would be the driving distance for our attendee base in Portland."
 - "Airlift could be an issue for people coming from other states."
 - "The Eugene/Springfield area seems too quiet in the spring."

Market Demand Conclusions

Given Lane County's local market characteristics and the event profiles of other comparable convention facilities in similar markets, it is believed that the primary non-local event markets for a new/expanded convention center in Eugene-Springfield would be events hosted by state, regional and certain national groups. While local events tend to be the largest users of facilities (in terms of the count of events hosted, i.e., hundreds of small meetings, banquets, receptions, etc.), they generate little new economic impact for host communities (as opposed to the hotel room nights and new spending generated by non-local event attendees and exhibitors). As such, estimation of the market demand associated with non-local state, regional, and national groups is normally of particular interest for destinations like Lane County who are evaluating new/expanded convention center development. In particular, national convention, conference and tradeshow markets often represent particular segment of interest for communities the size of Eugene-Springfield, as unmet demand in this particular segment often represents a key market opportunity that could support investment in convention and hotel facility product.

In order to test the potential event market for new/expanded convention center development in Eugene-Springfield, a detailed telephone survey was conducted with planners of state, regional and national conventions, conferences, tradeshow, and other events. The survey resulted in completed interviews with event planners representing more than 200 potential rotating events, including more than 120 state and regional events and 95 national events, in addition to interviews with planners of hundreds of corporate and private events. Surveyed groups included professional associations, SMERF (social, military, education, religious, fraternal) groups, government groups, academic organizations, youth and amateur sports organizations, nonprofits and other producers of rotating events.

Overall, survey results suggest that the level of unmet demand from rotating state and regional convention and conference markets is limited. From a size perspective, the Hilton Eugene Conference Center and other local convention and conference facilities are able to accommodate the majority of state/regional markets that are interested in the Lane County destination.

Survey results suggest the most material opportunity for Lane County to grow its presence in the convention industry relates to greater penetration into the national convention, conference and tradeshow markets. However, several issues combine that will work to limit Lane County's ability to significantly penetrate the national market. Specifically, the Eugene-Springfield destination is generally highly-regarded, but its remote geographic location (within the country itself and from major population bases within the region), challenging air accessibility, and hotel product offerings/mix (relative to larger cities) were concerns noted by many national survey respondents. As is the case for any community in the country, the strength of air access and convention-quality hotel product are key characteristics that will work to govern the size and number of larger conventions that could be attracted to Lane County.

While the market survey research did not indicate a large unmet opportunity in terms of events requiring convention space in excess of the size of the products that are presently offered in the Lane County marketplace, there are several issues that work to suggest that a higher level of unmet market demand effectively exists in Lane County. Specifically:

- The Hilton Eugene and Conference Center serves as the Lane County destination's de facto convention facility product, representing the most traditional headquarters hotel and convention/conference facility product. However, there are a number of indications that nonlocal convention market capture is not optimized due to: (1) periods of date availability constraints (relating to conference space and hotel rooms); (2) difficulty in accommodating concurrent events; (3) challenges in accommodating events with both exhibit and assembly and food function

requirements; and (4) the lack of a hotel room block agreement or guidance in the management agreement that serves to maximize capture of economic impact generating events. As is the case with all privately-owned and operated hotel products, the Hilton is ostensibly not interested in accommodating room demand beyond its own hotel (except for possibly those other local facilities also in the owner and operator's interests). Profitability and return-on-investment for the private stakeholders are paramount in business decisions, as they are with any other private sector asset or investment.

- The Lane Events Center offers a large amount of event space and has, and will continue to have, an important role in Lane County; however, it is not optimized to attract traditional rotating convention and conference activity. Given the nature of its fairgrounds-oriented setting, the lack of attached or proximate convention-quality hotel product, lack of walkable proximate visitor amenities (i.e., concentrations of restaurants, bars, nightlife, retail, etc.), and the quality/finish of existing facility product, it is not believed that new convention center investment would be appropriate at the Lane Event Center, even with the opportunity to potentially leverage certain existing facility spaces through expansion scenarios.
- Other event spaces throughout the destination, including those at UO and associated with certain hotel properties and other facilities located throughout Lane County serve important roles, but all have certain competitive disadvantages limiting their ability to attract state, regional and national conventions and conferences.

6.0. ANALYSIS OF PROGRAM, DEVELOPMENT OPTIONS & SITE/LOCATION

The purpose of this chapter is to outline a market supportable building program for a proposed new/expanded convention center in Lane County, along with outlining a set of potential development scenarios that could represent options for project implementation. Additionally, an assessment of potential site locations within Lane County was conducted to determine what areas and/or sites might be best suited as a host location for the proposed convention center investment.

Market Supportable Building Program

The estimated convention center market indicated facility program is tied closely to the unique characteristics of the Lane County market and the current/potential future hotel inventory and other area visitor amenities. Adjustments are made to reflect event segments that require hotel room blocks beyond the expected capacity of Lane County, and Eugene-Springfield, in particular. The resulting market indicated building program focuses on the levels of sellable space that would be necessary to accommodate potential measured convention, conference, meeting, exhibition, and special event demand for a Lane County convention center.

The market supportable program represents a convention center facility that would be optimized in terms of size and finish to address the majority of Lane County's measured market demand and to maximize economic impacts. The development scenarios, to be subsequently discussed, includes facility scope, size and model adjustments/variations from the market supportable model that would be necessitated depending on the ultimate framework and funding contribution of public and private participants.

For the market supportable program, support areas, such as lobby, circulation, storage, office and other areas, are not specifically itemized within this analysis; however, based on state-of-the-industry facility development standards, such support spaces normally require square footage roughly equal to the amount of *sellable* square footage incorporated in the building. For example, 30,000 square feet in sellable convention space would roughly require 60,000 square feet of gross facility space. Some efficiencies can be had via a combined hotel/convention center project, in terms of a lower than 2-to-1 ratio of total facility (gross) space versus total sellable (net) space through shared back-of-house, food service, lobby/circulation, and other such areas.

Based on the previous analyses undertaken, key aspects of a market supportable facility program for a potential Lane County convention center are presented below.

- Total Sellable Space = 50,000-55,000 square feet
 - Multipurpose Hall / Grand Ballroom:
 - 25,000-30,000 square feet of subdividable, column-free, carpeted, upscale space
 - 25-foot or higher ceiling height
 - Utility floor grids, independent loading/public access, climate control
 - Junior Ballroom:
 - 10,000 square feet of subdividable, column-free, carpeted, upscale space
 - 22-foot or higher ceiling height
 - Breakout Meeting Rooms:
 - 15,000 square feet of breakout meeting space
 - Subdividable, upscale
- Total Gross Facility Space = approximately 100,000-110,000 square feet
- Other Requirements:

- Sufficient parking, pre-function, support and storage space
- 250-room or larger full-service hotel attached
- 400 or more total full-service hotel rooms attached or adjacent

Development Scenarios

In most cases throughout the country, the market supportable facility program associated with a convention center product that is optimally sized to address overall non-local demand needs for a given market area significantly exceeds the size and scope of a facility project that a motivated private sector partner (e.g., hotel) would have an interest in participating in as the sole funding participant. Most conference and convention center projects that are large (in relative terms for the particular market) operate at a financial operating deficit (requiring public sector funding participation), and are intended to maximize economic impact for a larger local area. A private partner (typically the headquarters hotel investor/owner) normally is interested only in a convention/conference space product that maximizes its ability to fill hotel room nights in its owned lodging asset. Convention/conference space square footage that is in excess of this level provides hotel room nights that will be displaced to other hotel properties in the marketplace, and therefore, is not incrementally desirable for the private partner, as the lodging asset represents the primary profit center (i.e., “heads in beds”) for the private owner.

For illustration of these concepts, Exhibit 1 presents a comparison of Lane County’s market supportable program, as compared to the industry-typical mix of conference space square footage integrated into various chain scale hotel products and that estimated to be market supportable in Lane County.

Exhibit 1
Comparison of Lane County Supportable Program with Industry Typical Private Sector Projects

| | Upper-Midscale | Upscale | Upper-Upscale | Eugene Hilton | Market Supportable Lane County | Difference |
|---------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------|-------------------------|--------------------------------|------------|
| Hotel Chain Scale: | | | | Upper-Upscale | Upper-Upscale | |
| Brand Examples: | Holiday Inn Express, Comfort, Hampton Fairfield, Best Western | Holiday Inn, Springhill Suites, Courtyard Marriott, Hilton Garden Inn | Embassy Suites, Hilton, Marriott, Renaissance, Westin, Hyatt | | | |
| Number of Guestrooms: | 125 | 150 | 250 | 269 | 400 | (131) |
| Food and Beverage: | Limited to None | Limited to Full Restaurant | Full Rest/ Room Service | Full Rest/ Room Service | Full Rest/ Room Service | |
| Convention Space (SF): | | | | | | |
| Ballroom/Multipurpose (largest) | 0 | 3,000 | 12,000 | 11,600 | 25,000 | (13,400) |
| Ballroom (junior) | 0 | 0 | 4,000 | 4,500 | 10,000 | (5,500) |
| Meeting (breakouts) | 1,500 | 2,000 | 6,000 | 6,900 | 15,000 | (8,100) |
| Sellable Space | 1,500 | 5,000 | 22,000 | 23,000 | 50,000 | (27,000) |

The above chart highlights the differential between the conference space square footage that represents Lane County’s market supportable program and that which is integrated under industry-typical hotel models. The typical range of conference/meeting space square footage for a 250-room full service, upper-upscale chains scale property is approximately 22,000 square feet of carpeted upscale space (through a combination of ballrooms and breakout meeting rooms).



Conference space beyond the typical range of space developed (specifically, beyond the 5,000 square feet and 22,000 square feet of sellable space for the typical Upscale and Upper-Upscale chain scale hotel brands, as outlined in the chart) will tend to increasingly burden the hotel's bottom line (as the space gets larger beyond typical ranges). The larger amount of convention space currently contemplated for the Lane County convention center project would result in an unacceptable return-on-investment (ROI) for the typical hotel investor, resulting in a feasibility gap that will need to be bridged through other income/funding sources.

Further, the more any new Lane County convention center project is "private sector-oriented", in terms of upfront capital and/or ongoing operational funding resting with the hotel partner, the greater the need for program adjustments (largely in terms of square footage) in the convention center element. However, shrinking the convention center program significantly from the estimated "market supportable" program (as outlined herein) would be expected to result in lower economic impact generating potential and less differentiation from other local conference/meeting venues.

For purposes of the remaining quantitative analyses, the following three development/business model scenarios associated with a new Lane County convention center may be considered for the potential Phase Two of the study.

- Scenario 1: Stand-Alone Convention Center
 - Public sector builds and owns convention center
 - Private sector manages via contract
 - Public sector funds operating shortfall
- Scenario 2: Public/Private Convention Center
 - Public sector builds and owns new convention product attached to hotel
 - Hotel partner operates via lease agreement
 - Some level of public sector funding assistance for operations may be required
- Scenario 3: Hotel-Led Public/Private
 - Public sector incentive to new hotel partner to raise project ROI to reasonable level
 - Hotel partner owns and operates
 - No ongoing public sector operating subsidy

Each of these scenarios leverage the private sector's investment in the hotel asset and other planned elements of any larger development plan.

The full market supportable convention center building program is assumed under Scenario 1; however, while a private party would operate the space under contract, the public sector (for instance, the City) would be required to fund any operating shortfall on the convention center. This model would generate the highest economic impacts of the two models.

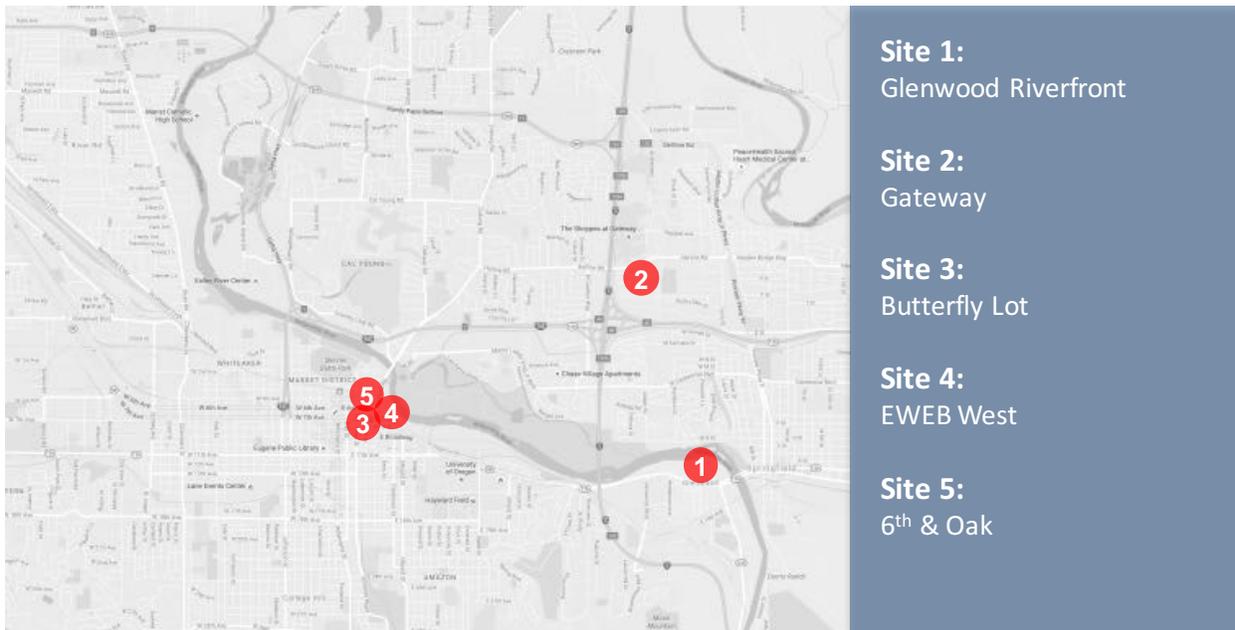
Depending on the size of the project and its specific calculated ROI to the private partner, ongoing public sector funding support (through an operating subsidy) may or may not be required under Scenario 2; however, convention center construction would be funded by the public sector partner and it would continue to own the convention center asset, structuring a long-term lease with the hotel partner.

Scenario 3 involves a public/private partnership (P3) with a new hotel partner and would likely involve a reduced program of convention space, in order to attract an interested hotel investor to develop, own and operate at its own risk-or-gain an appropriately-sized full service hotel and associated conference space. The preferred approach would be a simplified P3, whereby the public sector contribution occurs upfront through capital contribution, tax incentives, or low interest debt assistance.

Identified Sites

The intent of the site/location assessment completed for this engagement is to evaluate advantageous locations within the market for potential investment in convention facility development, so that specific site parcels can be identified for further, more focused consideration. As mentioned earlier in this report, given its significant concentration of visitor amenities (including the ability to leverage multiple proximate hotel properties), population base, and transportation accessibility, it is believed that site consideration for any new convention center investment in Lane County should be focused in the Eugene-Springfield area. At the direction of Travel Lane County and the study committee, five site locations were identified for evaluation.

Exhibit 2 Potential Site Locations for a Lane County Convention Center



Descriptions of each of these sites and discussion of key strengths, weakness, and development opportunities are presented on the following pages.

SITE 1: GLENWOOD RIVERFRONT
1.5+ acres



Glenwood is an approximately one square mile area abutted by I-5 on the west and south and the Willamette River on the east and north that lies between the City of Eugene and downtown Springfield. The Glenwood Riverfront site area is adjacent to the Willamette Riverfront, north of Franklin Boulevard. It is part of a major riverfront redevelopment project initiative led by the City of Springfield, involving a variety of mixed use elements and riverfront revitalization initiatives.

Approximately 1.5 acres is presently earmarked for a potential hotel/conference center at the northeast portion of the greater project site, adjacent to the river. Specifically, current plans show a 66,000-square foot parcel for a hotel/conference center project, with the possible availability of an additional 14,000 adjacent square feet, if needed. An adjacent parking structure (360 stalls) would be expected to be available to serve the hotel/conference center facilities, in addition to other mixed use project elements. Preliminary hotel concepts have included limited and select/focused service brands.

Strengths:

- Riverfront location
- Component of larger mixed use project
- Strong roadway accessibility
- Greater site will be long-term focus of significant public/private investment
- Mixed use amenities planned near site

Weaknesses:

- Designated site too small for full convention center + headquarters hotel program
- Long timeframe of master plan implementation
- Insufficient nearby hotel infrastructure
- Lack of density of walkable downtown visitor amenities

SITE 2: GATEWAY

13.65 acres



The Gateway site is located in north Springfield, in the Gateway area just north of the Shoppes at Gateway and nearby I-5. It consists of a 13.65-acre single owner site. The site owner is an experienced hotel developer and manager, with ownership interests in several hotel assets nearby. The environment around the site is commercial, consistent with typical interstate-adjacent suburban area commercial campuses that include corporate business parks and concentrations of retail and hospitality products. More than 800 hotel rooms (mostly limited and select/focused service) are situated within a quarter mile of the site; however, none are considered to be within convenient walking distance to the site (due to a mix of distance, obstructed access via high density vehicular roadways, lack of pedestrian-friendly connections, etc.).

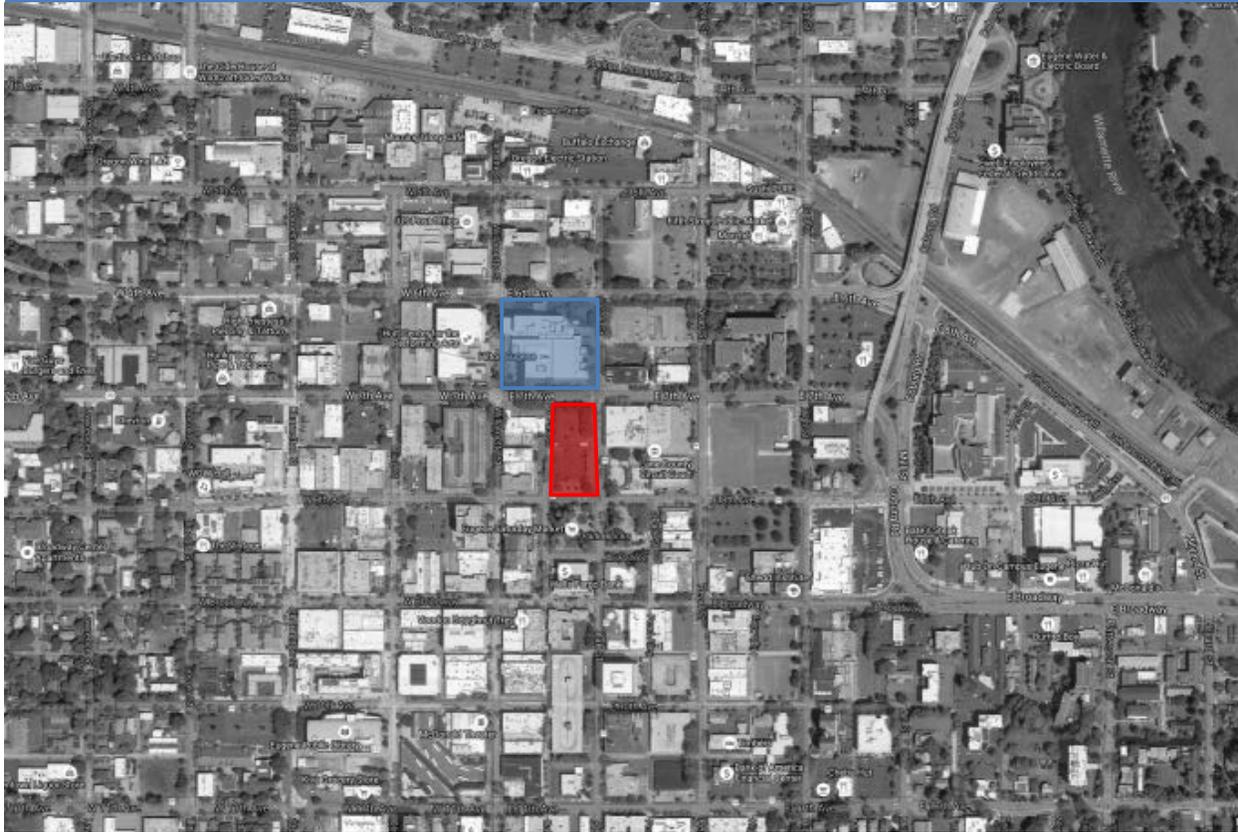
Strengths:

- Large site, owned by a single private owner who is an interested hotel partner candidate
- Opportunity for additional complementary development within the site
- Strong highway/roadway and BRT (Bus Rapid Transit) accessibility
- Nearby significant hotel supply
- Located near Shoppes at Gateway
- Near district with proven hotel demand generators and potential corporate business
- Views of Coburg Hills

Weaknesses:

- Non-urban location near residential and commercial land uses
- Some visitor amenities are walkable, but somewhat inconvenient for walking access; Beltline Road is not pedestrian-friendly for crossing

SITE 3: BUTTERFLY LOT
1.18 acres



The Butterfly Lot is a half block parcel in downtown Eugene directly south of the Hilton Eugene (shown in blue). The 1.18-acre lot is presently owned by Lane County and is serving as a parking lot. City leaders have been interested in identifying the highest-and-best use of the property, and given its adjacency to the Hilton, it was proposed as a potential site for convention center evaluation.

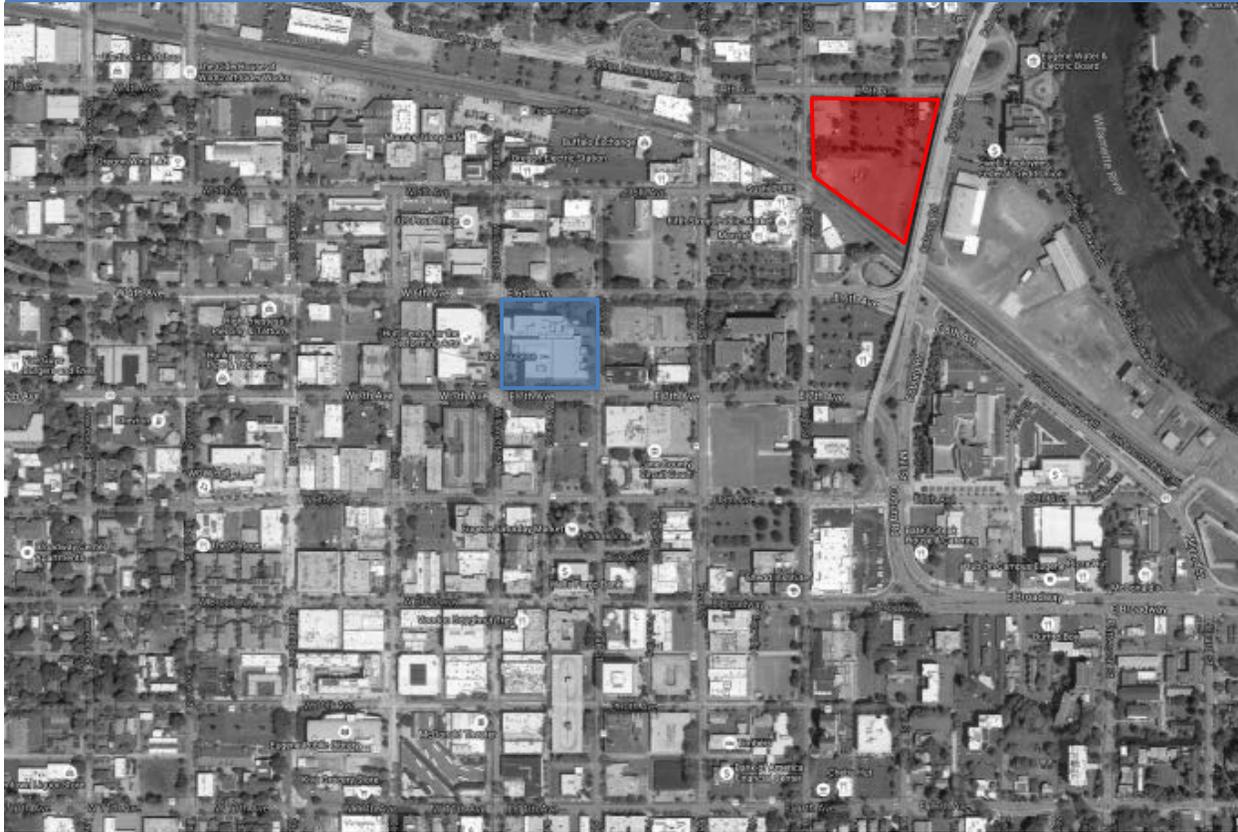
Strengths:

- Adjacent location to the market's largest full service hotel
- Ability to leverage Hilton's room and conference space inventory
- Downtown central business location in a walkable environment
- High concentration of walkable restaurants, bars, nightlife and entertainment options
- Could tie in to downtown economic revitalization and investment initiatives

Weaknesses:

- Site would be too small for the entire market supportable program, could only involve expansion/partnership with Hilton
- Above ground connection to the Hilton would be necessary and would be considered challenging to execute over East 7th
- Highest-and-best use for the site might suggest other alternatives given adjacency to Saturday Market and Park

SITE 4: EWEB WEST
5+ acres



The EWEB West site is a parcel located at Fourth & High Street, just west of the Ferry Street Bridge. The site is at the western edge of the land area designed for the EWEB Riverfront Master Plan effort to revitalize the riverfront and northeast corner of downtown Eugene's central business district. One of the parcels proposed for the convention center project would be a 2.0-acre site that is currently home to the EWEB Childcare Center. The adjacent, contiguous area surrounding the Childcare Center (that is within the designated EWEB redevelopment project area) would consist of a total of 5.0 or more acres. The site is controlled by the City and convention center and hotel are allowable uses for the property. The EWEB Riverfront Master Plan envisions a major mixed-use set of developments that is expected to include residential, retail, restaurants, riverfront parks/trails, and one or more hotels.

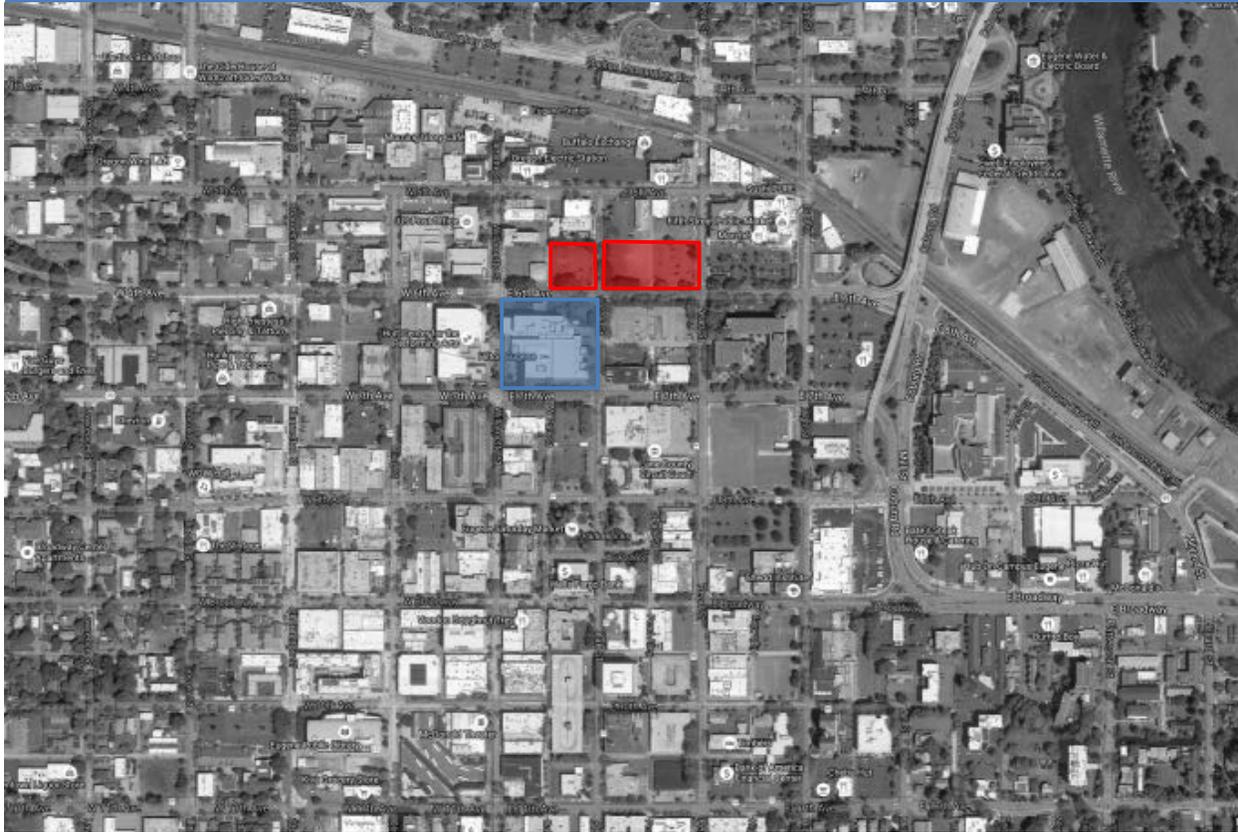
Strengths:

- Location in downtown, near riverfront
- Component of a larger mixed use master plan
- Site large enough for convention center & hotel
- Strong roadway accessibility
- Greater site will be long-term focus of signification public/private investment
- Some downtown visitor amenities walkable
- Part of an Urban Renewal District, allowing for additional funding opportunities

Weaknesses:

- Would require a new attached full service hotel
- Does not optimally leverage current downtown hotel product
- Location on the periphery of central business district
- Walking distance to core downtown visitor amenities is longer than with other downtown site options
- Ferry Street Bridge barrier works to disconnect site from the river and other EWEB mixed use

SITE 5: SIXTH & OAK
1.72 acres



The HACSA/Obie redevelopment site at 6th & Oak is located in downtown Eugene and is adjacent to the Hilton Eugene. The potential site consists of a half block parcel to the northeast of the Hilton and an adjacent quarter block directly north and adjacent to the Hilton. Combining both parcels would provide an approximate 1.72-acre site. The land is privately controlled (leased from the County) by the owner of the nearby Inn at the Fifth (69-room upscale boutique hotel). The private party is advancing planning for a \$60 million mixed use redevelopment project at the Fifth Street Market location, which is expected to include hotel, residential, retail, food and beverage, and other amenities.

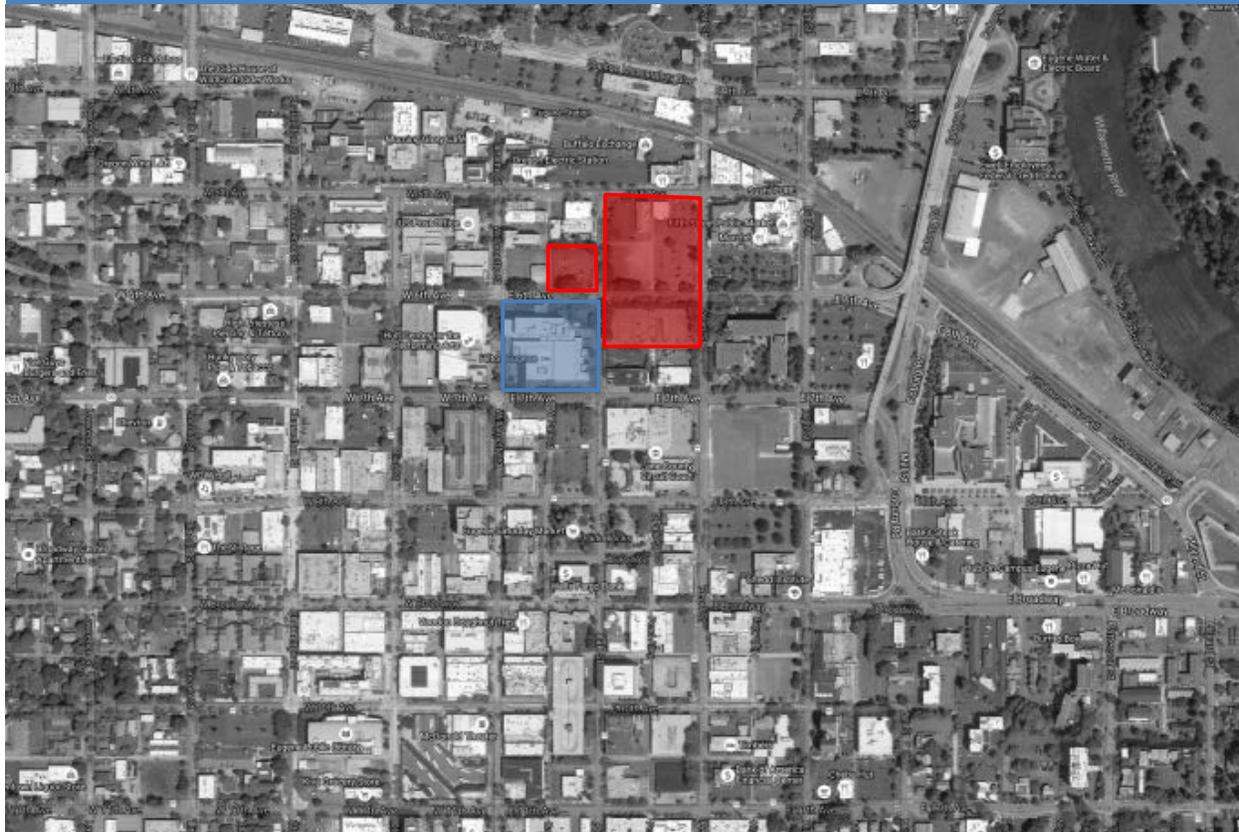
Strengths:

- Adjacent location to the market's largest full service hotel and Inn of the Fifth
- Ability to leverage Hilton's room and conference space inventory
- Downtown central business location in a walkable environment
- High concentration of walkable restaurants, bars, nightlife and entertainment options
- Could tie in to downtown economic revitalization and investment initiatives
- Tie-in to Obie planned mixed use development

Weaknesses:

- Site would be too small for the entire market supportable program, could only involve expansion/partnership with Hilton
- Above ground connection to the Hilton would be necessary and could be challenging to execute over East 6th
- Oak Street would need to be closed to best activate the site

SITE 5b: SIXTH & OAK (EXTENDED)
2.87 acres



There may be an opportunity to expand the developable 6th & Oak parcel through the acquisition of adjacent land. This would serve to provide a larger contiguous site, better accommodate added convention and hotel product, and enhance adjacency and connectivity to the destination's largest full service hotel and de facto convention center, the Hilton Eugene. Specifically, half block parcels to the immediate north and south of the Obie 6th and Oak parcel could represent site expansion opportunities. It is believed that the north parcel may be able to be purchased, while the south parcel is a County-owned parking structure that reportedly has the capability to support vertical development without demolishing/reconstructing. The specific feasibility of construction atop this structure is not presently known and would need investigation.

Strengths:

- Adjacent location to the market's largest full service hotel and Inn of the Fifth
- Ability to leverage Hilton and accommodate a new hotel asset on the site
- Downtown central business location in a walkable environment
- High concentration of walkable restaurants, bars, nightlife and entertainment options
- Could tie in to downtown economic revitalization and investment initiatives
- Tie-in to Obie planned mixed use development

Weaknesses:

- More complex site to assemble and develop, as acquisition of north and/or south parcels would be required
- Construction atop County-owned parking structure may not be viable
- Above ground connection over E 6th or Oak would be required if Hilton is partner
- E 6th and/or Oak Street would need to be closed to best activate the site

In general, a large number of characteristics and factors are typically important when evaluating the attractiveness of site locations. These include, but are not limited to:

1. Proximity to quality (preferably full-service) hotel inventory
2. Proximity to restaurants, retail, nightlife, entertainment
3. Pedestrian-friendly walking environment
4. Ability to leverage existing facility investment/infrastructure
5. Requirements/preferences of hotel partner (if applicable)
6. Size, cost and ownership complexity of site
7. Parking availability
8. Ingress/egress
9. Site visibility
10. Synergy with other public sector initiatives/master plans
11. Compatibility with surroundings
12. Other considerations

For a convention center project, proximity to quality hotel inventory is the single most important factor. Without a sizeable, quality hotel property that is attached or adjacent, a new convention center will be extremely limited in its ability to attract non-local conventions, conferences and tradeshows. Without this type of hotel support, the convention center will function more as a "local" venue, such as a community center or civic center. For a convention product the size of that indicated for Lane County, it is believed the issue of a physical connection to an appropriate hotel product is even more important. Without physical connection to appropriate headquarters hotel product (i.e., minimum of 250-room full service hotel property) and availability of 400 or more total full service hotel rooms (including the headquarters hotel) that are attached or within close walking distance (within 2 to 3 city blocks), a new/expanded convention center (consistent with the market supportable program outlined earlier) would not be expected to be feasible from market and cost/benefit perspectives. Therefore, the requirements and preferences of the private hotel partner will have significant influence on the ultimate location.

It is suggested that additional analyses be conducted with regard to site acquisition/preparation costs and unique costs associated with architectural and engineering requirements, traffic, infrastructure and other related concerns prior to site selection.

Site and Development Conclusions

This study was commissioned to study the feasibility of potential convention center development that would serve to drive new visitation and economic impact in Lane County. This particular objective implies primary focus on the ability of the project to generate county-wide incremental impacts and generate sufficient return-on-investment.

Preferred Convention Investment Approach

Using this objective, then the research and analysis conducted for this study indicates the most appropriate way to achieve this is to leverage and expand upon the destination's de facto convention/hotel product, the Hilton Eugene and Conference Center, through benefitting from its existing hotel room base and its

Conference Center space (City of Eugene-owned), rather than develop a large new convention center and associated headquarters hotel elsewhere.

The market supportable program for a convention center in Eugene-Springfield is one that is only double the size of the Conference Center at the Hilton Eugene. Achieving this market supportable program by expanding the Hilton Eugene's Conference Center is considered the most appropriate approach from a market feasibility standpoint. An expanded Hilton Eugene Conference Center would have the opportunity to focus on retaining existing business, accommodating a larger number of small and mid-sized events concurrently, while also now having the ability to compete for larger events. New hotel product development nearby will be required and will be instrumental in supporting this new event demand, and appropriate room block and booking guidance would need to be negotiated into any development/management agreement to ensure that the public sector's investment and economic impact interests are protected.

Conversely, building a full market supportable program of space via a new, stand-alone convention center (that is independent of the Hilton Eugene Conference Center), particularly in downtown Eugene, would likely result in undesirable competition for many small and mid-sized convention, conference and meeting events. All of the Hilton Eugene Conference Center events could theoretically then be candidates for the new convention center.

If the market supportable convention center program, for instance, had indicated a convention center that was three or four times larger than what the Hilton Eugene Conference Center offered, then competition and redundancy would be more limited and a new independent convention center versus the Hilton Eugene Conference Center would be more differentiated (and their event niche-orientation would be more pronounced), even if they were located in the same downtown environment.

Assuming a downtown location, the preferred approach that would leverage downtown's amenities/infrastructure, the Hilton headquarters hotel asset, and the City's ownership in the current Hilton Conference Center would be the: (1) development of a publicly-funded 25,000-square foot multipurpose ballroom and associated support space on an adjacent parcel physically connected with the Hilton Conference Center; (2) reassignment of the Hilton Conference Center's current "grand" ballroom to a "junior" ballroom; and the (3) negotiation of a new operating agreement between the City and the Hilton Eugene covering management of the entire convention center product (i.e., existing Hilton Eugene Conference Center plus expanded convention product). Even with a potential need for modest participation by the public sector in ongoing operating support, this scenario is believed to represent a high return for Lane County relative to potential public sector costs.

Additionally, under this scenario, a new complementary hotel plus the planned new Obie mixed use development should be considered an integral piece of the convention product improvement strategy and appropriate incentives to this end should be a component of the overall project budget.

If the Hilton ownership/management does not wish to participate and/or a decision is made to pursue a development solution elsewhere, and a full new, stand-alone convention center is built elsewhere, cannibalization of the Hilton Eugene Conference Center's events would likely occur and utilization levels in both facilities would be negatively impacted. To meet the market supportable building program, a Hilton Eugene Conference Center expansion scenario would add approximately 25,000 square feet of sellable space into the market, while any other scenario would involve adding 50,000 square feet or more.

However, it is important to recognize that the aforementioned conclusion was reached considering the stated objective of focusing on the ability to generate incremental (net new) visitation and economic impacts throughout Lane County. Convention and hotel project investment elsewhere could certainly have their own feasibility merits in terms of facilitating activity at those certain sub-areas and aligning with other

strategic planning efforts, but they will not significantly drive incremental new business to Lane County. For instance, there are a number of positive indicators that a hotel/conference center project at the Gateway site under a public/private partnership framework could be realized as a successful project for Springfield, the Gateway sub-area, and the potential hotel partner. If execution of a downtown Eugene Sixth & Oak convention center enhancement strategy is not achievable or desired by any of the necessary stakeholders, then a Gateway public/private partnership (P3) hotel and conference center project (under a simple P3 framework) is believed to be a viable strategy and would be then be the preferred option. A 200 to 225-room full service hotel with between 30,000 and 40,000 square feet of conference space would likely be a more appropriate model to pursue at Gateway under a P3 arrangement. A stand-alone, publicly-owned convention center of the market supportable size is not recommended for the Gateway site.

As such, if a decision is made to undertake Phase Two of the feasibility study, it is suggested that the cost/benefit analysis focus on three scenarios corresponding to:

- Scenario 1—Stand-alone Convention Center, Public-Funded, at Site 5b
- Scenario 2—Hilton Eugene Conference Center Expansion, Public-Led P3, at Site 5b
- Scenario 3—Reduced Program Hotel & Conference Center, Private-Led P3, at Site 2

A Phase Two study would analyze the key costs and benefits associated with these three scenarios, providing potential public and private stakeholders with a key comparison of the estimated upfront and ongoing costs associated with these projects, as well as the economic impact returns that each could generate.

Other Important Issues

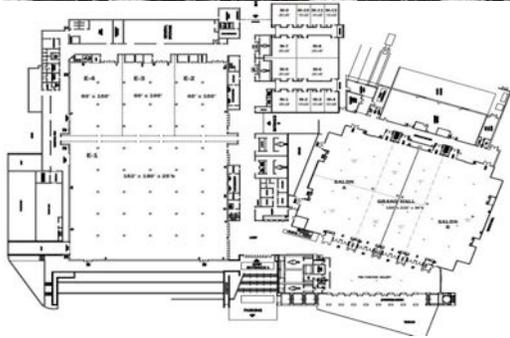
There are a number of other noteworthy issues that are believed to be relevant during any consideration and discussion of investment in convention facility product in Lane County. These include:

1. There is not presently a hotel room block agreement, or other specific booking guidance provided via the management agreement, with regard to the Hilton Eugene Conference Center to ensure that it is maximizing opportunities to attract nonlocal, economic impact generating business (even though the Conference Center is owned by the City). It is normally challenging to generate the type of leverage needed to compel a private hotel owner to enter into a new room block agreement that would dictate how it conducts its business. An investment by the public sector to fund the construction of a new attached convention center could provide the needed leverage to negotiate such an agreement or similar provisions that would serve to enhance the ability to optimize the attraction of conventions and associated economic impact. Nevertheless, it should be recognized that a balance must be struck to make the private partner "whole" in such a P3 transaction, as a room block agreement can reduce the private partner's internal ROI assessment of the opportunity.
2. As the Hilton Eugene Conference Center is owned and was originally funded by the City of Eugene, it is believed that City would be best served to increase its involvement with oversight of its use, bookings, business mix, and performance. While the financial operations of the Conference Center are integrated with the operations of the privately-owned Hotel, it is reasonable, and normal industry practice, to expect that event, utilization, attendance and room night data associated with activity taking place in the City-owned Conference Center space should be regularly reported to its owner.
3. Any public sector investment made for a new/expanded convention center should include a room block agreement or similar provisions written into a management/development agreement with the new or existing hotel that is physically attached to the convention product and will serve as the headquarters hotel property. The lack of a room block agreement with the Hilton or any

surrounding hotel properties has historically led to some challenges with assembling room blocks for certain conventions. Industry best practices throughout the country is to have a hotel room block agreement in place with one or more headquarters hotels serving the public sector's convention center. This works to best leverage and protect the dollars expended by the public sector on the convention center asset and to maximize economic impact generation opportunities.

4. All of the sites evaluated would require new hotel product investment to occur if a new convention center was built. A sub-scenario that involves an expansion of the Hilton Eugene (and also assumes their interest in operating the new space) would be the only possible exception. While a comparison of benefits versus costs of various scenarios would be brought into focus under the potential Phase Two of this study, it is quite possible that the cost/benefit analysis could conclude that incentivizing new hotel room development in downtown Eugene would be a more prudent course of action in terms of serving economic development goals and driving incremental economic impact and return-on-investment on the public sector dollar relative to funding a new convention center project (that would also require new hotel rooms).

APPENDIX A: COMPARABLE FACILITY CASE STUDIES



FACILITY: ARLINGTON CONVENTION CENTER

City, State: Arlington, Texas

Owner: City of Arlington

Operator: City of Arlington

Facility Specs:

| | |
|----------------------------|--------|
| Exhibit Space: | 48,600 |
| Meeting Space: | 8,500 |
| Ballroom Space: | 30,000 |
| Largest Contiguous Space: | 48,600 |
| HQ Hotel Rooms: | 311 |
| Hotel Rooms Within ½ Mile: | 770 |

- Notes:**
- Opened in 1985.
 - Arlington is located midway between Dallas and Fort Worth, with the Convention Center situated in the heart of the Entertainment District among the Rangers Ballpark, AT&T Stadium and Six Flags
 - Request for Proposal of Development of a Headquarters Hotel and Expansion was issued in November 2014 by the City of Arlington. Development scope includes a 1,000-room full-service hotel, additional meeting, ballroom, exhibit and break-out space within the convention center as well as development of supportable retail, restaurant, entertainment and parking facilities around the center
 - Hosted an average of 165 events in the past 3 years of operations with an average of approximately \$3.7M in annual event revenue.



FACILITY: BLUE WATER CONVENTION CENTER

City, State: Port Huron, Michigan

Owner: St. Clair County

Operator: SMG

Facility Specs:

| | |
|----------------------------|--------|
| Exhibit Space: | 0 |
| Meeting Space: | 4,500 |
| Ballroom Space: | 25,500 |
| Largest Contiguous Space: | 20,000 |
| HQ Hotel Rooms: | 149 |
| Hotel Rooms Within ½ Mile: | 149 |

- Notes:**
- The Blue Water Area Convention and Visitor Bureau's offices will also be housed within the Center.
 - The public-private development project also included a \$10.5 million renovation of the Thomas Edison Inn, which reopened as a 149-room DoubleTree Headquarter Hotel in August 2013. The hotel includes a restaurant that will service the Convention Center's catering needs.
 - The development project also includes a new \$4 million privately funded culinary institute that plans to partner with the Blue Water Convention Center.
 - The St. Clair County Board of Commissioners issued \$9 million in bonds to fund construction for the Center.
 - The Center will be managed by SMG, a Pennsylvania-based professional management company.





FACILITY: BOISE CENTER ON THE GROVE

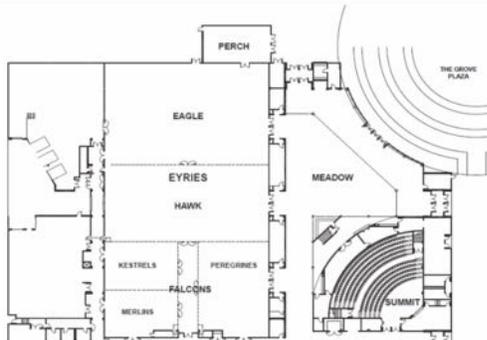
City, State: Boise, Idaho

Owner: City of Boise

Operator: City of Boise

| | | |
|------------------------|----------------------------|--------|
| Facility Specs: | Exhibit Space: | 0 |
| | Meeting Space: | 8,900 |
| | Ballroom Space: | 24,400 |
| | Largest Contiguous Space: | 24,400 |
| | HQ Hotel Rooms: | 250 |
| | Hotel Rooms Within ½ Mile: | 690 |

- Notes:**
- The Boise Center, located in downtown Boise, opened in 1990 and is owned and operated by the City of Boise.
 - Operating with an annual budget of around \$1.0 million, the Boise Convention and Visitors Bureau is responsible for selling, marketing and promoting the Center along with its surrounding entertainment and hospitality venues.
 - The Center hosts approximately 210 events and 136,600 attendees annually.
 - In a recent year of operations, the Center generated approximately \$1.6 million in operating revenues and \$2.3 million in operating expenses.
 - The facility is currently undergoing a \$38 million expansion (expected completion by the end of summer 2016) that will add a 14,000-square foot ballroom and 12,800 square feet of meeting space.



FACILITY: CORALVILLE MARRIOTT HOTEL & CONF. CTR

City, State: Coralville, Iowa

Owner: City of Coralville

Operator: Marriott Hotel Services

| | | |
|------------------------|----------------------------|--------|
| Facility Specs: | Exhibit Space: | 29,600 |
| | Meeting Space: | 5,200 |
| | Ballroom Space: | 21,900 |
| | Largest Contiguous Space: | 29,600 |
| | HQ Hotel Rooms: | 280 |
| | Hotel Rooms Within ½ Mile: | 583 |

- Notes:**
- The estimated \$60 million Hotel & Conference Center that opened in 2006 is located along the Iowa River and adjacent to the University of Iowa, and in easy reach of downtown Iowa City and the Eastern Iowa Airport.
 - Constructed as part of the City of Coralville's Iowa River Landing project, the Landing is located on a former site of an industrial park and still undergoing redevelopment. Recently, the project won the United States Environmental Protection Agency's Phoenix Award.
 - The master development plan is envisioned to include space for retail, restaurants, water features, gathering, entertainment and offices. In addition to the Marriott and Conference Center, the Antique Car Museum of Iowa, Johnson County Historical Society and the River Bend commercial and residential complex also are located within the Landing.
 - The project was funded with \$20 million in revenue bonds supported by the hotel tax, \$33 million in taxpayer backed bonds and \$5 million contributed by the State of Iowa. In 2005, the City and Marriott agreed to a 15-year contract for the hotel to manage the Center.





FACILITY: DAVIS CONF. CTR & HILTON GARDEN INN

City, State: Layton, Utah

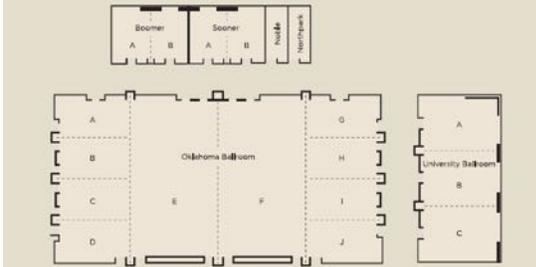
Owner: Davis County

Operator: Western State Lodging

Facility Specs:

| | |
|------------------------------|--------|
| Exhibit Space: | 18,400 |
| Meeting Space: | 2,700 |
| Ballroom Space: | 22,400 |
| Largest Contiguous Space: | 18,400 |
| HQ Hotel Rooms: | 147 |
| Hotel Rooms Within 1/2 Mile: | 813 |

- Notes:**
- Just three years following the Center's 2004 opening, the County broke ground for an expansion that nearly doubled the Center's size. In May 2008, the Center opened a new 18,400-square foot exhibit hall and an additional 7,000-square foot junior ballroom, which have the ability to open into each other.
 - Following the expansion, the facility offers 18,400 square feet of exhibit space, 22,400 square feet of ballroom space and 2,700 square feet of meeting space. Total sellable space is 43,400.
 - The Davis Center is attached to the Hilton Garden Inn which offers 145 sleeping rooms, and additional outdoor event space, including the Solstice Courtyard and Cirrus Atrium.
 - The Conference Center is owned by Davis County, but operated by Western States Lodging, which also owns and operates the attached Hilton Garden Inn. A public/private partnership was established to make the Conference Center and hotel a reality.
 - Since its opening, the Davis Conference Center has hosted an average of 600-700 events per year. Government-related events make up a approximately 32% of all events.
 - Typical organizations that hold events at the Davis Conference Center include: Utah State Office of Education Conference, Evergreens and Things, Boy Scouts of America Auction, F-16 Commanders Conference, Layton Christian Academy, Shipley Associates Sales Retreats, US Foods, Pfizer, Avalanche International Karate Tournament, Utah State Insurance and America Online Conference.



FACILITY: EMBASSY SUITES NORMAN

City, State: Norman, Oklahoma

Owner: John Q. Hammons

Operator: John Q. Hammons

Facility Specs:

| | |
|------------------------------|--------|
| Exhibit Space: | 0 |
| Meeting Space: | 6,900 |
| Ballroom Space: | 36,000 |
| Largest Contiguous Space: | 28,800 |
| HQ Hotel Rooms: | 283 |
| Hotel Rooms Within 1/2 Mile: | 399 |

- Notes:**
- The 10-story 283-room Hotel and Conference Center opened in October 2008 and was originally structured under a public/private partnership arrangement with the City of Norman and John Q. Hammons, whereby, upon construction completion, the City would purchase the Conference Center from John Q. Hammons for a predetermined amount.
 - Subsequently, both parties agreed not to complete the purchase transaction and John Q. Hammons retained ownership of the Conference Center.
 - The property received financing assistance from the University North Park Tax Increment Financing (TIF) District, which used 50 percent of ad valorem taxes from new development and 60 percent of sales taxes generated within the District.
 - The property is located near a major interstate, the University North Park retail complex, entertainment and commercial development, and two miles from the University of Oklahoma.





FACILITY: GREATER TACOMA CONVENTION AND TRADE CENTER

City, State: Tacoma, Washington

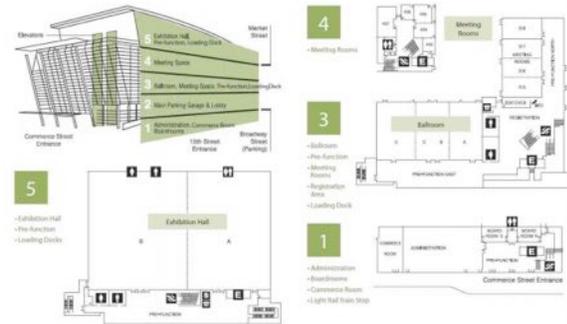
Owner: City of Tacoma

Operator: City of Tacoma

Facility Specs:

| | |
|----------------------------|--------|
| Exhibit Space: | 49,500 |
| Meeting Space: | 12,400 |
| Ballroom Space: | 13,400 |
| Largest Contiguous Space: | 49,500 |
| HQ Hotel Rooms: | 482 |
| Hotel Rooms Within ½ Mile: | 482 |

- Notes:**
- Opened in 2004, the Greater Tacoma Convention and Trade Center is located in downtown Tacoma, accessible via Interstate 705, and is located 20 miles south of the Seattle-Tacoma International Airport.
 - There are two hotels within one block of the GTCTC—the 320-room full-service Hotel Murano (formerly the Tacoma Sheraton) and the 162-room Courtyard by Marriott.
 - The approximate 50,000-square foot exhibit hall reflects a state-of-the-industry design—column-free, with subdivisibility via a moveable air wall and independent loading in the rear and public access in the front.
 - In recent years of operations, the Center has averaged a \$2.4 million operating deficit.
 - The Center features 400 on-site parking spaces.



FACILITY: LEXINGTON CONVENTION CENTER

City, State: Lexington, Kentucky

Owner: City of Lexington

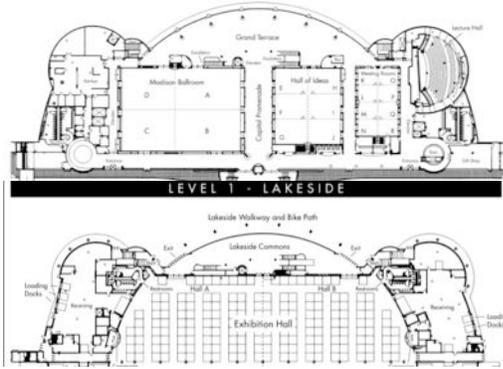
Operator: Lexington Center Corporation

Facility Specs:

| | |
|----------------------------|--------|
| Exhibit Space: | 66,000 |
| Meeting Space: | 16,100 |
| Ballroom Space: | 23,600 |
| Largest Contiguous Space: | 66,600 |
| HQ Hotel Rooms: | 733 |
| Hotel Rooms Within ½ Mile: | 865 |

- Notes:**
- Opened in 1976, the Lexington Convention Center is located in Downtown Lexington, just several blocks from the University of Kentucky campus.
 - The Lexington Convention Center is operated by the Lexington Center Corporation, a non-profit 501(c)3 corporate agency of the Lexington-Fayette Urban County Government (LFUCG).
 - The Convention Center is a part of the downtown Lexington Center complex that also includes Rupp Arena, Triangle Park and various retail shops and restaurants.
 - In a recent year of operations, the Center generated \$2.5 million in operating revenue and \$3.3 million in operating expenses.
 - City officials are considering an expansion of the Center that would add 39,000 to 54,000 square feet of exhibit space.





FACILITY: MONONA TERRACE COMMUNITY AND CONVENTION CENTER

City, State: Madison, Wisconsin

Owner: City of Madison

Operator: City of Madison

Facility Specs:

| | |
|----------------------------|--------|
| Exhibit Space: | 37,200 |
| Meeting Space: | 5,300 |
| Ballroom Space: | 20,400 |
| Largest Contiguous Space: | 37,200 |
| HQ Hotel Rooms: | 240 |
| Hotel Rooms Within ½ Mile: | 991 |

- Notes:**
- Opened in 1997 in downtown Madison, two blocks from the Wisconsin State Capital building.
 - From the roof of Monona Terrace, attendees can see downtown Madison, including the Capitol and a panoramic view of Lake Monona.
 - The facility hosts approximately 650 events and 390,000 attendees per year. Event activity includes:
 - 30 tradeshow per year
 - 20 consumer shows per year
 - 35 conferences per year
 - In the last five years of its operations, the Center has averaged a \$2.5 million operating deficit, with \$4.4 million in operating revenues and \$6.9 million in operating expenses.



FACILITY: OVERLAND PARK CONVENTION CENTER

City, State: Overland Park, Kansas

Owner: City of Overland Park

Operator: Global Spectrum

Facility Specs:

| | |
|----------------------------|--------|
| Exhibit Space: | 58,500 |
| Meeting Space: | 14,100 |
| Ballroom Space: | 25,000 |
| Largest Contiguous Space: | 58,500 |
| HQ Hotel Rooms: | 412 |
| Hotel Rooms Within ½ Mile: | 1,058 |

- Notes:**
- The Center opened in 2002 at a cost of \$46.5 million
 - In 2003 the 412-room Sheraton Overland Park Hotel, was completed. The hotel is connected to the Center and provides an additional 18,000 square feet of ballroom space and 3,700 square feet of meeting space.
 - The Convention Center hosts approximately 450 events annually, approximately 60 percent of which are meetings and seminars.
 - In a recent year of operations, revenue for the Center was estimated at \$4.76 million, while operating expenses totaled \$4.40 million. As a result, the Center ended the year with an operating profit of approximately \$360,000, or \$3.70 per sellable square foot of space.





FACILITY: SALEM CONFERENCE CENTER

City, State: Salem, Oregon

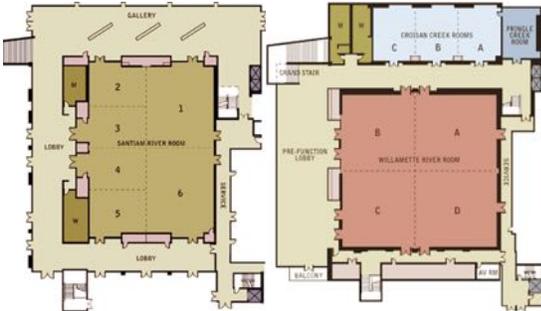
Owner: City of Salem

Operator: VIP Motors Inn

Facility Specs:

| | |
|----------------------------|--------|
| Exhibit Space: | 0 |
| Meeting Space: | 12,900 |
| Ballroom Space: | 11,400 |
| Largest Contiguous Space: | 11,400 |
| HQ Hotel Rooms: | 193 |
| Hotel Rooms Within ½ Mile: | 193 |

- Notes:**
- The full-service Phoenix Grand Hotel and Salem Conference Center opened in March 2005.
 - The Hotel offers 193 guestrooms, each with separate work and living areas, complimentary wired and wireless high speed Internet access and public areas offer complimentary wireless access.
 - The Phoenix Grand Hotel, Conference Center and approximately 400 parking spaces are components of the City of Salem's 290-acre Riverfront-Downtown Urban Renewal Area (RDURA).
 - VIP Motors Inn operates the Center and parking garage. If operating revenues exceed expenses, VIP's will receive 75 percent of the profits, with the remaining 25 percent going to the City.
 - The Center and parking garage portion of the project were publicly financed through the sale of urban renewal bonds and a \$7.2 million loan from the U.S. Department of Housing and Urban Development (HUD).



FACILITY: UTAH VALLEY CONVENTION CENTER

City, State: Provo, Utah

Owner: Utah County

Operator: Global Spectrum

Facility Specs:

| | |
|----------------------------|--------|
| Exhibit Space: | 19,600 |
| Meeting Space: | 10,000 |
| Ballroom Space: | 16,900 |
| Largest Contiguous Space: | 19,600 |
| HQ Hotel Rooms: | 330 |
| Hotel Rooms Within ½ Mile: | 453 |

- Notes:**
- Opened May 2012.
 - The \$41 million building is LEED certified and offers complimentary Wi-Fi services as well as on-site catering, electric and A/V services.
 - A 330-room Marriott Hotel is located adjacent to the Center, offering over 22,000 square feet of additional event space.
 - In 2013, the Center's first operating year, 233 events were held with nearly 110,000 total attendees. This included 15 major conventions that brought in a total of \$450,000 in revenue and \$2.5 million in economic impact.
 - Meetings are the most commonly hosted events at the Center, accounting for 49 percent of all events in 2013.
 - December was the Center's highest grossing month in 2013 due to the large number of corporate holiday banquets hosted. These parties resulted in \$300,000 of revenue for the Center.
 - Total gross revenue for 2013 was nearly \$2.9 million, and the Center finished the year with a net loss of \$77,000.





FACILITY: VANCOUVER CONFERENCE CENTER

City, State: Vancouver, Washington

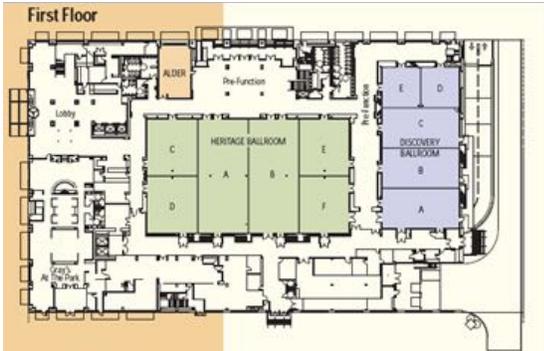
Owner: Downtown Redevelopment Authority (DRA)

Operator: Downtown Redevelopment Authority (DRA)

Facility Specs:

| | |
|------------------------------|--------|
| Exhibit Space: | 0 |
| Meeting Space: | 8,500 |
| Ballroom Space: | 21,900 |
| Largest Contiguous Space: | 14,100 |
| HQ Hotel Rooms: | 226 |
| Hotel Rooms Within 1/2 Mile: | 381 |

- Notes:**
- The Vancouver Conference Center and Hilton Vancouver Washington is a multi-functional facility that opened in June 2005 across from Esther Short Park.
 - The facility is part of redevelopment and revitalization efforts of the City of Vancouver that began in the early 2000s with the construction of numerous condominium structures surrounding Esther Short Park and around the Uptown Village neighborhood. These include future development of a new library, Marriott hotel and approximately 250 additional condominiums.
 - The City of Vancouver and Clark County estimated that they were losing approximately \$500 to \$950 million in retail and entertainment dollars annually to other communities. Therefore, they decided to construct the 226-room Hotel and Center as one vehicle to drive new visitation to the community.
 - Approximately \$64.1 million in tax-exempt revenue bonds are the primary funding source for the project. It is estimated that the DRA bonds will be repaid through revenues generated through gross operating revenues of the Center, proceeds from special taxes due to the Center, proceeds of a lodging tax, and investment earnings on amounts in certain funds established under the Indenture.



FACILITY: WACO CONVENTION CENTER

City, State: Waco, Texas

Owner: City of Waco

Operator: City of Waco

Facility Specs:

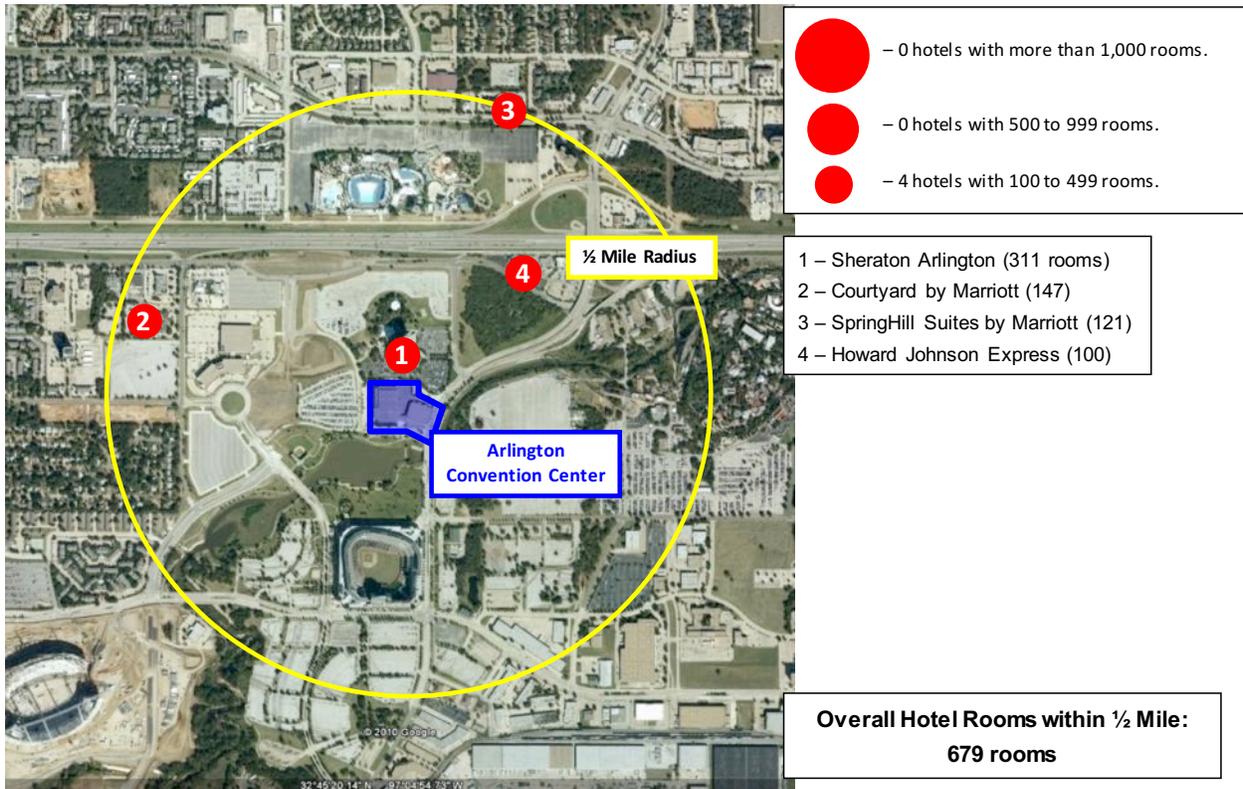
| | |
|------------------------------|--------|
| Exhibit Space: | 32,000 |
| Meeting Space: | 17,700 |
| Ballroom Space: | 30,000 |
| Largest Contiguous Space: | 32,000 |
| HQ Hotel Rooms: | 349 |
| Hotel Rooms Within 1/2 Mile: | 538 |

- Notes:**
- Originally constructed in 1972, the Waco Convention Center completed a significant three year, \$17.5 million renovation, adding over 25,000 square feet of event space and making several “beautification” changes. The city used city-issued bond funding for the project.
 - Waco is located in Central Texas, and its Convention Center is located in downtown Waco and within a 10-minute walk from Baylor University.
 - The 195-room Hilton Waco is connected to the Convention Center via a covered walkway while the 147-room Courtyard Waco is across the street from the Center.
 - In a recent year of operations, the Center held 412 events and 114,200 total attendees. Thirty-three percent of these attendees were from outside of the local area, an increase of 50 percent from three years ago. The Center also generated 44,400 total room nights.

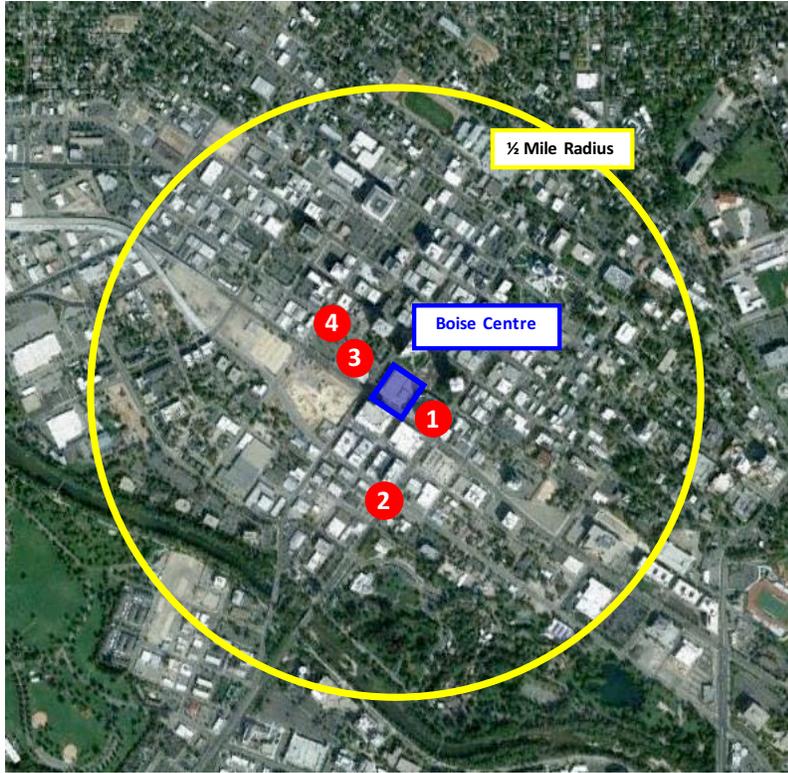


APPENDIX B: FACILITY HOTEL SUPPORT

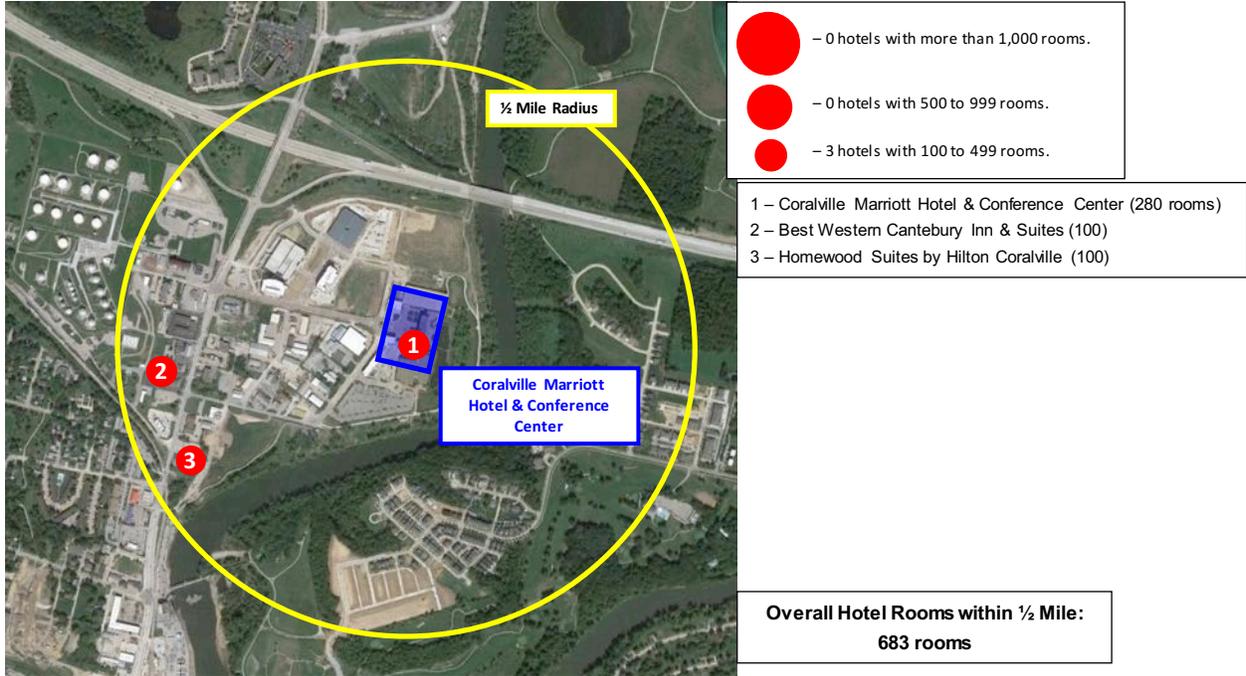
Arlington Convention Center Arlington, Texas



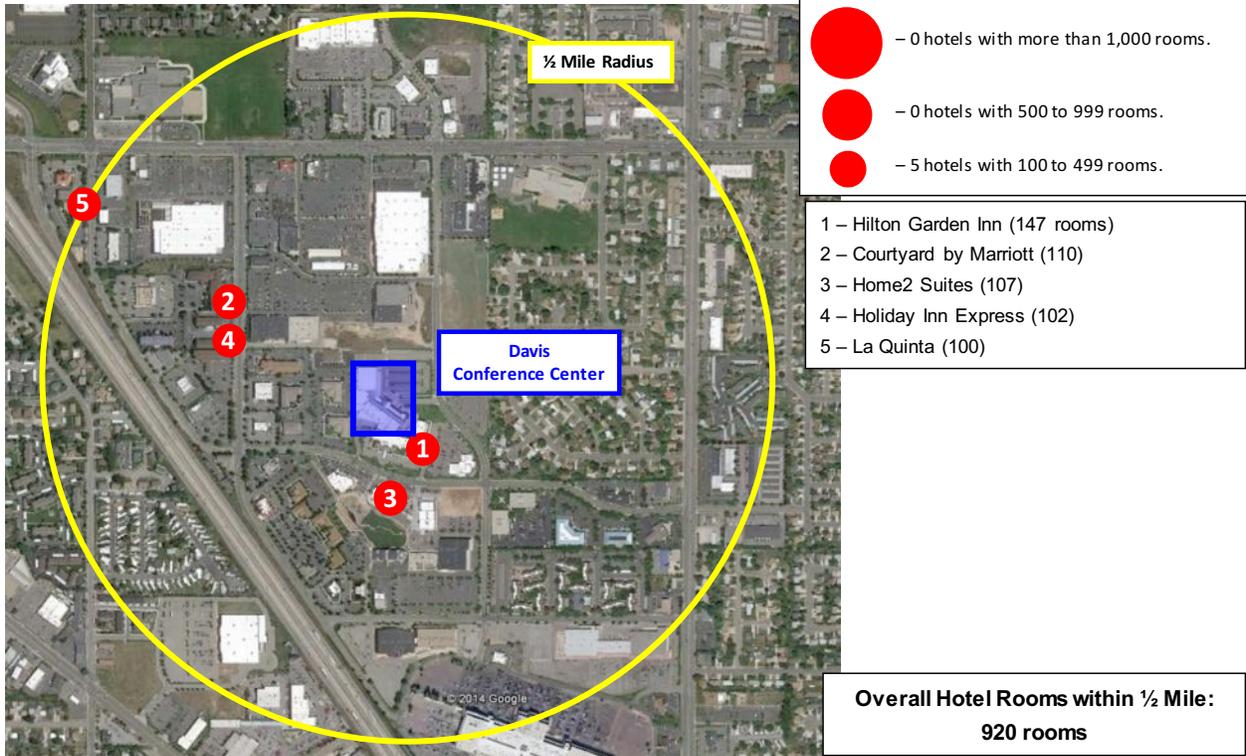
Boise Centre
Boise, Idaho



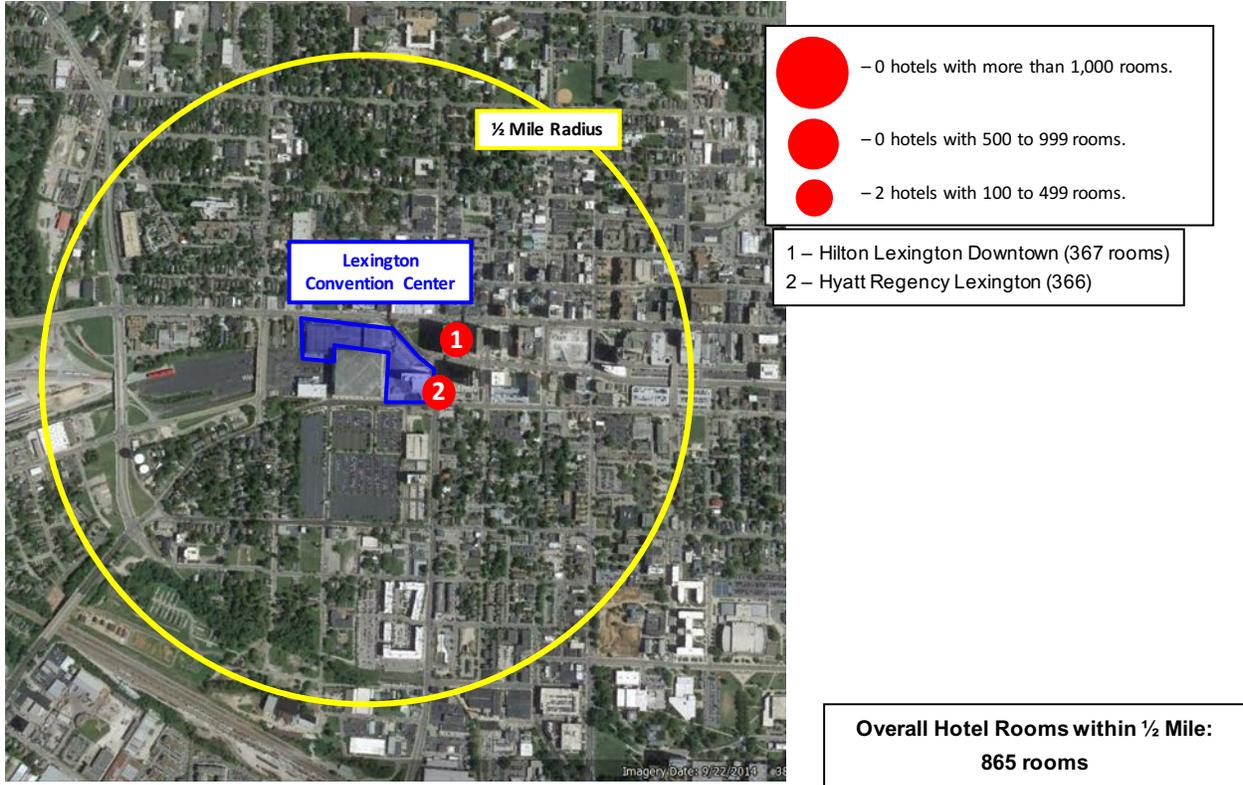
Coralville Marriott Hotel and Convention Center
Coralville, Iowa



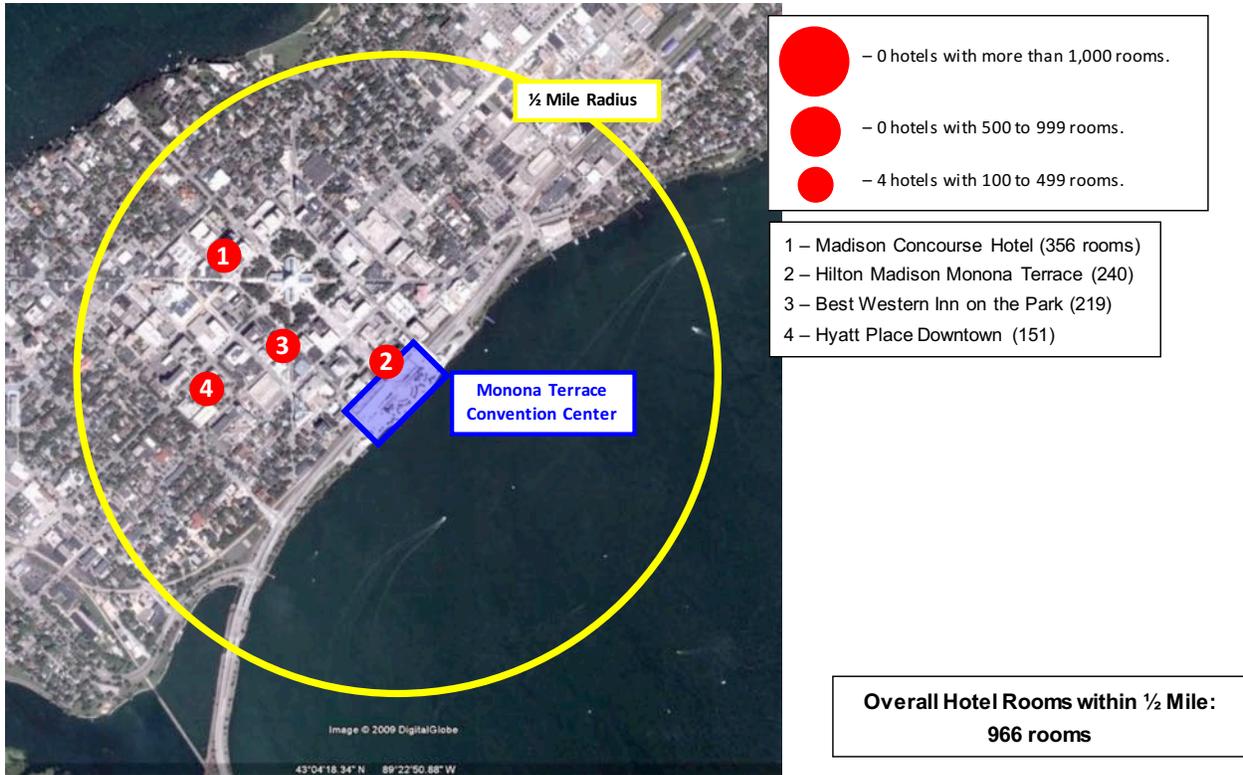
Davis Convention Center
Layton, Utah



Lexington Convention Center
Lexington, Kentucky

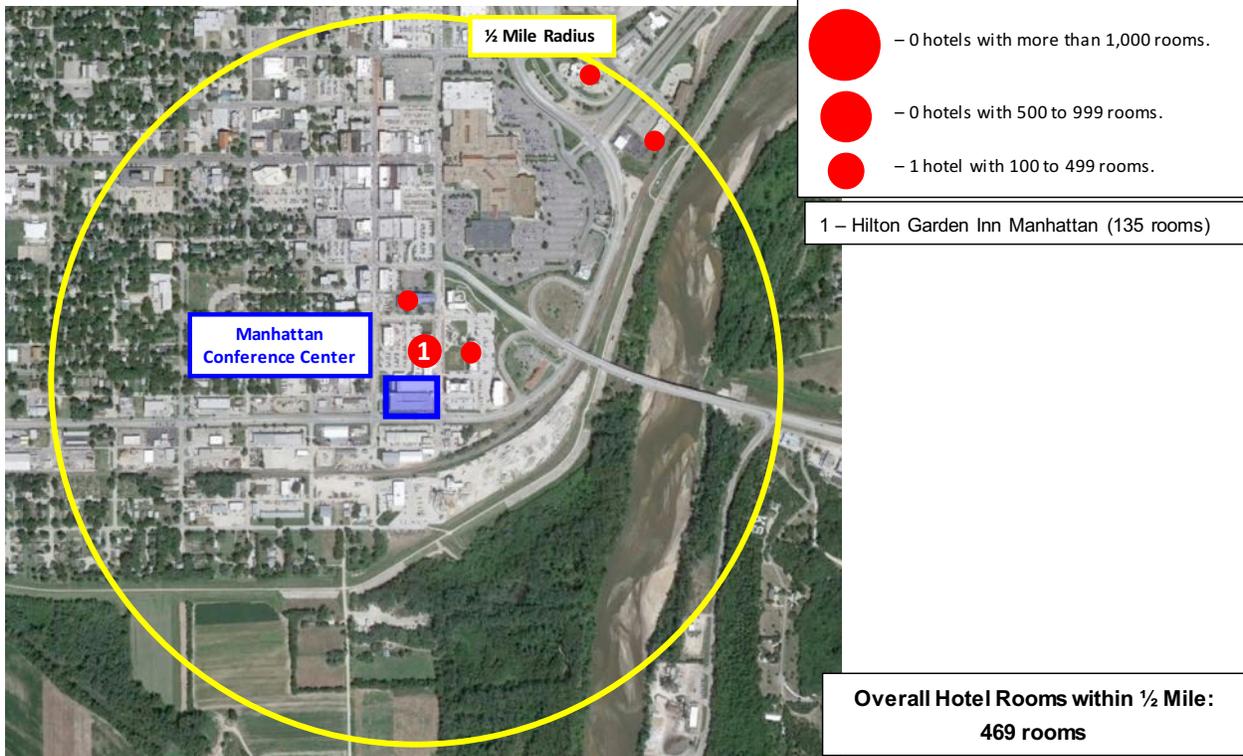


Monona Terrace Community and Convention Center Madison, Wisconsin

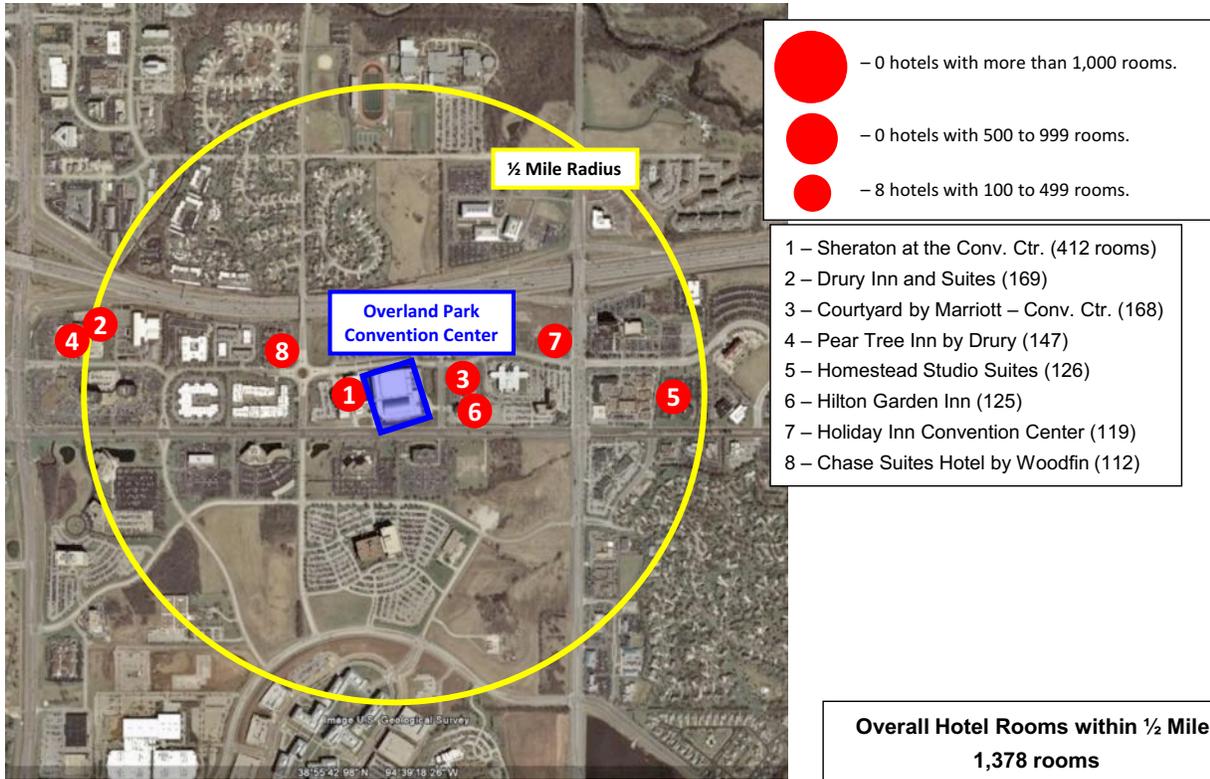


Embassy Suites by Hilton Norman Hotel and Convention Center

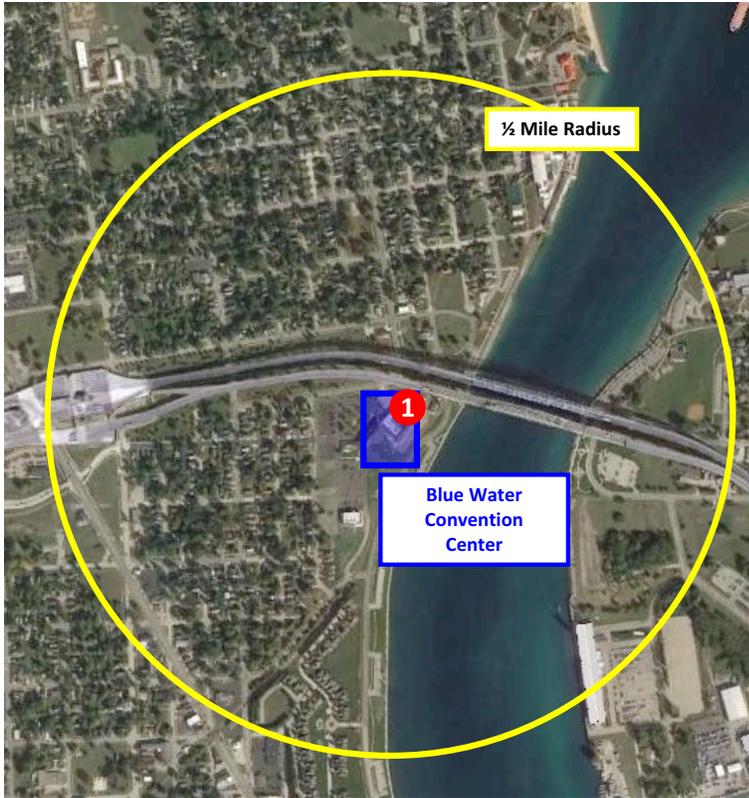
Norman, Oklahoma



Overland Park Convention Center
Overland Park, Kansas



Blue Water Convention Center
Port Huron, Michigan



- 0 hotels with more than 1,000 rooms.
- 0 hotels with 500 to 999 rooms.
- 1 hotel with 100 to 499 rooms.

1 – DoubleTree Port Huron (149 rooms)

Overall Hotel Rooms within 1/2 Mile:
149 rooms

Utah Valley Convention Center
Provo, Utah



-  – 0 hotels with more than 1,000 rooms.
 -  – 0 hotels with 500 to 999 rooms.
 -  – 1 hotel with 100 to 499 rooms.
- 1 – Marriott Hotel and Conf. Ctr. (330 rooms)

Overall Hotel Rooms within 1/2 Mile:
453 rooms



Greater Tacoma Convention and Trade Center
Tacoma, Washington



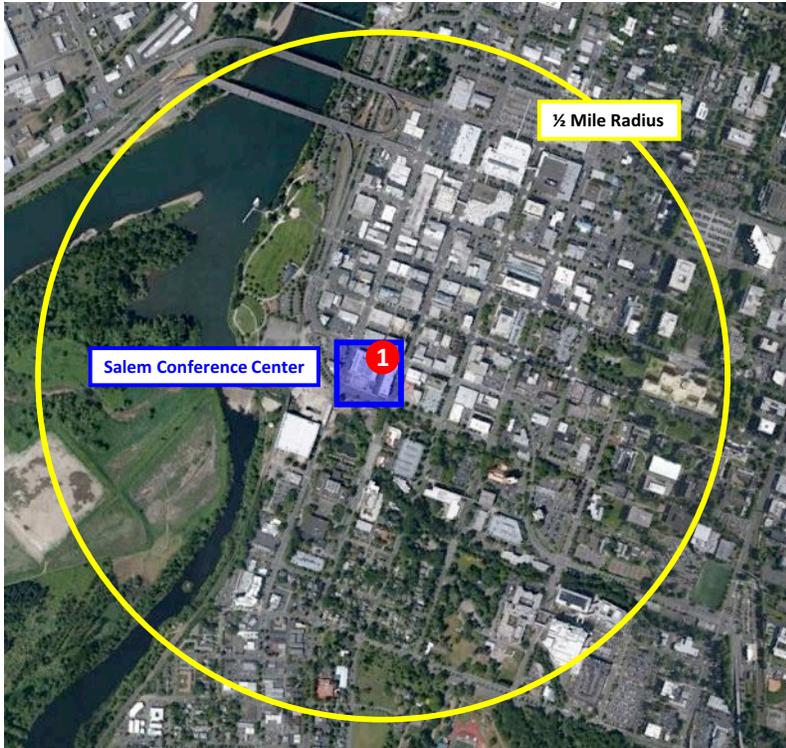
- – 0 hotels with more than 1,000 rooms.
- – 0 hotels with 500 to 999 rooms.
- – 3 hotels with 100 to 499 rooms.

- 1 – Hotel Murano (320 rooms)
- 2 – Holiday Inn Express Tacoma Downtown (163)
- 3 – Courtyard by Marriott (162)

**Overall Hotel Rooms within 1/2 Mile:
 645 rooms**



Salem Convention Center
Salem, Oregon



- 0 hotels with more than 1,000 rooms.
- 0 hotels with 500 to 999 rooms.
- 1 hotel with 100 to 499 rooms.

1 – Grand Hotel in Salem (193 rooms)

Overall Hotel Rooms within 1/2 Mile:
193 rooms

Vancouver Convention Center
Vancouver, WA

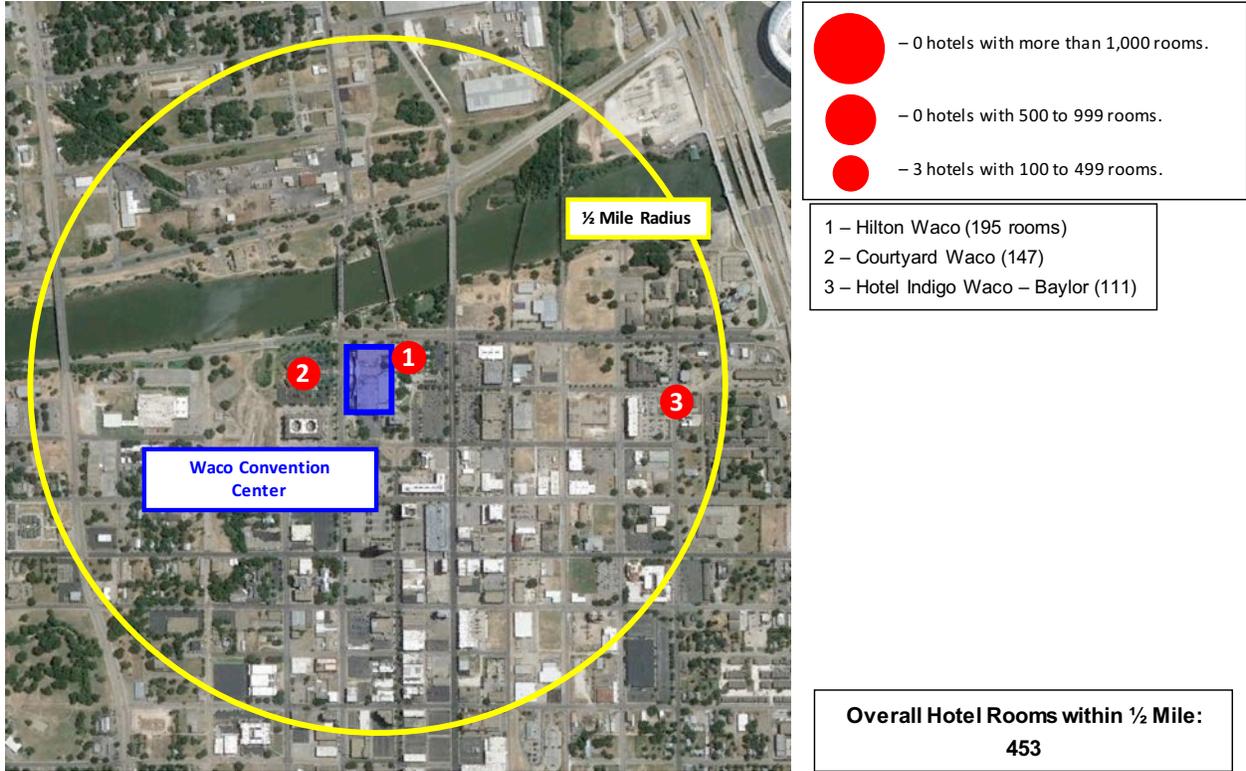


-  - 0 hotels with more than 1,000 rooms.
-  - 0 hotels with 500 to 999 rooms.
-  - 3 hotels with 100 to 499 rooms.

- 1 - Hilton Vancouver (226 rooms)
- 2 - Comfort Inn & Suites Downtown (225)

Overall Hotel Rooms within 1/2 Mile:
491

Waco Convention Center
Waco, Texas



APPENDIX C: COMPARABLE MARKET DEMOGRAPHICS

Population

| Market | CBSA | 30-minute | 90-minute | 180-minute |
|-----------------------------------------------|------------------|----------------|------------------|------------------|
| Arlington, TX | 6,888,007 | 2,682,464 | 7,182,243 | 10,417,610 |
| Overland Park, KS | 2,063,363 | 1,404,462 | 2,750,886 | 5,696,184 |
| Vancouver, WA | 2,318,549 | 1,239,560 | 2,874,891 | 6,185,588 |
| Tacoma, WA | 3,629,702 | 952,788 | 4,086,050 | 7,372,139 |
| Layton, UT | 633,775 | 640,692 | 2,542,128 | 3,082,053 |
| Norman, OK | 1,343,996 | 625,583 | 1,886,803 | 8,113,218 |
| Provo, UT | 570,848 | 512,263 | 2,353,776 | 2,743,548 |
| Boise, ID | 662,644 | 511,356 | 741,843 | 967,663 |
| Madison, WI | 625,701 | 489,989 | 2,806,139 | 14,281,772 |
| Lexington, KY | 489,562 | 448,766 | 2,940,963 | 9,858,266 |
| Salem, OR | 403,795 | 383,485 | 3,137,917 | 4,065,647 |
| Eugene/Springfield, OR | 359,308 | 316,224 | 1,002,100 | 4,024,008 |
| Waco, TX | 263,662 | 249,940 | 2,937,004 | 16,582,835 |
| Coralville, IA | 161,246 | 221,297 | 1,310,748 | 4,879,850 |
| Port Huron, MI | 4,261,580 | 120,500 | 4,349,803 | 8,594,002 |
| Average (excluding Eugene/Springfield) | 1,736,888 | 748,796 | 2,992,942 | 7,345,741 |
| Eugene Rank (out of 15) | 13 | 12 | 14 | 12 |

Source: Esri, 2016

Average Household Income

| Market | CBSA | 30-minute | 90-minute | 180-minute |
|-----------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Madison, WI | \$76,950 | \$78,889 | \$69,946 | \$79,955 |
| Provo, UT | \$78,313 | \$77,212 | \$79,311 | \$77,558 |
| Overland Park, KS | \$76,262 | \$76,669 | \$71,980 | \$64,928 |
| Layton, UT | \$79,248 | \$76,058 | \$78,872 | \$75,728 |
| Arlington, TX | \$84,725 | \$74,475 | \$83,676 | \$76,806 |
| Vancouver, WA | \$79,377 | \$74,055 | \$76,124 | \$75,075 |
| Tacoma, WA | \$90,537 | \$73,546 | \$88,068 | \$82,511 |
| Lexington, KY | \$70,968 | \$71,128 | \$65,349 | \$62,830 |
| Boise, ID | \$66,310 | \$68,746 | \$64,650 | \$62,404 |
| Coralville, IA | \$72,046 | \$68,662 | \$67,495 | \$68,278 |
| Salem, OR | \$64,014 | \$63,657 | \$74,209 | \$72,190 |
| Waco, TX | \$60,339 | \$60,682 | \$70,335 | \$81,583 |
| Port Huron, MI | \$73,195 | \$60,121 | \$69,588 | \$68,147 |
| Eugene/Springfield, OR | \$58,736 | \$59,011 | \$61,339 | \$71,181 |
| Norman, OK | \$68,014 | \$58,455 | \$64,515 | \$75,325 |
| Average (excluding Eugene/Springfield) | \$74,307 | \$70,168 | \$73,151 | \$73,094 |
| Eugene Rank (out of 15) | 15 | 14 | 15 | 10 |

Source: Esri, 2016

Median Age

| Market | CBSA | 30-minute | 90-minute | 180-minute |
|-----------------------------------------------|-------------|-------------|-------------|-------------|
| Port Huron, MI | 40.3 | 42.2 | 40.2 | 39.4 |
| Eugene/Springfield, OR | 39.9 | 37.7 | 38 | 38.8 |
| Vancouver, WA | 37.7 | 37.1 | 37.6 | 37.9 |
| Overland Park, KS | 37.4 | 36.8 | 37.2 | 37.3 |
| Salem, OR | 36.1 | 35.8 | 37.4 | 38.6 |
| Tacoma, WA | 37.6 | 35.8 | 37.9 | 38.1 |
| Lexington, KY | 36.1 | 35.6 | 37.8 | 39.2 |
| Madison, WI | 36.6 | 35.2 | 38 | 37.6 |
| Boise, ID | 34.9 | 34.6 | 34.8 | 35.2 |
| Norman, OK | 35.5 | 33.7 | 35.4 | 35.8 |
| Waco, TX | 34.0 | 33.7 | 33.9 | 34.6 |
| Arlington, TX | 34.4 | 33.3 | 34.6 | 35.1 |
| Coralville, IA | 31.8 | 32.1 | 38.5 | 38.5 |
| Layton, UT | 30.8 | 30.6 | 29.8 | 30.2 |
| Provo, UT | 25.2 | 25.2 | 29.8 | 29.9 |
| Average (excluding Eugene/Springfield) | 34.9 | 34.4 | 35.9 | 36.2 |
| Eugene Rank (out of 15) | 14 | 14 | 12 | 13 |

Source: Esri, 2016

Corporate Base

| Market | CBSA | 30-minute | 90-minute | 180-minute |
|-----------------------------------------------|---------------|---------------|----------------|----------------|
| Arlington, TX | 260,195 | 120,849 | 272,706 | 395,282 |
| Vancouver, WA | 100,429 | 62,833 | 124,851 | 271,676 |
| Overland Park, KS | 81,386 | 59,698 | 110,698 | 242,981 |
| Tacoma, WA | 166,094 | 39,704 | 188,837 | 330,216 |
| Norman, OK | 55,603 | 29,717 | 79,175 | 338,091 |
| Boise, ID | 26,737 | 22,613 | 30,115 | 41,839 |
| Madison, WI | 28,920 | 22,501 | 120,334 | 606,306 |
| Layton, UT | 18,903 | 22,076 | 89,013 | 112,740 |
| Lexington, KY | 20,852 | 20,067 | 117,562 | 370,032 |
| Provo, UT | 16,004 | 15,560 | 83,063 | 97,638 |
| Eugene/Springfield, OR | 16,848 | 15,248 | 42,977 | 178,862 |
| Salem, OR | 15,015 | 14,432 | 136,570 | 182,104 |
| Coralville, IA | 6,593 | 10,272 | 58,266 | 213,762 |
| Waco, TX | 10,143 | 9,725 | 99,937 | 644,627 |
| Port Huron, MI | 166,122 | 4,927 | 171,703 | 339,732 |
| Average (excluding Eugene/Springfield) | 54,831 | 32,498 | 120,202 | 299,073 |
| Eugene Rank (out of 15) | 10 | 11 | 14 | 12 |

Source: Esri, 2016

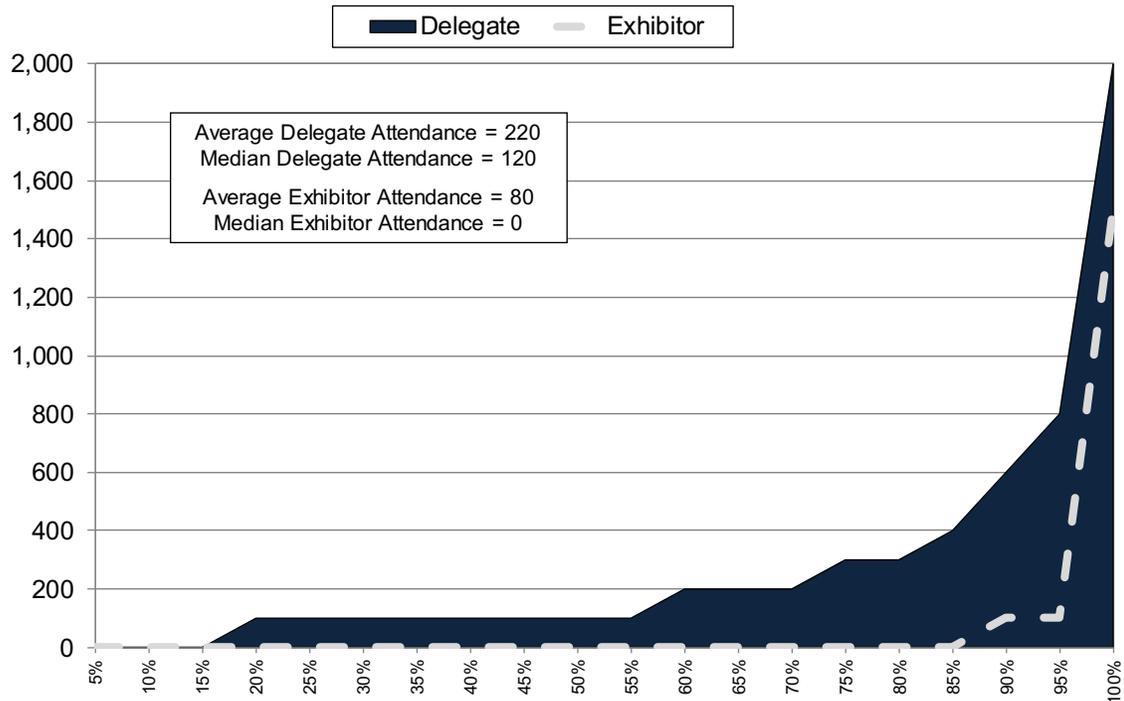
APPENDIX D: ADDITIONAL MARKET SURVEY RESPONSES

State and Regional Survey Respondents

The following section provides further detail regarding survey responses from state and regional event planners:

State and regional event planners were asked to estimate the average delegate and exhibitor attendance levels for their event(s). These figures exclude spouses and guests of the event's delegates. Responses are summarized in the exhibit below.

**State/Regional Organization Survey –
Average Attendance**



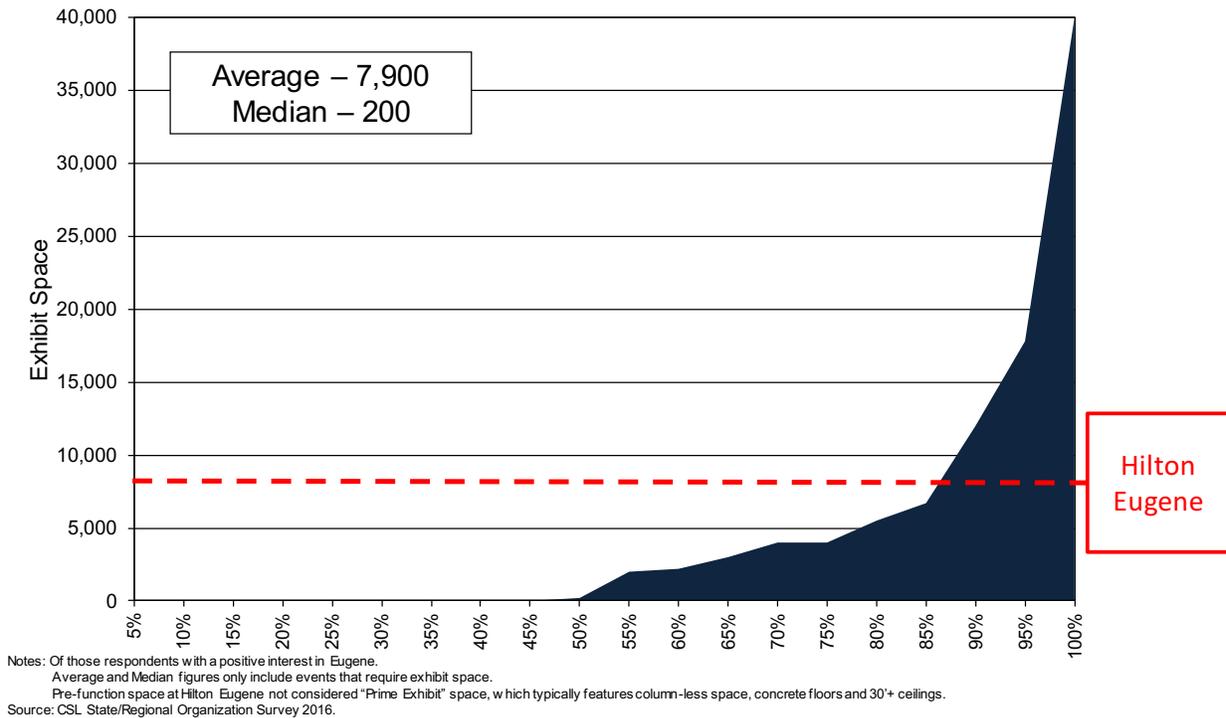
Note: Of those respondents with a positive interest in Eugene.
Source: CSL State/Regional Organization Survey 2016.

As illustrated, the average state/regional event with a potential interest in Lane County attracts approximately 220 delegates and 80 exhibiting personnel. Approximately 90 percent of the potential state and regional event market for Lane County consists of events attracting fewer than 600 delegates and 100 exhibiting personnel.



Event planners were asked to estimate the average amount of exhibit space used for their events, as shown below.

**State/Regional Organization Survey –
Total Exhibit Space Required**

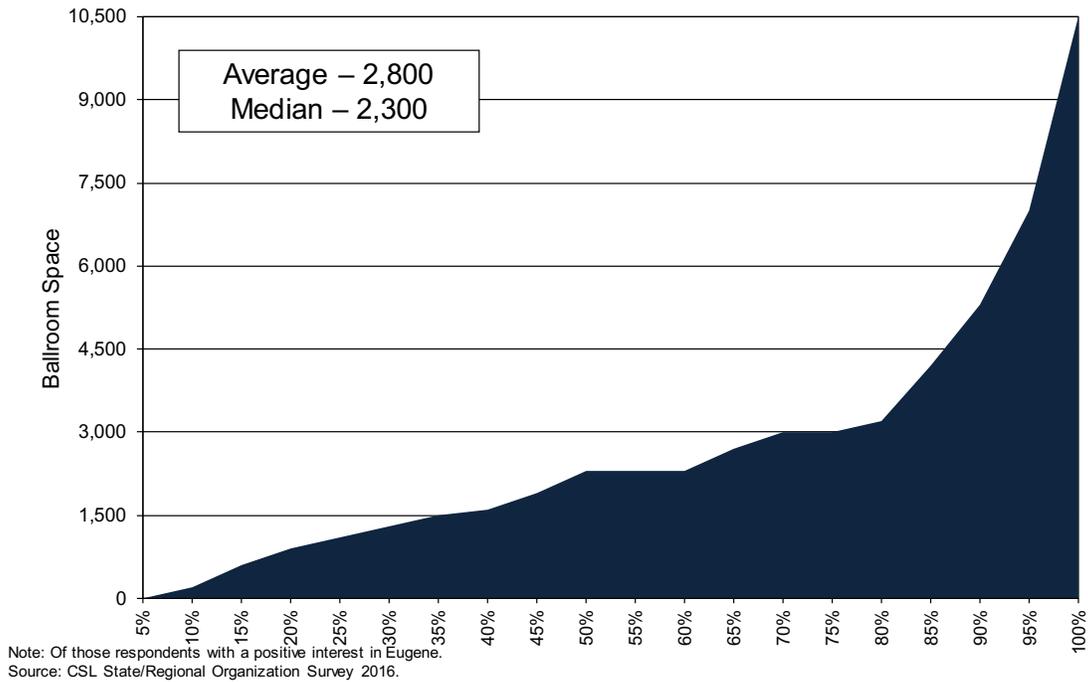


As presented, the average amount of exhibit space utilized by Lane County’s potential state and regional organization market that requires exhibit space is approximately 7,900 square feet. Approximately 85 percent of the potential state and regional organization market for Lane County could be accommodated with 6,700 square feet of exhibit space, while an estimated 95 percent could be accommodated with 17,800 square feet of space.



Event planners were also asked to estimate the average amount of ballroom space used for their events, as shown below.

**State/Regional Convention Center Survey –
Total Ballroom Space Required**

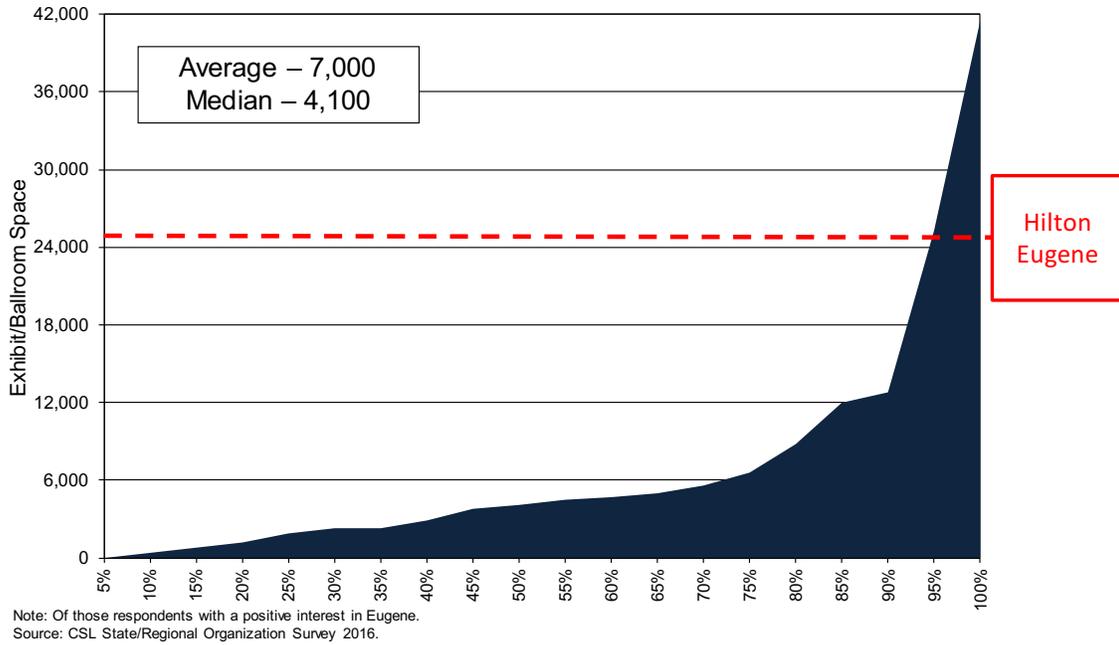


The average ballroom space required by state and regional planners approximates 2,800 square feet, while the median ballroom space needed falls at 2,300 square feet. Approximately 80 percent of the market could be accommodated with 3,000 square feet of ballroom space, and 95 percent of the potential market consists of events requiring no more than 7,000 square feet of ballroom space. It is important to note that ballroom space is the most versatile space offered in most convention/event centers and is often utilized for such functions as banquets, general sessions, keynote speakers and even subdivided to host concurrent smaller events, activities and/or meetings.



Another potential function of ballroom space is as tradeshow or exhibit space. Of positive respondents, 89 percent of those that require exhibit space stated that a carpeted space would suffice for the exhibit portion of their event. As such, it is important to understand the total combined exhibit and ballroom space requirements of events with a potential interest in Lane County, as outlined below.

**State/Regional Organization Survey –
Total Combined Exhibit and Ballroom Space Required**

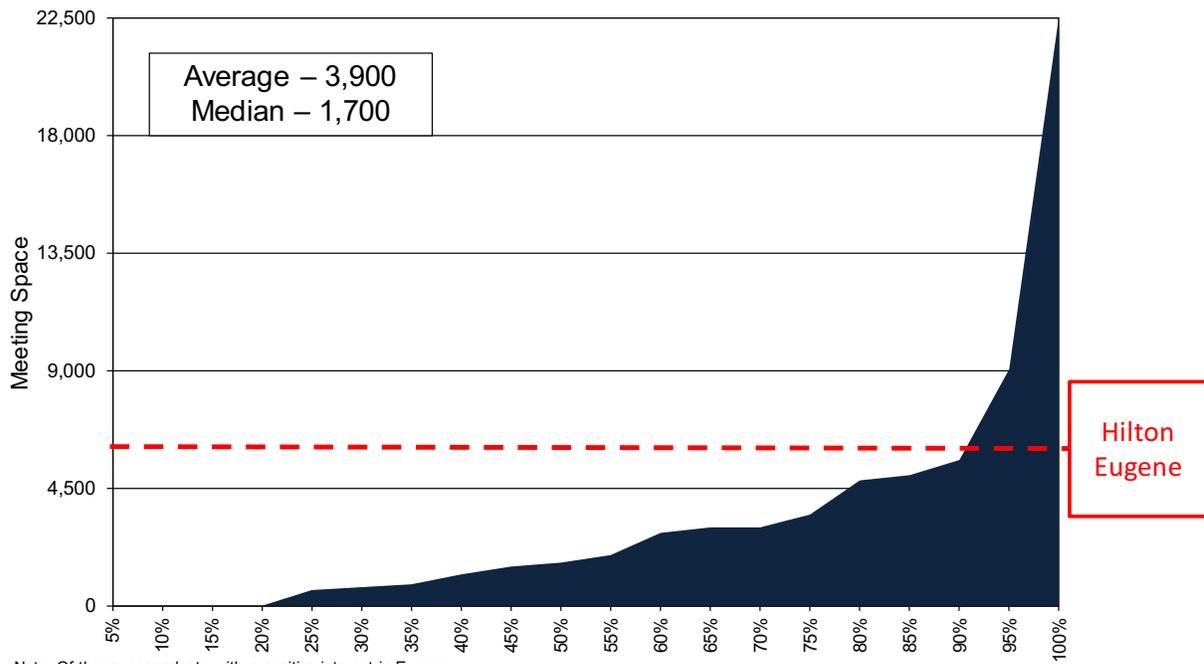


As shown, the average event with a potential interest in Lane County requires approximately 7,000 square feet of combined exhibit/ballroom space for their tradeshow, banquet, general session and/or other event needs. Approximately 90 percent of the market could be accommodated with 12,800 square feet of contiguous (and most likely subdivisible) space. The Hilton Eugene accommodates just over 90 percent of state/regional demand for combined exhibit and ballroom space.



The exhibit below presents a summary of the total breakout meeting room space required among state and regional organizations with a potential interest in Lane County convention facilities.

**State/Regional Organization Survey –
Total Breakout Meeting Room Space Required**



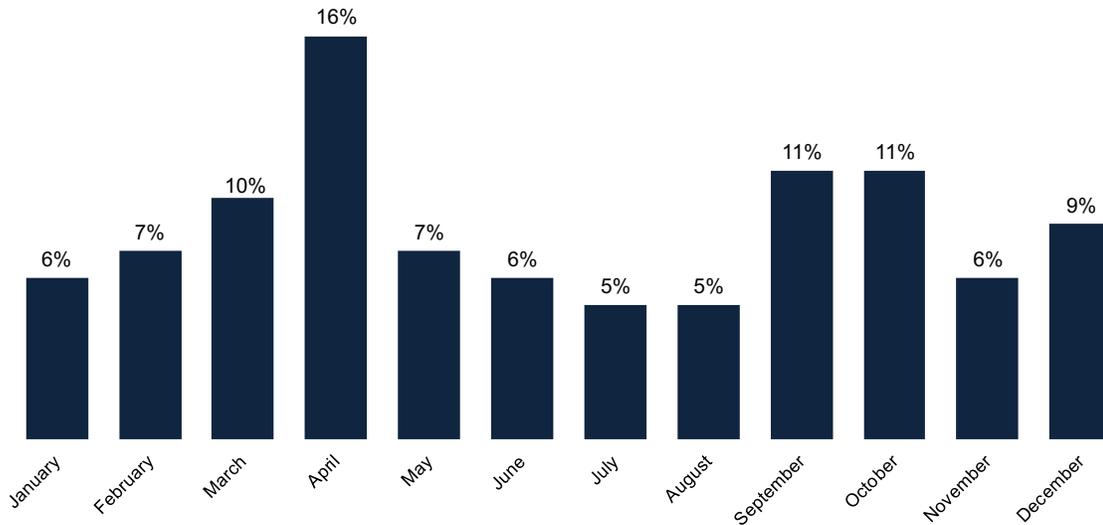
Note: Of those respondents with a positive interest in Eugene.
Source: CSL State/Regional Organization Survey 2016.

As shown, the average square feet of breakout meeting space needed is 3,900 square feet and the median is 1,700 square feet. Approximately 85 percent of Lane County’s potential state and regional organization market requires 5,000 square feet of breakout meeting space or less. However, it is our experience that "breakout meeting space" requirements mentioned by meeting planners through surveys of this nature are often inflated to a degree (i.e., some larger "meeting space" requirements would better be accommodated in a larger ballroom/multipurpose room, etc.).



The exhibit below presents the seasonality patterns for those state and regional events that represent the potential market demand for new convention space in Lane County.

State/Regional Organization Survey – Event Seasonality



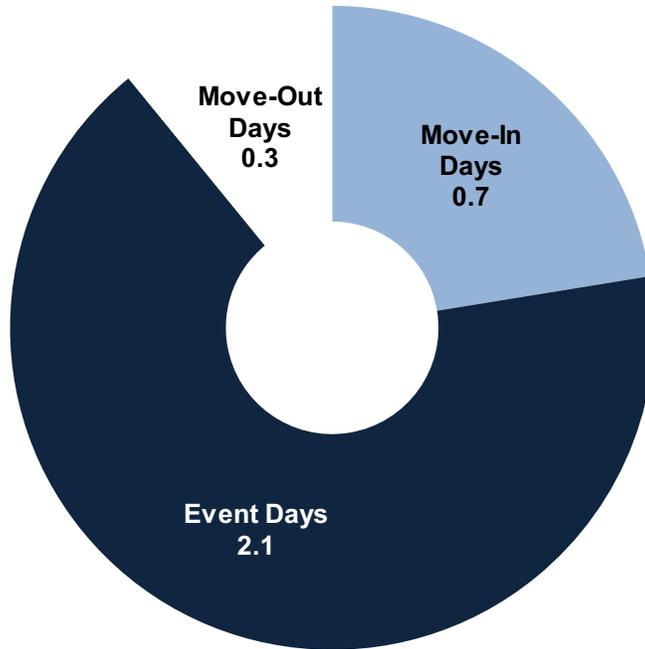
Note: Of those respondents with a positive interest in Eugene.
Source: CSL State/Regional Organization Survey 2016.

As shown, seasonal preferences among state and regional organizations with an interest in new convention space in Lane County follow a pattern somewhat standard in the industry, specifically with regard to the stronger demand in spring and fall months. Specifically, April has the strongest demand from event planners by a significant margin, with approximately 16 percent of organizations interested in Lane County as a host site that hold their event(s) during that month, followed by September and October, which each represent 11 percent of the potential demand for convention space in Lane County. July and August are the months with the lowest demand, at 5 percent each.



The exhibit below shows the average utilization days, including move-in days, event days, and move-out days.

**State/Regional Organization Survey –
Average Utilization Days**



Note: Of those respondents with a positive interest in Eugene.
Source: CSL State/Regional Organization Survey 2016.

It was found that among state and regional events expressing a positive interest in Lane County the average number of utilization days approximates 3.1 days, consisting of 2.1 event days, 0.7 move-in days and 0.3 move-out days.

Open-Ended Questions

Event planners were asked open-ended questions pertaining to their potential interest in Lane County and a new convention center. Verbatim responses from those state and regional respondents is presented below:

Q8: Are there any particular reasons why your organization is not likely to consider the Eugene-Springfield area as a potential host destination/market for your event(s)?

- Our commodity isn't grown in that area. It would have to be a destination area to go there. When we've gone to Oregon it's been on the coast.
- I don't know anything about the Eugene or Springfield area.
- We will not go outside of our four state service area. We need to stay in the four states where our members are at.
- I would say not likely unless there was a huge turn around in the mining sector. There's no mining in the area. Our members are across the US and Canada. They're exploration geologists and there's nothing in that area that would draw any of our folks to the area. The exhibitors would not come. If we were to come, part of the convention would include break out rooms. That's a significant part of our program. We have up to 6 concurrent meetings at a time. Morning and afternoon for 3.5 days. Those rooms have to be large enough to fit 200 to 250 people each.
- It's not a wheat growing region, and they don't like us. They're scared we're going to grow GMO wheat. We've grown crops down there and they've banned us. That's pretty much it. We go where our wheat growers want to go.
- We like to have it at a resort location. We hold it in Portland because the bulk of our members are there. We just found out the Oregon Coast is a bigger draw than the Eugene area.
- For this particular association, the Salem area works the best because it's more local. This area works the best, most of the members are in this specific area and like to stay close.
- Not in the foreseeable future because most of our corporate sponsors are here in Portland and our attendees, but we do have a growing number of attendees from Eugene so it's not totally out of the picture but it wouldn't be an 800 attendee party. We might have an event in Eugene, maybe for like 100 people, and if you have a venue that size we would consider.
- This group tends to meet in larger cities, such as the east coast. As lovely as Eugene is it's just not a destination for this group. They want to go to Chicago or Ft. Lauderdale. They want to go to sexy destinations. Also distance of the major airport. Unfortunately, Eugene, from an airport is a 2-hour drive. It's too much for these attendees.
- We stay local, we stay here in Spokane. We just don't want to spend the money to travel that far. None of us would want to travel to Eugene, Oregon just to have our meetings.
- Well our association is in Portland so it's harder for us to travel to other places. It wouldn't be feasible for us because there's only 2 of us that put these things together. It's easier just to keep it local and have them come to us.
- We have some off-shoot events there, and it hasn't generated the interest we like so we don't use the area. We have members in that area, but I don't think having a bigger facility would make it more of a draw for us. The other events have been stapled to the area that they're in and have stayed there. I don't think there's anything else. Most of our interest is in Portland and Salem, that's where most of our members are.

- It's basically out of our target area. We're in an organization that has members in both Washington and Oregon, so Portland is right in the middle, so we go there.
- They look for destination resorts. We like going to places like Whistler. We are going there this year. Last year we went to San Francisco.
- We go to Portland because of its easy access to the airport. We have a lot of local attendees and they have plenty of hotels in downtown Portland. Eugene airfare is higher than Portland's airfare, which would be an issue.
- Portland is a hub for air travel and we have a lot of people coming from all over the region. Springfield is too far.
- Proximity to other sites we want to visit. We visit farms and there are not enough in that area to justify the location.
- We have no membership in Oregon. All of our members are trade association and all of our members are in the California and Washington state area.
- We don't serve the State of Oregon.
- Because they don't go that far. They like to stay close to where their membership is. That's the only reason.
- Our membership base is out of Washington. We don't have anyone there that we service.
- Not a draw. Nobody wants to go to Eugene, Oregon. We go to Vegas, Portland or San Francisco. Bigger cities closer to airports and easy in and out.
- We have an office in Eugene, but we are centrally located in Salem so most of our major meetings are held here at the headquarters.
- We are located in Wyoming and our constituents are located in Wyoming.
- Basically the travel. Most of our delegates are in California, so they prefer what's closer. Rather than having to get on a plane and ship product. It would really all depend. It is really difficult to find a hotel that can handle what we do. We pretty much book out the whole hotel. All the banquets and meeting space. Everything. We basically have the whole thing and use run off hotels as well. So finding a place that has enough space for everything that we need there is very few of.
- We're a local trade organization that only stays local. Most of the groups and organizations have local residence.
- We go to warm destinations. We would never go there.
- We have no members in that area, no reason to go there.
- Definitely not, because we don't have any meetings outside of Seattle. Our membership is here and we don't have events outside of this area. It's just a local group that meets.
- Air service. We need to have daily flights and several to all the major airports in the west. Our members come from all over the west. They're not going to rent a car. If I had a meeting of 100 it would work. But for this meeting it wouldn't. They want direct flights. It's just not going to happen.
- Because we have people from all over the country and we need to be close to a major airport. That's the only one I can tell you off the top of my head.
- Because we are a Washington state association. We only do events within our boundaries. All of our members are in state. They don't want to travel. Each state has its own membership and they keep the events within the state.

- Location. It is not metropolitan area and there is no international airport. Performing arts market down in Eugene is not big. The city doesn't have as many performing arts venues that a larger city would have.
- Their membership is mostly in the Portland area and for it to be outside it'll have to be a resort.
- We like to have our larger meetings in Seattle where our head office is located. We have our annual at a national park or public land area. Those are the main reasons.
- It's too far out of the way. We're here in the Portland area and we can get space here.
- It's not our service area. There are other centers that serve those counties, so they'd have the events there.
- Since we only do one event we are looking for more of a resort feel. Usually we go to Sun River or Eagle Crest. The format of our congress is a golf tournament and it's very casual, and they bring their families. We want everything on-site at the location of the golf tournament.
- Most of the vendors and exhibitors and the base of the people we support are in the metro Portland, Oregon area. There are more participants in Portland versus Eugene. It would have to be something super special to go out there. We have done it all at the Oregon Convention Center for years.
- Geographically it's far away from our attendees; most of them travel far enough already to come from central and eastern Oregon.

Q21: Do you have any specific requirements or preferences regarding a potential convention facility in Eugene-Springfield in terms of its space and amenity offerings and its location near major roadways, the airport, and proximity to amenities like restaurants, bars, and shopping?

- Absolutely, a proximity to an airport that isn't super expensive. Transportation to and from the hotel and ample space to walk to restaurants, bars and shopping. Something that feels like a vacation, so they can have access to a lot of different activities. Obviously, we don't get a lot of attendees because of the price. If things were lower in cost, we'd get a lot more attendees. Having things closer, so they don't have to take expensive cabs would be nice. More flexibility with food, if we have to use hotels, they should have some organic and natural food and local foods and meat, that would be more important. In general, offer free amenities in the room like free Wi-Fi and free parking or at least inexpensive parking and a spa onsite. That would be important and fun because we want them to feel like they're on a vacation/work. It would make my job easier if they had some concierge that can take them on tours of attractions, so I don't have to find out things to do around the area. They should have a 1 person contact for multi-faceted needs for the facility. I have to talk to like 5 people, I have to do this for the same event. It would be nice to at least just have a couple contacts when planning an event.
- The proximity to restaurants so that delegates can have a variety of dining choices.
- It would be shopping and restaurants. A lot of people come from the airport so that'll be important for ease of getting in and out.
- The main thing we need is plenty of parking. That's one issue we usually experience with so much growth. Parking becomes premium for guests and exhibitors. We also need it for bringing in things and bringing it out. Our needs are the greater the footprint for exhibit space would be key. Square footage, maximum square footage. Creating some area zone for tourists. Such as restaurants, socializing and networking areas for our guests. Portland is lacking this and the charm. It definitely causes people to have to separate to the core of the event. Definitely roadways that allow for big rigs. We have a lot of those where we also utilize a marshalling yard. Big yard where the big trucks wait for dock space at the convention center. This allows no traffic jams. We definitely need, preferably access for traffic and airports for us. We have thousands of people from all over the world. The airport gets hit pretty hard here in Portland.

- Restaurants, bars and shopping. Spouses like to go shopping and we like to go out to dinner.
- Our number 1 consideration would be getting number 1 rates for our guests. I think it would also be in proximity to restaurants bars and shopping. The meal cost at wherever we have meals is important. The best values, we try to stay within budget which is really hard to do with hotels but it can happen. The final thing would be general costs of rentals for meeting rooms.
- Actually the only preference we have is to be in close proximity to the airport. It needs to be close to the freeway because we have people traveling from out of state that may be flying in. Easy access for people traveling out of state.
- Yes, I would like it be someplace to be walkable to restaurants and shopping. Any facility needs to be technology situated so that it has Wi-Fi. It should be part of the plan and complimentary. Eugene, downtown isn't too far from the airport so no issues with that. Most of our folks are flying in so of course the airport accessibility and adequate flights are important. Plenty of restrooms in the facility and if you have a ballroom to have restrooms on both sides.
- The easy airport access, number of restaurants in walking distance and close to bars. Complimentary shuttles to airports. I need 1 room before the annual conference, seating up to 400 people.
- The main concern for us is it needs to be close to the airport because our VIP's come and we don't want to have to shuttle them back and forth. We like to have short transportation. Without seeing the specific location and break out rooms and diagram, it's kind of hard to rate those properties in the previous question. Restaurant choices are nice but shopping has never been what our members are drawn to. Our members are there from 8am to 11pm. Not much time for other things. Their lunch break is more workshops.
- There's no particular need of outside shopping or restaurants. We are more concerned with the facility that provides the banquet capabilities for our group and it's an all-encompassing education, and so our program that would be onsite, without a lot of outside time to use elsewhere in the area. Occasionally for speakers, airport proximity is somewhat helpful. We don't have any unusual requirements for this group.
- Shuttle service. That is one thing that comes up, it's a primary issue that comes up. The more centrally located the better. Where they'll have local options as far as things to do.
- No not really. Anything is fine. Price would be a consideration. We need government rate lodging. Meeting space and banquet orders need to meet our budget.
- Just near I-5, and near restaurants.
- Our biggest is issue is public transit, we need to be near it or have it available on a route. We need to have access to up to 7 accessible rooms with roll in showers. We would need to have some restaurants in the area that were wheelchair distance. We also need to make sure public
- We like to have it close to bars and shopping because our guys drink and the women that come like to shop.
- Accessibility would be a big one. For us to pick a place, parking and the accessibility would determine what place we pick. The ease of getting to the location is important. The other factors would be the overall cost, we are a small association, so we go with the cheapest rate as possible.
- That would be the main thing, is convenience to get to and also being close to restaurants and things to do for people staying overnight. Just a nice place to have the function, at like nice facilities and have everything right there to conduct your event.
- Number 1 would be access in and out of the airport, that would be very important. We tend to keep our members at the events and the vendors would need to be close to the restaurants. Parking, reasonable close parking, that's been a deal breaker. If the parking goes beyond 10 dollars a day, then we will look

elsewhere. We have to have hotel room rates for our membership. We need to keep things under \$135 a night preferably. It would be nice to host in Eugene every few years or so.

- I would say ease of access to the airport or freeway friendly. Walking distance to restaurants and bars. It would have to be compliant with accommodations for wheelchairs, some of the older downtown venues are not very user friendly for wheelchairs. Affordable, and it would be great if there was special pricing for non-profit organizations. Away from the riverfront because we've had some issues with crime over the past couple of years at the events.
- You know we're so simple. We often to dinner in the hotel before our meetings. We do have a few board members that do fly in so the airport in Eugene would be helpful for closeness.
- Proximity to restaurants is helpful, but maybe an airport shuttle would be helpful. It would mean ease from parking and ease of access to unload at the meeting space and also for ADA, it's such a long walk to the facility. Sometimes there's not enough handicap parking, and you have to walk so far to the facility. Ease of general access to the meeting rooms.
- It's nice to be near restaurants. Just so guests that come have something to do within walking distance. We do require outdoor space. We're talking about the concrete flooring. We do have garbage trucks and large equipment on display so I think if a convention center could accommodate large vehicles on display that would be needed. Something that we would require. It doesn't really matter, we like to be off of I-5. It's easy access.
- Not too far from I-5. Restaurants and shopping too. We like scenic views.
- I like the restaurants, bars and shopping and being close to it.
- We want it to be easy to get to so they can fly in and out, that's helpful, or easy driving from the freeway. That about covers it. We like a nice space and a nice golf course nearby. Options for other activities for our members is nice. Just all the good technical stuff, like Wi-Fi.
- Close to restaurants and shopping, and free Wi-Fi. Close to the airport and accessible. It is important to our attendees to have these amenities.
- It needs to be comfortable and up to date technology, and functionality for its meeting space. The main purpose is being at a venue and if the space isn't up to date or have Wi-Fi capabilities or components set up for an event then it doesn't matter how beautiful the venue is it doesn't meet our needs. In terms of a conference. Accessibility to the amenities that would attract delegates to bring their families, such as spas and shopping. Options for activities so that they can do physical activities, such as running, tennis, workout and swimming. Of course ease of access of getting to the venue. Most of our events that we go to are at a resort type of location so that there is a beautiful venue in addition to the meeting space itself.
- No. We don't use convention centers, we use hotels with their meeting rooms.
- I don't want anything near roadways or busy streets. I want to see an attractive area, but we don't have time to shop so we have no need for any of that stuff. Exactly what you just stated to me, there is no need for amenities such as restaurants, bars and shopping.
- It's just nice to be close to the freeway and restaurants nearby. We want it to be within walking distance to the restaurants.
- Number one thing we look for is an exhibit hall that is attached to the conference facility. Parking is a big issue, so ease of parking and number of parking spaces to accommodate our guests. The obvious is price, as far as what you get for any built in cost, like catering and things included. Those are the pretty big things. Customer service is big. We always go to the Marriott. We've had a contract with them for 5 years.

- No because any one of the locations you can get to the airport and restaurants. They're all pretty much equal locations in terms of proximity to amenities. Has to have adequate space to seat up 700 people, must have adequate space to feed up to 700 and have adequate IT Support. Computer sound and video support. Adequate parking. Access to local bus systems.

Q22: What are your overall impressions of the Eugene-Springfield area as a potential host market for your events?

- Not knowing much about the area, I know it's beautiful. It's a good area for our attendees because of the lifestyle in Eugene and the values of Oregon fit Seattle. I think it's a good mix. I don't have much, I don't know much about the area.
- It's good. It's a pleasant community to host our events and it make it easier on use because we don't have to travel. It provides variety for our membership. Eugene provides variety so that we don't always have to travel to Portland.
- I would say it's medium. I don't think of Eugene as an area for meetings, I think about football games, but not meetings. That's pretty much it, I don't have any major impressions right now.
- It's a great area, I think. One thing, we stayed at Cottage Grove for a wine tour. I think it would be a very strong area for that area to promote. It's a quaint area for our attendees to go and explore. We do have members that are down there so it'd be nice to utilize different regions throughout the state.
- We love it down there and it works out great for our organization. It's not in Portland and people like it better because it is easier to park down there.
- I don't have any. It's there, and that's all.
- It's fine. I haven't spent a whole lot of time there. I was there 8 years ago. Can't think of anything else.
- I think it has a good reputation. I think the conventional bureau does a good job representing it. It has an interesting reputation, as far as it's a little bit smaller but has all the amenities and the charm that you'd look for in an experience for your conference delegates. I think it goes back to what I already said. It's pretty compact, walkable, interesting stores and independent nature comes across as far as the town or city itself. Food wise, Oregon has been in the area for some time and our delegates really appreciate that, meaning the food is fresh and organic and it's appealing to our members as well.
- I think that another facility in Oregon that meets our capacity needs would be great. Our current RFP for Oregon resulted in the only Oregon Convention Center in Portland satisfying our space needs.
- I went to school there so it's not a deterrent for us. It's a lovely area. I would just have to see the property in person in order to decide.
- To be honest we've had very poor attendance and poor luck which is disappointing because we have a fair number of our membership within a short distance so I can't say if they're just not interested in being in downtown Eugene or what happens. We haven't been to Eugene for roughly 8 years between our last visits and our last event was as unimpressive and unsatisfactory as before. At that point I'd be telling you we wouldn't be going but if there's a new facility we'd be giving it a try. Last time we went they overbooked the hotels, the banquet wasn't acceptable and service was bad.
- Good. It's centrally located given that we are a statewide organization.
- For us it's going to be a harder to sell because our location is more based around Portland and Seattle. It would be a secondary consideration because it's a small town and not only that but a lot of our people would be driving and it's more of a distance and we can't control the geographic location of our members.

- It is not our top choice for a location, but it would be considered if the building for the post potential site is nice. I would want it to be a very top notch facility with the best AV equipment and higher end furniture and décor.
- It's okay. It'll be hard for us because people are closer to the Portland area.
- It's good, it's a little more centralized in the state, some people are not used to going to that area so it's a good change. We need to have easy access to the airport.
- It was fine. Some people didn't like downtown because of the lack of parking and they had to pay to park.
- Since we hold it there anyway, it has pretty good potential because we already go to Eugene and we would like to stay in the area since we already host our events there.
- I like Eugene. I've never had a chance to host an event there. I went to school there, so I will push to host events there, but I haven't been able to due to the overall cost to host there.
- I think it's good. It's the largest market in the area, besides Portland. It's a nice area.
- I think it's great. The tough thing would be convincing the members about the ease of getting to and from the airport. They need to get in and out with exhibit materials easily. I love it. I raised 3 kids here. It could be a real draw to get people out of patterns so they can enjoy this town. Generally friendly and welcoming and not overwhelming for people visiting.
- I would say fair to good. As it stands right now most of our larger events are in the Portland area, but we have a growing number of supporters in Eugene, so we would start looking for places to host there.
- I have participated in speaking at functions at the Hilton downtown and it's very nice. The Hult Center next door is more performing arts. The golf course in the area is very nice. A really nice convention center in the area would bring in new guests in the surrounding area.
- We use it because we're statewide and it meets needs. It meets statewide access needs for events. We might consider including meeting planner feedback in the designing process, like involving stakeholders in providing feedback.
- We love it. We would love to take our event there. It's different than Portland as far as it's still just an hour away from Salem, from where our main office is. It's easy access for our members to get to.
- I don't know it very well. I know they make rules that Portland follows, but that's political.
- I use Eugene regularly so I like it.
- A little bit. I think it'd be fun. Being along the River. Well the clients will be interested in golf and the ducks maybe.
- It could be interesting. It is not a place we have held a lot of events. It would be a new experience for attendees.
- Well there's definitely a possibility for our group to consider that area. We have a lot of members who are in that central valley area. So it's certainly an option that we would look at. No, just one of the challenges with our association is that the market is duck country and many of our members are beavers. Not that has anything to do with the venue but the bulk of my membership are in the other camp or university so to speak. They are very passionate about that. We also have a few Ducks fans for the U of Oregon so it's why we'd definitely not exclude that consideration. If and when they do have that convention center built.
- It's nice. I don't live far from there. The atmosphere is great, I guess.
- I have only been with the company for a year so I wouldn't have much to say if we would host there. Others here may have the knowledge, but I don't.

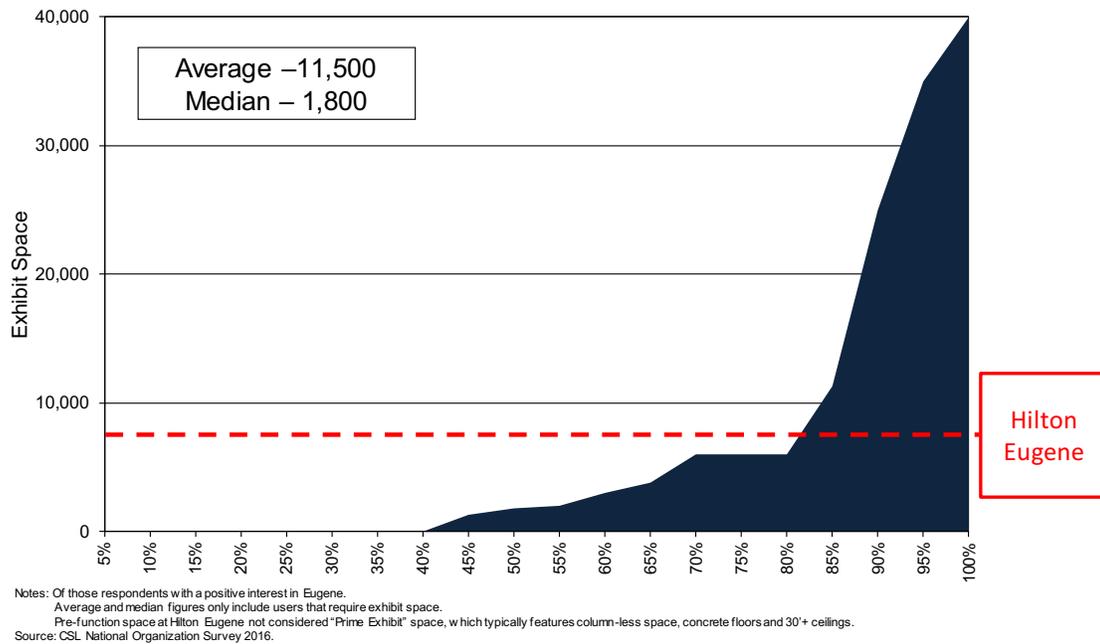
- They are good, they can accommodate us for our events.
- We have a strong membership base there, but it's up to our board to decide. I do know there's a desire to change to make sure we're reaching all of our members.
- It's fine for holding events. I lived there for so long I can direct people around. The facilities there are starting to degrade and they're too big for things, like conferences. They're good for tradeshow but not a conference. The buildings are either too small or too big. They're fine. Of all the locations we've held it at Eugene is number 3 or 4 out of all the places we've held the event at. I've lived in the area for over 50 years.

National Survey Respondents

The following section provides further detail regarding survey responses from national event planners:

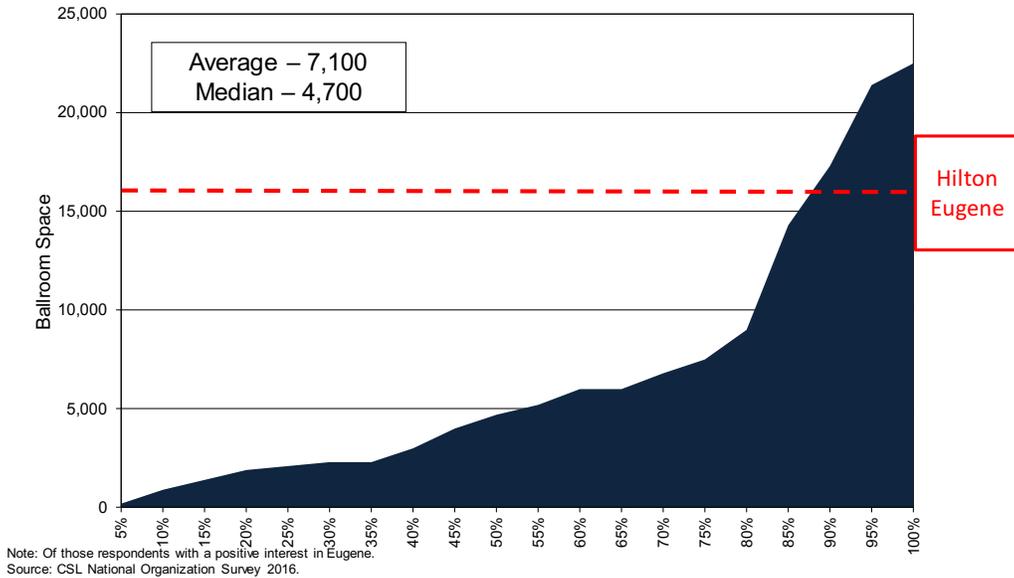
National event planners were asked to estimate the average amount of exhibit space used for their events, as shown below.

National Organization Survey – Total Exhibit Space Required



As presented, the average amount of exhibit space utilized by Lane County's potential national organization market that requires exhibit space is approximately 11,500 square feet. Approximately 90 percent of the potential national organization market for Lane County could be accommodated with 25,000 square feet of exhibit space, while an estimated 95 percent could be accommodated with 35,000 square feet of space.

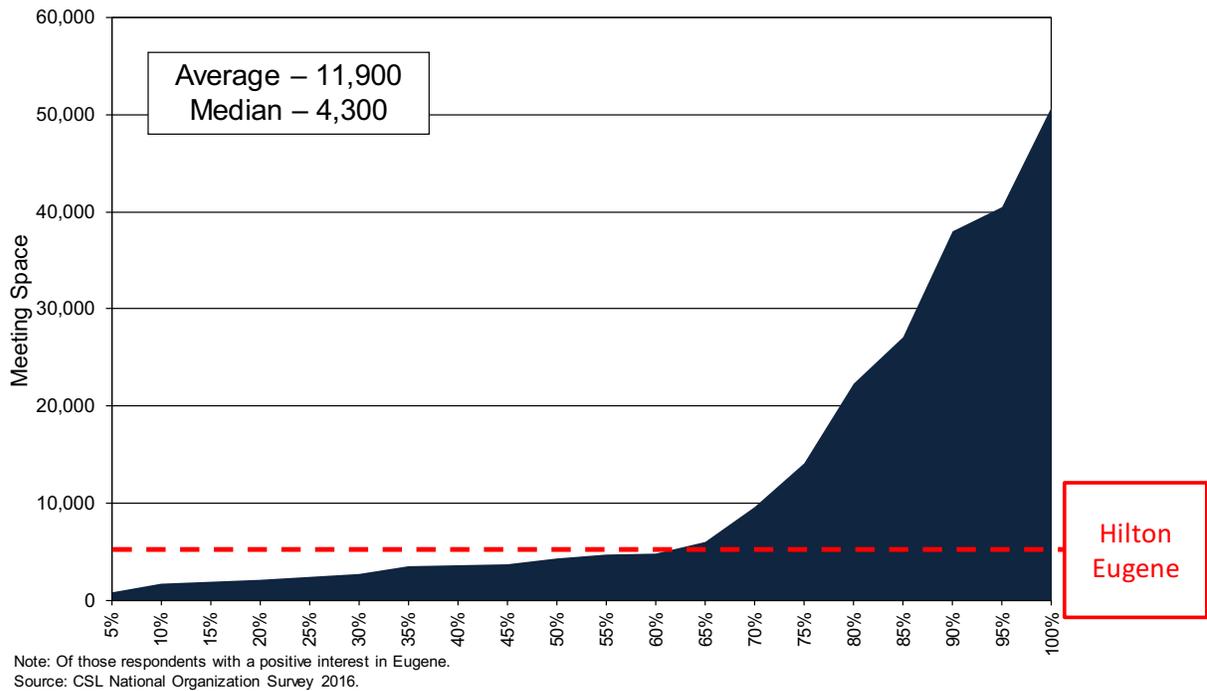
National Convention Center Survey – Total Ballroom Space Required



The average ballroom space required by national planners approximates 7,100 square feet, while the median ballroom space needed falls at 4,700 square feet. Approximately 80 percent of the market could be accommodated with 9,000 square feet of ballroom space, and 95 percent of the potential market consists of events requiring no more than 21,400 square feet of ballroom space. It is important to note that ballroom space is the most versatile space offered in most convention/event centers and is often utilized for such functions as banquets, general sessions, keynote speakers and even subdivided to host concurrent smaller events, activities and/or meetings.

The exhibit below presents a summary of the total breakout meeting room space required among national organizations with a potential interest in Lane County convention facilities.

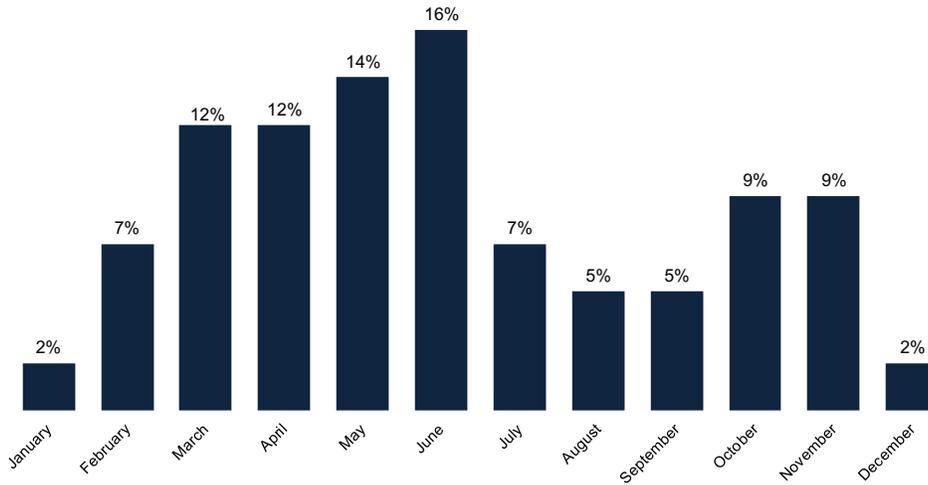
National Organization Survey – Total Breakout Meeting Room Space Required



As shown, the average square feet of breakout meeting space needed is 11,900 square feet and the median is 4,300 square feet. Approximately 85 percent of Lane County’s potential national organization market requires 5,000 square feet of breakout meeting space or less.

The exhibit below presents the seasonality patterns for those national events that represent the potential market demand for new convention space in Lane County.

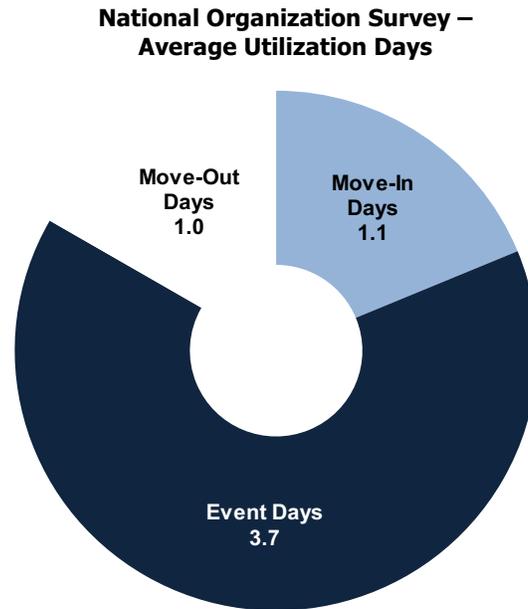
National Organization Survey – Event Seasonality



Note: Of those respondents with a positive interest in Eugene.
Source: CSL National Organization Survey 2016.

As shown, June has the strongest demand from event planners by a significant margin, with approximately 16 percent of organizations interested in Lane County as a host site that hold their event(s) during that month, followed by May, which represents 14 percent of the potential demand for convention space in Lane County. January and December are the months with the lowest demand, at two percent each.

The exhibit below shows the average utilization days, including move-in days, event days, and move-out days.



Note: Of those respondents with a positive interest in Eugene.
Source: CSL National Organization Survey 2016.

It was found that among national events expressing a positive interest in Lane County the average number of utilization days approximates 5.8 days, consisting of 3.7 event days, 1.1 move-in days and 1.0 move-out days.

Open-Ended Questions

Like the state and regional planners, national event planners were asked open-ended questions pertaining to their potential interest in Lane County and a new convention center. Verbatim responses from those national respondents is presented below:

Q8: Are there any particular reasons why your organization is not likely to consider the Eugene-Springfield area as a potential host destination/market for your event(s)?

- For the awards banquets we're based in Los Angeles so we have our awards banquet within the area. It would increase our budget to have to travel for every single person and it would increase significantly.
- Travel. Well our event is a 1-night affair. We hold a north and a south. That way the north schools go to the north and vice versa. If they had to go to Oregon for an affair they'd be on the road for 2 days. It's not feasible. It'd be easier for more northern chapters. Travel is the main factor.
- All of the equipment is filled in our trailers here, it remains local. It wouldn't make sense to leave the area since it's a local show. There's no need to host in Eugene because it is a Los Angeles event, the only one that would be able to possibly move the show out of our area is the National Pigeon Association.
- We usually go where our delegates are, and we don't have any in Oregon. We are a part of a government organization, Department of Energy.
- Because we need to meet in cities where they have a critical mass of members, so the closest would be Portland, Oregon. Like with things to do. Our members like to go out and explore the destinations. We don't typically go to smaller cities and if we're going to go someplace it would be a resort.
- Our membership is nationwide and a majority of our members are from the Midwest to the East Coast. We just don't draw the numbers when we go to the West Coast. That includes attendees and exhibitors. That's usually what it's based on is demographics. Otherwise I would love to go that way. It never hurts for them to put a proposal together.
- We stay in Arizona. We are the Arizona professional firefighters, so we keep it local.
- Our events are held at very specific locations. In order to have one at a different place other than where they are all currently at you would have to get permission from NASC. If there's an Irish dance school in Eugene. They might put on their own dance. We stick to our own areas.
- Less expensive to hold it locally.
- It's out of the state of California. We never leave the state of California.
- Our members like to go to top tier cities, like New York and Chicago. Many things for them to do. Shows, shopping, and also easy access for the member to fly in and out of.
- The majority of our membership resides in Washington.
- I would say lack of a large enough hotel. We like to be under one roof so a hotel should have at least 70,000 square feet of meeting space and at least 700 hotel rooms. Adding a convention center to the mix results in increased costs and complications and we do everything on the cheap side.
- The weather. It's too cold. Not easy access. There are no direct flights in and out of area.
- We are a California based firm, so we only represent California agencies, so we only have our events in California.
- We already have our cities booked and it's not a good market for what we do, which is dance. Our schedule is full.

- Because our constituents are all in the state of Michigan.
- Our organization requires a local conference host. We need to host at colleges and government organizations, and they would have to help organize the meetings. There is no place of interest in Eugene that we know of and no one has approached us.
- Because we would be at the University of Oregon. Because it's relatively free, hosted by universities, and it has all the class rooms. Usually we would be relatively self-contained on the campus. Unless we used an auditorium in an event center. We need 150 rooms, not sleeping rooms, but breakout rooms, and meeting rooms. Which is beyond most convention centers.
- Because all of our members are in Cali, Hawaii or Nevada. We only travel to different convention centers and hotels within our state.
- We don't leave the state of California because we are a state association.
- Ease of air access and we tend to pick interesting resorts, like places and cities that are close to a major airport. Our attendees come for multiple purposes, both business and pleasure.
- We only go to major cities where they have major aviation hubs.
- The group that we work with on a regular basis prefers an ocean front warmer climate. We've never spent the money to rent convention types space, it has always been a ballroom hotel type facility.
- It's not central enough. Geographically it's not central enough for our clients. They would have trouble getting to it.
- We're a small group and try to be close to the universities. Our closest would be University of Oregon. We just need a hotel, a convention center would be way too big for us.
- The biggest is we need good airport transportation, so larger cities. In Eugene there would be at least 1 transfer. We would need a very good package deal to get everyone to go there.
- I guess I really can't answer that. We have never thought of going there. We tend to go to areas where there are activities and shopping.
- It just comes down to the majority of our attendees are from southern California and so we tend to have them in that location. We do events in Atlanta as well because that's where another group of our attendees are as well. I know nothing about the area. If I know more I may, but at this point I have no specific details or knowledge of the area, such as airport, etc.
- We're a California based society so we only hold events in the state of California.
- We need to have a Class A airport where there is an international airport. I have guys traveling from Israel, Germany and Korea, and the last thing they want to do is fly on 4 different planes.
- There is no connection to Mormon history that we are aware of in that area. Mormon history association is made up of scholars that study the Mormon past. Part of our conference, pre-conference and post-conference tours is to explore locations and areas that are significant to the Mormon past. We have one conference in California because we have hundreds of members there. We are not likely to explore Eugene because we are not aware that the location is significant to Mormon past. I would like to get information about Eugene-Springfield for a 2019 conference, if you have an email I would like to get on the list.
- Weather. Our events are in the spring and in Eugene it seems to be colder there during these months and our participants are picky.
- Our clients represent global pension funds so we have attendees from all over the world, and looking at how far Springfield is, it would be a 2-hour drive from Portland. There would be no incentive to have our

clients travel for 2 hours on a bus. From a client perspective there is no way we're going to add that much extra time to the amount of time they're already spending traveling.

- We are a membership that consists of university and colleges, and we have no affiliation in that area.
- I think primarily from my knowledge would be the ease of getting there from the eastern part of the U.S. We have about 30% of our attendees come from the eastern corridor. It's more geography, we do travel around the country. If we do go west we go to California, but never have considered Oregon or Washington State.
- All meetings must take place in California because we are a state organization.
- We rotate it where we have member organizations. Since we don't have members in Eugene or Springfield it's not going to happen. Nothing personal. This is a very working conference.
- We hold events in Canada. Our declining Canadian dollar.
- Our bylaws require us to meet in the San Francisco area; it's just a law we abide by.
- Location. We have an established show on the west coast in California and we would stay there based on our demographic. Our audience is less than 5 percent who fly, it's a regional show.
- We don't have a chapter there and we generally hold events where we have chapters.
- The location, we try to pick a central location because we have members coming from all over the country.
- We are a state society and have to stay in the state of California.
- We don't have any members there in that area. Well that's really the primary one. Lack of people that'd be able to attend. Not an area that I think would be good for my members. We like to be by the hub area. We want to be in a city that is a hub for a major airline. Lots of direct flights. Direct flights are best.
- We have to have it close to our personal sites. Within a half hour of my business. It's our rules. We have to follow the rules. If you don't follow the rules you don't get the tournament.
- Because these events are geared for our field associates and the furthest west we go is Las Vegas. Because they come from all over and Oregon is just too far. The cost to get there is too high.
- Location. We generally use the central part of the US. Travel from each coast is easy.
- We are only a California association.
- The California association, we traditionally host our events in California. That's how it's been in the past. It's highly unlikely we'd go anywhere else. This is the state association, and the national association travels where we do not.
- We usually hold our events in the south. Part of our event is a golf tournament and we like the nice weather. Just accessibility, the places we go seem to be a good destination for our employees.
- Most of our vendors and distributors are in the South and we tend to stay close to around there. For them to travel west, they wouldn't like that very much. That's pretty much it, they're pretty stubborn, our members are very opinionated about where they want to travel and it's up to them. I would say just knowing where they're coming from, it's not an easy flight to Eugene, it's not convenient to get to for our members.
- Air destination. Our clients come from 17 different states. I know Eugene and it's not particularly easy to get to.
- The fog fair is a local signature in the San Francisco area and would not consider going any way.
- We cannot meet in Oregon, we are a California based association.

- It's hard to get there. The airplanes, they are very limited.

Q21: Do you have any specific requirements or preferences regarding a potential convention facility in Eugene-Springfield in terms of its space and amenity offerings and its location near major roadways, the airport, and proximity to amenities like restaurants, bars, and shopping?

- So I think for this convention that is close to the host hotel with close walking distance and inexpensive modes of transportation to the hotel and convention center is nice and a plus. Hotel needs to be in close walking distance to hotel and entertainment as well. It draws a lot of our attendees to our convention. Space that is convenient in terms of flow. So they're not going up and down floors constantly. Rooms that are close together are nice as well. For time sake it's nice to have them all close together. That way time isn't being spent walking all over from place to place. Moving too many places gets attendees confused.
- Yes, close proximity to nightlife, restaurants bars and shopping. Entertainment things. Could be athletic venues, but primarily restaurants. It would be important that with the hotel we contract with we'd like to do better than 80%.
- That's why I went with the Hilton idea, there's more things to do around there. The airport shuttle availability.
- I guess there is no specific requirements. We prefer that we can eliminate shuttles and walk to the convention from our hotel. We would rather have hotels that are in walking distance to the convention center.
- It should be close to the airport and restaurant for convince and a lower cost in transportation from the airport to the hotel.
- Proximity to restaurants and shopping. Easy access off of freeways to those who are traveling or commuting. Not too many use airports. Often times the spouses and partners like to do things, such as restaurants and shopping, they can go off and do things as they please. As long as rooms come equipped with media capabilities and auditoria constructed would be great. Have the option to dim lights and control sounds. Being able to deal with natural lighting as well. Make sure that they accent the local culture. I think a lot of people want to travel to where they want to feel, where they can trademark with a certain area. Such as Native Americans. If they could incorporate some culture to the area that would make it a draw, that would be helpful. A trademark would be good for promoting business and bringing it in.
- It would be helpful to have it close to restaurants and shopping and to have some kind of access to the airport, like shuttles or something.
- All of the above. We want close proximity to restaurants, shopping and airports. The ease of a large roadway and outdoor recreational activities. We want the lively area, and one that identifies with our membership. This is why we look for these in our locations.
- If it were close to the airport and close to amenities for convenience in time. Travel is a major factor.
- Near the airports. We like to be able to transport people that arrive to several different locations to look at agriculture in different areas. Near restaurants and amenities for something for the guests to do.
- Yes, proximity to bars, shopping and restaurants. Bars and restaurants are more popular with our group. The riverfront caught my attention, thinking there'd be some kind of trails. A lot of our folks like to walk, get out and stretch their legs and have activities. There are a handful of our folks that like an outdoor pool. That's about it, like I said the walking to restaurants and bars and also any historical sites may be of interest. The last thing would be ease of use of public transportation, that would be able to take our folks out of the city.

- Close to the airport, because we have people coming from all across the country. Shopping and restaurants because our member like to get out after being in meetings all day long. Free Wi-Fi in the guest rooms. All the exhibit and registration and breakout rooms, and general ballroom need to be all somewhat all together and not spread out on different levels or through the convention center.
- The ease of transportation from the airport to the hotel and the hotel to the facility.
- All of those things. I want to be able to be closer to the airport, participants want to walk to a restaurant after our event. I want the access to a small ballroom to be able to gather them as we initiate our opening and closing session. Hotel prices come into play here. They are educators. So having rooms that are reasonable, such as \$129 to \$149 range. Is it possible. That would be a huge consideration for us in coming up here. I don't know what the go to rate is in Eugene but most of my educators can generate go to rates.
- Airport location and restaurants, and public transportation.
- It should be closer to the shopping and restaurants because we have a very active group that likes to get out and do things.
- Proximity to amenities is important and an international airport. We have a truck exhibit outside that requires 20,000 square feet of space for our trucks. Well we want to make sure our attendees have things to do. Secondly ease of travel and low travel rates and airfare is in a consideration, and the truck space is part of our trade show.
- It should be within 20 minutes of the airport. Restaurants and shopping are good but not a requirement as long as it has options for us. We like to have it convenient for our attendees so they don't have to pay outrageous cab fees. Space requirement, we run into an issue for everything, to have lunch in the same room along with our keynote. It's important to have one large room to fit all of that.
- Restaurants for sure, and shopping would be second consideration. Because the different people go out and we have group dinners, so we need restaurants close by and shopping is if people come early or stay late they may want to go shopping or souvenir shopping during their downtime between meetings. Major attractions are good, sometimes we do group outings.

Q22: What are your overall impressions of the Eugene-Springfield area as a potential host market for your events?

- I think that Oregon is beautiful. It would be a great draw. We do like smaller areas for our events and even sometimes smaller towns as well too. I think that it could have a lot of potential assuming that everything was easily accessible in terms of flying and driving to the convention.
- I'm completely unfamiliar with it so I've never considered it as a prospect.
- Totally don't have any because I never been there, I drove by it but never stopped there.
- Favorable. I don't know much about Oregon. It is intriguing but it's not centrally located to the us so it makes it tougher to sell, but we like to bounce around to different states to make it fair for our other members located outside our area.
- I don't really have an impression it sounds like a great idea. I don't have an opinion it is neither here nor there for me.
- I think it's a good draw. It has a lot of individuals who are graduates of the U OF O. There's a strong affinity for the university flavor and making reconnections in that environment. Has good running trails and a good reputation for those that want to go out for a morning run. It has a lot of good selling points. I think safety, is probably a factor now that everyone is dealing with homelessness and Eugene is not as pronounced as the Portland area. It is a selling point as well.

- We have alternated years between Eugene and Portland, but our attendance is lower when we're in Eugene. I don't know why, maybe it's the access to the airport. Eugene is very desirable for in state and for conferences in the fall for the people that are in our region. For the bigger events, it just doesn't have the draw, it's not as easy to find. Otherwise it's a nice area.
- I have never been there so I don't know.
- I've never been there. There is nothing. I have never even heard of Eugene.
- It's not anything we look at. They typically go to Washington or stick to the Midwest so honestly I don't know. Honestly I don't know much about the area so I couldn't say.
- I personally have always liked the area and anytime the area has come up in conversations in the past with our group they've always had good things to say about the area. I don't know much about the area to say much else.
- I haven't heard anything from anyone, but our executive director probably knows more than I do. I don't really know how to answer that question.
- Pretty slim, most of our participants are out of the Midwest.
- No, it's beautiful. There are a lot of great things in coming here. The convenience with the airport so close will make it work for us. I need a sort of hub idea that they can fly in and not have to drive for hours to get to the spot. It's a viable option.
- I really haven't looked at the location so I can't give an opinion on it.
- Very possible, we are looking for new locations in two tier cities, and not just top tier we have also looked at the area before and we were interested.
- Good. We have a lot of people that are in that area. I have never looked at it before but it doesn't mean that I wouldn't.
- I think if they had the space for us then it's definitely a possibility. I don't personally book the spaces but I think it would be nice to go there.
- Positive. I like Oregon. I have not been to Eugene. I personally like Oregon, it is a good state. I have been to Portland personally with my family. In terms of my company when we choose a state we try to accommodate our national sales group to a centrally located one, typically we choose Arizona, Texas or California due to the weather in February, not sure if Oregon would be a good place to attend in February because it may be raining.