

KOSCIUSKO COUNTY CONVENTION AND EXHIBITION CENTER
A FEASIBILITY STUDY AND PROPOSAL

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KOSCIUSKO LEADERSHIP ACADEMY

CLASS OF 1992

INTRODUCTION

In the fall of 1991, the Kosciusko County Convention & Visitors Bureau distributed a single-page survey to those names on its mailing list, "...in order to determine the need for, interest in, and usage of a new meeting facility within the county."

The response to the six-question survey indicated sufficient interest in such a facility as to warrant a more detailed study. Members of the 1992 Class of the Kosciusko Leadership Academy were offered the challenge of completing an extensive review of the feasibility of a convention and exhibition center for our county.

This project was comprised of three components: a marketing study to assess potential demand, a facility model to illustrate space and utilization requirements, and a financing plan to present various options for paying for such a facility.

MARKETING STUDY

The marketing study was comprised of two separate questionnaires (see Exhibits A and B). Each survey was addressed to targeted audiences and attempted to assess: actual past behavior, intended future behavior, and attitudes toward the topic.

Survey A was mailed to the twenty-nine Convention & Visitors Bureaus in the State of Indiana. A total of 66% responded to the survey. Results indicated that convention and exhibition facilities were divided into two basic types: the large, metropolitan convention facilities which hosted both state and national events; and smaller, more local centers designed primarily for local business usage and the occasional area meeting. Written comments clearly

indicated that the Warsaw area could not expect to successfully attract national, or even state, conventions to the proposed facility. However, a local facility was generally viewed as important in serving area businesses and providing a multipurpose facility for special events, fairs, community festivals, trade shows, etc.

Survey B was distributed to the 1,685 names on the Warsaw Chamber of Commerce mailing list. A total of twenty-five percent or 420 surveys were returned. While there were more than 50 possible responses to the survey, a review of the responses generated several consensus observations:

1. 165 respondents (39%) indicated they had held an off-site event in the last year. Of those events, the most frequent description was of a training seminar, banquet, or employee meeting.

2. 87% of the events held in the past year were attended by fewer than 300 persons. However, there were 53 events which were attended by more than 300.

3. Approximately the same number of respondents who said they held an event last year also indicated they were planning at least one event for the coming year. 88% said they would consider Kosciusko County as an acceptable site for future events.

4. In rating factors, the "Very Important" features most frequently identified were: cost, size of facility, food service, and facility amenities and services. Alcoholic beverage service, entertainment/night life, and nearness to airport were most frequently cited as "Not Important".

Based upon the results of the two surveys, there appears to be considerable community support for a facility designed with the following uses and features:

- Employee training and communication for groups up to 100

- Banquet facilities for groups up to 600

The surveys also indicated a lesser, but consistent, demand for:

--Exhibition/show space for groups up to 300

--Meeting rooms for small businesses and organizations with groups under

50

The second stage of this study utilized these findings in developing a model facility which is specially designed for the functions above.

FACILITY MODEL

This facility model was designed by the architectural firm of Scarce & Associates, Inc. We thank them for the 64 hours of volunteered time in helping us with this project.

Acquisition of land required for a structure of this size would be a minimum of 6 acres. The total square footage of the building is 30,000 square feet with an additional 80,000 square feet providing the 200 parking spaces, sidewalks and landscaping. (see Exhibit C).

Near the main entrance of the convention center, you will find: two ticket booths, restroom facilities, administrative offices and a coat closet (see Exhibit D).

The 9,000 square foot convention hall is located in the center of the structure and is designed to seat 600 banquet style or 900 theatre style. This space would also be utilized for any type of exhibition show. The convention hall could also be provided with a retractable middle wall which would allow two 4,500 square foot areas, each seating 300 banquet style or 450 theatre style.

Through the side corridors of the convention hall, there are conference rooms designed to accommodate groups of 100 and each of these rooms would require 1,500 square feet. In addition, providing these rooms with a

retractable middle wall would accommodate smaller meeting areas for groups of 50 or less. Outdoor meetings could also be provided in these areas.

The service area of the structure consists of a mechanical and a storage room requiring 1,200 square feet each. A kitchen of 3,000 square feet provides enough room for all the amenities needed to prepare food. A warming type of facility could be feasible with catering services provided at the expense of the user. One other option could be to open bids to area restaurants to buy or lease the food services provided to users.

This would bring us to the third stage of our study which analyzes a financing plan and funding of the convention exhibition center.

FINANCING PLAN

To analyze a comprehensive financing plan for the proposed Kosciusko County Convention and Exhibition Center, a brief review of general architectural costs was applied to determine the development costs of such a facility. After the development of estimated facility costs, several selective funding alternatives were reviewed.

One of the components of the development cost would include the acquisition of land. It was estimated that the facility would require the purchase of a minimum six acres. An estimation of local land costs in the Warsaw area was calculated to be approximately \$35,000 for the six acres. A specific proposal for the site location of a convention and exhibition center in Kosciusko County was not studied as a part of this research project.

Additional facility development cost, based on the proposed 30,000 square feet building requirements, would average about \$80 per square foot or

\$2,400,000. Exterior facility cost including land development, parking lot, sidewalks and landscaping would require an additional 80,000 square feet at \$10 per square foot which would total \$800,000. Total development cost to provide for the convention and exhibition center would be about \$3,235,000.²

In review of selective funding alternatives for a convention and exhibition center, a major emphasis must first be developed to promote a strong county-wide interest to support the implementation of the facility. A county-wide program could be developed to generate a Capital Campaign to raise the initial development funding. Funds could be raised through direct donations, contributions, and grants to the project. Some individuals and businesses may feel strongly that by having facilities located within the county, it would attract convention and exhibition trade, and increase economic development and investment. Private individuals and corporate businesses could be approached to donate a lump sum at the time of initial facility development, or contributions in the form of pledges to be paid over time. Community foundations may also be another source of contributions and grants, if they favor economic development and progressive improvement to the community. Local building contractors, building suppliers and retail businesses may even be interested in donating time, materials, and furnishings for the facility development. Council members from the county and city governments should also review the feasibility of using existing government funds to assist in the initial funding development.

Funding alternatives were studied to provide a facility that could support financing methods primarily through consumption and user fees. The major objective would be for a financing structure that would minimize any additional property levy taxation and utilize a competitive fee structure in comparison

to other convention and exhibition facilities. The most successful form of this financing alternative at existing convention and exhibition centers has been through the development of a bond issue. It is recommended only on the required fund balance remaining after all donations, contributions and grant funds have been exhausted. A bond issue financing structure is primarily set up on convention and exhibition centers that are owned by a county government. The county could then oversee the facility operations through a proposed budget structure set up by the County Council. The loan through the bond issue could then be repaid over time by county appropriation of proposed consumption and user fees.

Other good sources of revenue to support the bond issue financing of a facility would be through marketing efforts that would result in increased convention and business meetings and additional tourism attracted to the community from other localities. Based on the survey results of other Convention and Visitors Bureaus, attached Exhibit B, all 18 respondents indicated that additional convention and business meetings have been attracted to their community. Additional commerce is developed throughout the community as the facility attracts attendance to events. Events held at the facility may create greater usage of overnight lodging accommodations. Kosciusko County currently collects a 5% Innkeepers Tax on all overnight lodging facilities meeting certain usage definitions. The county could appropriate a portion of this additional revenue to the budget of the convention and exhibition center. The county could also consider passing a Food and Beverage Consumption Tax which would also generate revenue from the increased commerce, and budget an allocation of the additional revenues to the convention and exhibition center.

An additional source of cash flow to support the bond issue financing and maintenance of a convention and exhibition center can be generated in the form of facility user fees. User fees would be assessed on actual space usage, plus services, amenities, and equipment that could be rented at an additional charge. Information and fee schedules were compiled from other convention and exhibition centers throughout the State of Indiana. In developing a proposed user fee schedule to support a facility in Kosciusko County, it was noted that rates must be competitive with local regional facilities to attract usage, as well as provide ongoing financial support to fund the required cost and maintenance. Attached "Exhibit E", Building Specifications, includes a schedule of rental rates and amenities which are averages compiled from other existing convention and exhibition centers.²

Another type of user fee generating additional cash flow is through banquet food and beverage fees. The proposed facility requirements provides adequate space for a full food preparation kitchen. Other convention and exhibition centers studied required all food and beverage service to be provided by a facility staff or recommended catering services that would be contracted only by the facility management. The standard user fees charged would be 20% of all food and beverage bills. This food and beverage user fee would be in addition to basic rental rates charged for a banquet style convention or meeting. Minimum charges generally would apply to all banquet functions.

User fees would also be charged on all exhibition type trade shows and entertainment programs where the general public is charged admission. The standard user fee for this type of public event would be 12% of gross ticket sales. This public exhibition and entertainment user fee would also be in addition to basic rental rates for each room.

A key issue with successfully developing a Kosciusko County Convention and Exhibition Center would be to generate a strong and supportive county-wide Capital Campaign for the initial funding. It is estimated that initial capital of \$500,000 to \$750,000 could be raised by direct donations, contributions and grants. A proposal for a bond issue in the approximate amount of \$2,500,000 would be required to fund the balance of the facility. A bond issue in the amount of \$2,500,000 would require monthly debt servicing at approximately \$15,000, if proposed over a term of 30 years at 6.0% interest. It is also estimated that a minimal portion of the debt servicing requirements would require additional Property Tax Levy appropriations from the county. Based on the survey results and frequency of reported events, a major portion of the facility debt service would be provided by User Fees, Food and Beverage Consumption Taxes and increased Innkeepers Tax.

CONCLUSIONS

As a result of this research, it was concluded that a local convention and exhibition center was viewed as important to serving area business and providing a versatile facility for special events, fairs, festivals, trade shows, etc. This group's challenge to future community leaders of Kosciusko County is to "Take Charge" in the development and implementation of a convention and exhibition center. It is the responsibility of all citizens of this county to have the foresight for the development of this community and the needs of our future generations.

It is the recommendation of this group to assign the proposal for the Kosciusko County Convention and Exhibition Center to a group of leaders having the expertise and resources to carry out the implementation of this community

facility. Additional research and study would be recommended in other key issues such as site selection agreeable to the community, implementation of funding proposals through a county-wide Capital Campaign, and assessment of budget revenue to carry out financing. Development of this research and study could be completed by organization such as the Kosciusko Convention and Visitors Bureau, the Board of Directors of Kosciusko Development Incorporated, or a future Kosciusko Leadership Academy class.

EXHIBIT A

SURVEYS MAILED: 1,685

SURVEYS RETURNED: 420 (25%)

KOSCIUSKO LEADERSHIP ACADEMY
CONVENTION & EXHIBITION SURVEY

The Kosciusko Leadership Academy is studying the feasibility of a convention and exhibition hall for our community. As part of our study, we would appreciate your completing this brief questionnaire. We would appreciate your response by March 13, 1992. Thank You!

1. Has your organization hosted a convention, special event, or off-site seminar in the PAST 12 months?

165 Yes

255 No IF NOT, PLEASE GO TO QUESTION 8 ON PAGE 3.

2. How many different events did your organization hold last year?

46 Only 1

91 2 - 5

15 6 - 10

13 More than 10

3. Which of the following best describes the type(s) of events your organization held (Check as many as apply.)?

12 Convention

20 Trade Show/Exhibition

40 Multi-Day Training/Seminar

81 One-Day Training/Seminar

58 Employee Meeting

71 Banquet

39 Customer Appreciation Event

28 Other: _____

4. Which ONE response best describes where your event was held?

10 Outside Indiana

6 Southern Indiana

44 Northern Indiana

109 Kosciusko County

5. Approximately how many people attended the event? If you held more than one event, please respond for the 4 largest events:

	MTNG #1	MTNG #2	MTNG #3	MTNG #4
Less than 50	<u>87</u>	<u>50</u>	<u>42</u>	<u>27</u>
50 - 100	<u>34</u>	<u>41</u>	<u>19</u>	<u>16</u>
100 - 300	<u>23</u>	<u>16</u>	<u>10</u>	<u>9</u>
300 - 600	<u>11</u>	<u>8</u>	<u>9</u>	<u>6</u>
More than 600	<u>13</u>	<u>2</u>	<u>1</u>	<u>3</u>

6. Please indicate which of the following facilities/services were used by your organization (Check as many as apply.):

- 105 Main Meeting Room
- 28 Exhibition Hall
- 41 Break-Out Rooms
- 128 Dining Room/Food Service
- 28 Recreational Facilities
- 45 Overnight Hotel Accommodations
- 60 Classroom/Seminar Rooms
- 11 Ballroom
- 25 Stage/Auditorium
- 19 Concessions
- 11 Other: _____

7. Which ONE of the following factors was MOST IMPORTANT in selecting the site for your events?

- 67 Convenient Location
- 39 Facility Size
- 51 Cost
- 2 Nearness to Recreation
- 38 Amenities/Services of Facility
- 5 Other: _____

8. Does your organization have plans to hold a convention, special event, or off-site seminar in the NEXT 12 months?

159 Yes

258 No IF NOT, PLEASE GO TO QUESTION 12 ON THIS PAGE.

9. Which of the following best describes the type of event you plan to hold (Check as many as apply.)?

14 Convention

21 Trade Show/Exhibition

82 Training Seminar

53 Employee Meeting

72 Banquet

27 Other: _____

10. How many people do you expect to attend your event?

51 Less than 50

44 50 - 100

33 100 - 300

18 300 - 600

16 More than 600

11. Would you consider Kosciusko County, Indiana a possible site for such an event?

140 Yes

20 No

12. Do you belong to any other organizations which hold conventions, seminars, trade shows, etc.?

253 Yes

150 No IF NOT, PLEASE GO TO QUESTION 16 ON PAGE 4.

13. Which ONE response best describes where these events are held?

88 Outside Indiana

138 Somewhere in Indiana

39 Kosciusko County

14. How many people typically attend these events?

37 Less than 50

52 50 - 100

59 100 - 300

32 300 - 600

84 More than 600

15. Which of the following best describes the type(s) of events?

115 Convention

118 Trade Show/Exhibition

125 Training Seminar

30 Employee Meeting

58 Banquet

12 Other: _____

16. If you were planning a convention, seminar, or other special event, please rate the importance of each of the following:

	VERY IMPORTANT	IMPORTANT	NOT IMPORTANT
Nearness to Airport	<u>53</u>	<u>118</u>	<u>200</u>
Recreational Facilities	<u>39</u>	<u>146</u>	<u>185</u>
Central Location	<u>147</u>	<u>189</u>	<u>41</u>
Size of Facility	<u>190</u>	<u>169</u>	<u>30</u>
Cost	<u>224</u>	<u>156</u>	<u>3</u>
Facility Amenities & Services	<u>178</u>	<u>177</u>	<u>16</u>
Food Service	<u>180</u>	<u>179</u>	<u>26</u>
Overnight Hotel Accomodations	<u>137</u>	<u>150</u>	<u>118</u>
Entertainment/Night Life	<u>22</u>	<u>117</u>	<u>211</u>
Alcoholic Beverage Service	<u>25</u>	<u>104</u>	<u>284</u>

THANK YOU FOR YOUR COOPERATION! PLEASE RETURN YOUR COMPLETED SURVEY IN THE ENVELOPE PROVIDED, OR FAX TO: (219) 267-4972, ATTN: B. BRAIL.

EXHIBIT B

SURVEYS MAILED: 29

SURVEYS RETURNED: 19 (66%)

KOSCIUSKO LEADERSHIP ACADEMY
CONVENTION & EXHIBITION SURVEY

The Kosciusko Leadership Academy is studying the feasibility of a convention and exhibition hall for our community. As part of our study, we would appreciate your completing this brief questionnaire.

1. DOES YOUR COMMUNITY HAVE A FACILITY USED PRIMARILY FOR CONVENTIONS AND EXHIBITIONS?

8 YES (2 built with private funds)

11 NO

IF NOT. PLEASE GO TO QUESTION 4 ON PAGE 2.

2. PLEASE PROVIDE THE FOLLOWING DESCRIPTION OF YOUR FACILITY:

 YEAR BUILT 1970s=2, 1980s=4, 1990s=1

 SQUARE FOOTAGE

 MAXIMUM SEATING CAPACITY 750 to 60,000

 # DAYS USED ANNUALLY

 # GROUPS USING ANNUALLY

 \$ GROSS REVENUES ANNUALLY

3. WHICH OF THE FOLLOWING FACILITIES/SERVICES ARE AVAILABLE AT YOUR FACILITY (CHECK AS MANY AS APPLY):

8 MAIN MEETING ROOM

8 EXHIBITION HALL

8 BREAK-OUT ROOMS

5 MAIN DINING ROOM

3 RECREATIONAL FACILITIES

8 KITCHEN

6 CONCESSIONS

7 BALLROOM

3 STAGE/AUDITORIUM

3 OUTSIDE EXHIBITION AREA

7 CLASSROOM/SEMINAR ROOMS

EXHIBIT B (continued)

4. DOES YOUR C.V.B. ATTEMPT TO ATTRACT NON-LOCAL CONVENTIONS AND BUSINESS MEETINGS TO YOUR COMMUNITY?

17 YES

2 NO

IF NOT. PLEASE GO TO QUESTION 9 ON PAGE 3.

5. WHAT IS THE APPROXIMATE ANNUAL BUDGET ALLOCATED FOR PROMOTING CONVENTION BUSINESS:

5 LESS THAN \$10,000

4 \$10,000 TO \$50,000

2 \$50,000 TO \$100,000

5 MORE THAN \$100,000

6. WHICH OF THE FOLLOWING METHODS DO YOU USE FOR PROMOTION (CHECK AS MANY AS APPLY):

14 MAILINGS

3 BILLBOARDS

3 RADIO/TV

12 TRADE SHOW EXHIBITS

17 PERSONAL CONTACTS

6 OTHER: ISAE, Assn memberships, research, mag. adv., display ads, phone sales

7. IN YOUR OPINION. HAVE YOUR MARKETING EFFORTS RESULTED IN INCREASED CONVENTION AND BUSINESS MEETINGS BEING ATTRACTED TO YOUR COMMUNITY?

18 YES

0 NO

8. IF YES. APPROXIMATELY HOW MANY ANNUAL EVENTS WOULD YOU ATTRIBUTE TO YOUR MARKETING EFFORTS:

4 LESS THAN 10

6 11 - 25

0 21 - 50

6 MORE THAN 50

EXHIBIT B (continued)

9. WHICH ONE OF THE FOLLOWING BEST DESCRIBES THE AREA YOUR C.V.B. SERVES:

- 4 CITY OF 100,000 +
- 1 SUBURB OF CITY OF 100,000 +
- 6 COUNTY OF 100,000 +
- 3 COUNTY OF 50,000 TO 100,000
- 4 COUNTY OF 10,000 TO 50,000
- 1 RURAL AREA

1920s= 1
50s= 1
70s= 6
80s= 7
90s= 4

10. IN WHAT YEAR WAS YOUR C.V.B. FOUNDED? _____

11. PLEASE FEEL FREE TO ADD ANY ADDITIONAL COMMENTS OR SUGGESTIONS YOU MIGHT HAVE REGARDING OUR STUDY:

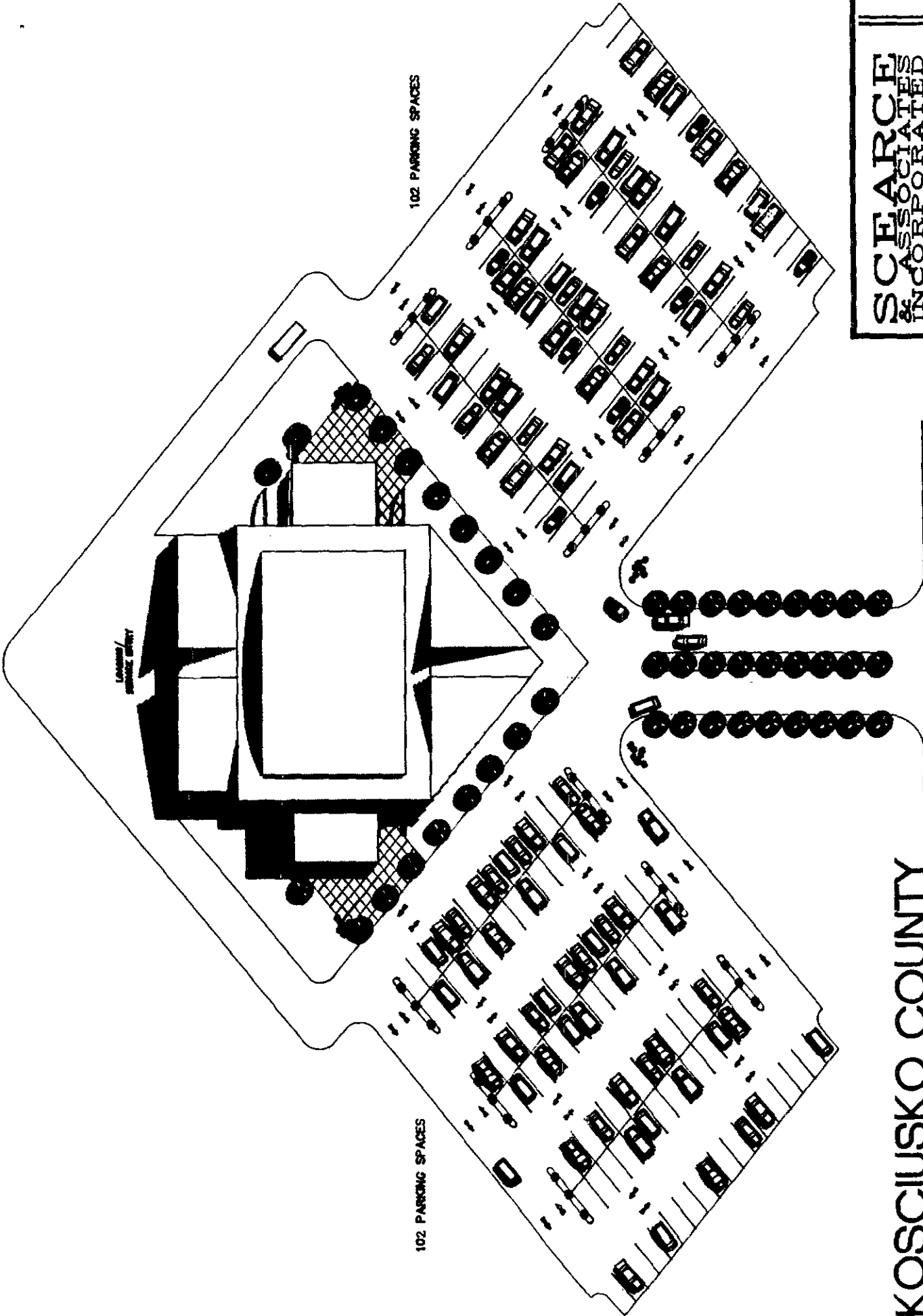
THANK YOU FOR YOUR COOPERATION.

PLEASE RETURN YOUR SURVEY TO: BRAD C. BRAIL
P.O. BOX 1387
WARSAW. IN 46581

OR YOU MAY FAX YOUR RESPONSE TO: (219) 267 - 4972
ATTN: BRAD C. BRAIL

102 PARKING SPACES

102 PARKING SPACES

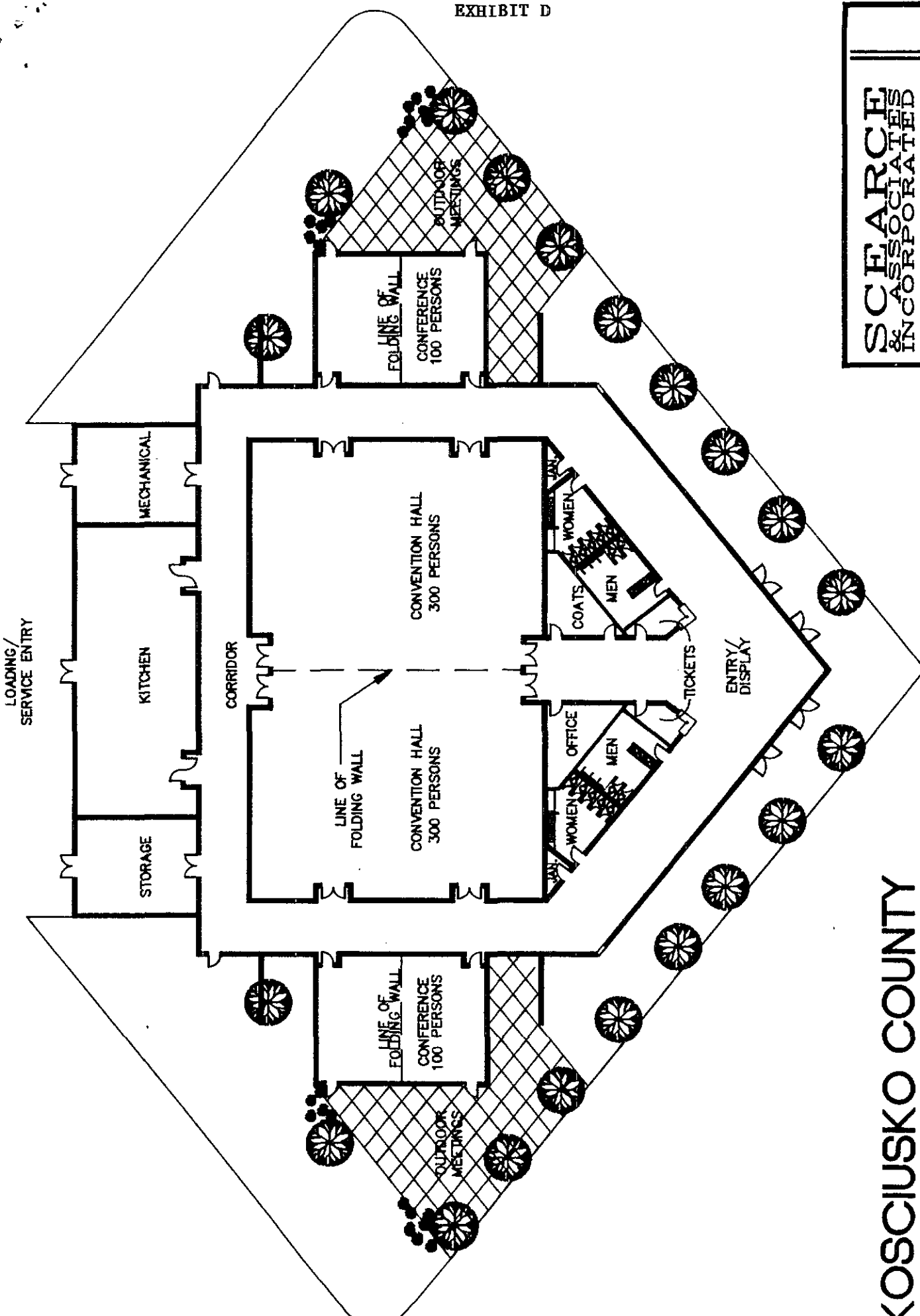


SCEARCE & ASSOCIATES INCORPORATED
 ARCHITECTS / ENGINEERS
 1018 MARSHALL DRIVE WARSAW, INDIANA 46080
 OFFICE - (317) 866-1666 FAX - (317) 866-8821

SITE PLAN
 NOT TO SCALE

**KOSCIUSKO COUNTY
 CONVENTION AND
 EXHIBITION CENTER**

EXHIBIT D



SCHAEFFER & ASSOCIATES INCORPORATED
 ARCHITECTS / ENGINEERS
 1515 MARKET STREET, PITTSBURGH, PENNSYLVANIA 15222
 OFFICE - (412) 838-1000 FAX - (412) 838-3821

FLOOR PLAN
 NOT TO SCALE

**KOSCIUSKO COUNTY
 CONVENTION AND
 EXHIBITION CENTER**

EXHIBIT E
KOSCIUSKO COUNTY CONVENTION & EXHIBITION CENTER
BUILDING SPECIFICATIONS

Rooms	Square Feet	Approximate Seating Banquet	Approximate Seating Theatre	Daily Rental Rates
Main Convention Hall	9,000	600	900	\$700
Convention Hall A	4,500	300	450	325
Convention Hall B	4,500	300	450	325
Full Conference Room	1,500	100	150	150
Conference Room C	750	50	75	75
Conference Room D	750	50	75	75
Conference Room E	750	50	75	75
Conference Room F	750	50	75	75

Rates are based on usage per full day. Half day rates and adjusted schedules could be offered.

Base rental rate standard amenities include tables, chairs, platform, podium, microphone sound system and free parking in the above rates. Housekeeping would be provided between sessions and complete clean up each evening.

Other amenities, services and equipment such as audio visuals, sound technician and recording, lights, laborers, ticket booths and operators, outdoor signs, electrical, telephone, pianos, medical personnel, booth drapes and dividers and table service, etc., may be rented from the Convention Exhibition Center as available, under additional rate schedule fees.

Business Not for Profit Groups and Charitable Organizations could be offered discounted rates.

FOOTNOTES

¹Architectural and development costs are approximate general estimates provided by the Architectural and Engineering Firm of Searce & Associates, Inc., 1010 Mariner Drive, Warsaw, IN 46580.

²Information compiled from average rental rates calculated by room size square foot and usage rates from other Convention and Exhibition Center's fee schedules published by the following facilities: Indiana Convention Center and Hoosier Dome, Century Center, Grand Wayne Center, and Porter County Expo Center.

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