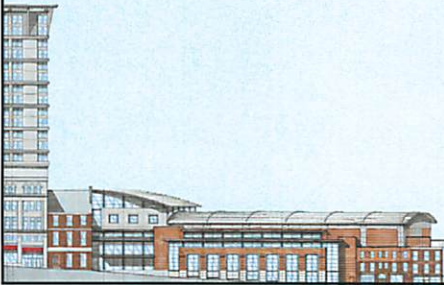


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Lancaster County Convention Center

Misconceptions Dispelled



March 10, 2005



Let's Set the Record Straight

1. Convention centers by themselves cannot revitalize or revitalize or redeem a downtown core.
2. A convention center itself is not a destination. It can be a very important asset or a city that is first a genuine destination.
3. The city's revitalization has been occurring over the years, with the arts community leading the change. The convention center can be a significant contributor to the city's continuing revitalization, but it is not a silver bullet.
4. This is not a city project. It is a project located in the City of Lancaster that will contribute to our county and city.



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Why would we support a convention center that is projected by LCCCA to lose money throughout its existence?

Convention centers are constructed knowing that:

- They will not make money.
- In most cases, they will lose money.
- At best, they will break even.

The convention center does **not need to break even or make money in order to pay off its debt.**

The projected \$700,000 annual debt will be financed through the current county hotel room tax.



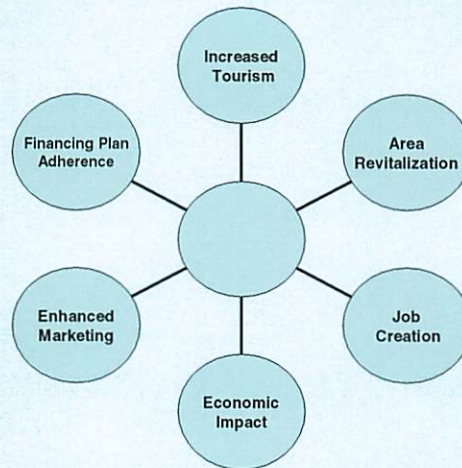
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How Will the Success of the Lancaster County Convention Center be Measured?



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Six Measures of Success



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1. Increased Tourism

Projected Attendance

| | |
|--------------------------|------------------------|
| Convention & Trade Shows | 10,000 – 15,000 |
| Consumer Shows | 70,000 – 87,500 |
| Other Events | <u>24,000 – 30,000</u> |
| Total | 104,000 – 132,500 |

Source: *PricewaterhouseCoopers Update, November 2002*



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2. Area Revitalization

- Rejuvenate the City's focal point (Penn Square)
- Restore the Watt & Shand and Montgomery House landmarks
- Honor Thaddeus Stevens' legacy
- Provide a catalyst for restaurant, entertainment, retail, hotel, transportation, and parking growth
- Make Downtown Lancaster a better place to live, work, and play



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3. Job Creation

| | <u>Payroll</u> | <u>Jobs</u> |
|--------------------------|----------------|-------------|
| Construction | | |
| <i>Tradespeople</i> | \$20,000,000 | 500 |
| Annual Operations | | |
| <i>Managerial</i> | \$1,300,000 | 27 |
| <i>Support</i> | \$6,000,000 | 200-300 |

Source: *Reynolds Construction Company;*
CH Johnson Consulting, Inc., August 2003



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4. Economic Impact

| | <u>Annual Impact</u> |
|-------------------|-------------------------------------|
| Direct Spending | \$ 6,500,000 - \$9,600,000 |
| Indirect Spending | <u>4,500,000</u> - <u>6,700,000</u> |
| Total Spending | \$11,000,000 - \$16,300,000 |

Source: *PricewaterhouseCoopers*, November 2000



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What would it take for the \$20M in guaranteed county bonds to be in default?

The Lancaster County hospitality community would have to ***experience a 50% drop in both their current occupancy rate AND in their average room rate*** before the Authority would be unable to meet its financial obligations to the county.

This means the county's current average occupancy would have to drop to 25%. (It is currently at about 50%.)

This is highly unlikely.



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Can the Authority really justify losing \$700,000 annually with this convention center project?

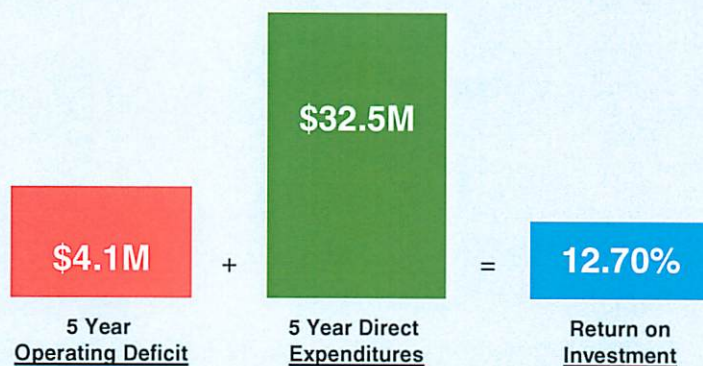
- No, if the convention center does not contribute to the city's and county's economies.
- Absolutely, if the convention center contributes more to the city's and county's economies than the projected \$700,000 loss.

LCCCA's pro forma conservatively estimates that the convention center will generate \$6.5M in direct and \$4.5M in indirect spending.



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5-Year Economic Projection



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Does it make sense to build a convention center when all convention centers are failing?

- All convention centers are not failing.
- Those struggling the most are the largest with 300,000 square feet or more.



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Has the Project Met Its Economic Feasibility and Pro Forma Projections?

| Convention Center | YES | NO | EXCEEDED |
|-----------------------------|-----|----|----------|
| Saratoga Springs, New York | X | | |
| Blair County, Pennsylvania | X | | |
| Ocean City, Maryland | X | | |
| Providence, Rhode Island | X | | |
| Madison, Wisconsin - County | X | | |
| Madison, Wisconsin - City | X | | |



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Has Your Convention Center Met Community Expectations?

| Convention Center | NOT MET | MET | EXCEEDED |
|-----------------------------|---------|-----|----------|
| Saratoga Springs, New York | | X | |
| Blair County, Pennsylvania | | | X |
| Ocean City, Maryland | | | X |
| Providence, Rhode Island | | | X |
| Madison, Wisconsin - County | | X | |
| Madison, Wisconsin - City | | X | |



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Does Your Community Consider Your Convention Center a Success?

| Convention Center | NO | SOMEWHAT | YES |
|-----------------------------|----|----------|-----|
| Saratoga Springs, New York | | | X |
| Blair County, Pennsylvania | | | X |
| Ocean City, Maryland | | | X |
| Providence, Rhode Island | | | X |
| Madison, Wisconsin - County | | | X |
| Madison, Wisconsin - City | | | X |



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Why is the Convention Center the Right Project?

- It could significantly contribute to the continuing revitalization of our city.
- It could significantly contribute to our county's economic well being.
- We are able to restore a historic landmark, the Watt & Shand building, and have it once again contribute to our city as it has in the past.
- It totally revitalizes several blocks of the city's downtown.
- It will result in preserving and highlighting two of our city's most significant landmarks, the Montgomery House and Thaddeus Steven's house.



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Why is the Convention Center the Right Project?

- The convention center will provide opportunities for our city and county.

It can serve as the city's Living Room where social, civic and community events can take place.

No longer will we need to turn away business because we don't have an adequate facility. Right now, we have organizations in our city and county moving business meetings and conferences to Philadelphia, Hershey and other areas because we cannot host them.

It allows us to market to consumer shows and to the larger business conference and meeting markets, entirely new markets.

- It will contribute about \$11 million annually to our economy.



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***We continue to believe the
convention center project is the #1
economic development project for
Lancaster.***



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