

Section C: Economic Impact



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C.1: Economic Impact on State

C.1.1: Economic Impact on State From Construction

PKF Consulting has estimated that the economic impact on the state of Iowa from the construction of the Stanley Hotel and Conference center is approximately \$81 million dollars and 550 jobs.

Proposed 112-Room Hotel Stanley and Conference Center Economic Impact from Construction		
Total Construction Cost ¹		\$38,100,000
Cost Generated from Within State of Iowa	88% ²	\$33,528,000
Output ³	1.8016	\$60,410,750
Wages ⁴	0.6056	\$20,304,557
Total Economic Impact From Construction		\$80,715,307
Jobs⁵	16.3438	548 jobs
Sources: PKF Economic Impact Study –Jan. 14 th , 2015 Multiplier Source: US Department of Commerce – Bureau of Economic Analysis		

¹ Construction costs estimated by project team prior to PKF Economic Impact Study and does not include land acquisition or pre-opening costs.

² Percentage is a reasonable assumption according to local representatives

³ Represents the dollar increase in area output for every dollar increase in direct spending

⁴ Represents the dollar increase in area household income for every dollar increase in direct spending

⁵ Represents the increase in area jobs for every \$1 million in direct spending

C.2: Economic Impact on Muscatine County

C.2.1: Economic Impact on Muscatine County from Construction

PKF Consulting has estimated that the economic impact on Muscatine County from the construction of the Stanley Hotel and Conference center is approximately \$19 million dollars and 100 jobs. This impact will be seen throughout Muscatine County (including the IRD district).

Proposed 112-Room Hotel Stanley and Conference Center Economic Impact from Construction		
Total Construction Cost ¹		\$38,100,000
Cost Generated from Within Muscatine County	28% ²	\$10,668,000
Output ³	1.3849	\$14,774,113
Wages ⁴	0.3514	\$3,748,735
Total Economic Impact From Construction		\$18,522,848
Jobs⁵	9.3839	100 jobs
Sources: PKF Economic Impact Study –Jan. 14 th , 2015 Multiplier Source: US Department of Commerce – Bureau of Economic Analysis		

¹ Construction costs estimated by project team prior to PKF Economic Impact Study and does not include land acquisition or pre-opening costs.

² Percentage is a reasonable assumption according to local representatives

³ Represents the dollar increase in area output for every dollar increase in direct spending

⁴ Represents the dollar increase in area household income for every dollar increase in direct spending

⁵ Represents the increase in area jobs for every \$1 million in direct spending

C.2.2: Economic Impact on Muscatine County from Operations

PKF Consulting has estimated that the economic impact on the local economy from operations to be approximately \$13 million dollars over a 10 year span.

Proposed 112 Room Hotel Stanley and Conference Center Local Economic Impact From Operations (10 YR Span)							
				Economic Impact			Total Impact From Operations Employment
	Total Revenue ¹	Total Payroll (30% of Total Revenue)	Taxes & Savings (30% of Payroll)	Amount Spent In Local Economy (50%)	Output ²	Wages ²	
2017	6,229,000	1,868,700	560,610	654,045	859,546	175,088	1,034,634
2018	6,803,000	2,040,900	612,270	714,315	938,753	191,222	1,129,975
2019	7,398,000	2,219,400	665,820	776,790	1,020,857	207,947	1,228,804
2020	7,648,000	2,291,400	687,420	801,990	1,053,975	214,693	1,268,668
2021	7,851,000	2,355,300	706,590	824,355	1,083,367	220,680	1,304,047
2022	8,097,000	2,429,100	728,730	850,185	1,117,313	227,595	1,344,908
2023	8,346,000	2,503,800	751,140	876,440	1,151,673	234,594	1,386,266
2024	8,599,000	2,579,700	773,910	902,855	1,186,585	241,705	1,426,290
2025	8,853,000	2,655,900	796,770	929,565	1,221,634	248,845	1,470,479
2026	9,111,000	2,733,300	819,990	956,655	1,257,236	256,097	1,513,333
Total	\$78,925,000	\$23,677,500	\$7,103,250	\$8,267,125	\$10,890,940	\$2,218,463	\$13,109,403
Source: PKF Consulting							

¹ PKF Consulting performance projections for the proposed Hotel Stanley and Conference Center

² Multiplier Source: US Department of Commerce – Bureau of Economic Analysis

NOTES:

1: 30% Payroll withholdings are based on PKF comparable representing a typical hotel

2: Of remaining 70% payroll, 50% is estimated to be spent within the local economy

C.2.3: Total Economic Impact on Muscatine County from the Project

PKF, based on the tables located in C.1.2.1 and C.1.2.2 estimates that the total economic impact on Muscatine County (from both construction and operations) over a 10 year time span to be approximately \$31 million.

C.3: Employment Impact on Muscatine County

PKF Consulting estimates approximate job creation to total 83 jobs for Muscatine County . Direct jobs are jobs created directly by the Hotel Stanley and Conference Center. Indirect jobs are additional jobs created when new hotel employees and guests purchase goods and services within the Muscatine market creating additional jobs. Induced impact is generated when these newly created indirect jobs spend their payroll at businesses in Muscatine County.

At least 84% of these jobs created are within the Muscatine IRD district.

Proposed 112 Room Hotel Stanley and Conference Center Summary of Muscatine County Employment Impact	
Direct Jobs from Operations ¹	70 Jobs
Indirect Jobs within Muscatine County ²	8.1 Jobs
Indirect Jobs within Muscatine County ²	4.7 Jobs
Total Jobs Created within Muscatine County	82.8 Jobs
Source: PKF Consulting	

¹ Based on estimates of staffing provided by the Management Company for the proposed Hotel Stanley and Conference Center

² Based on estimates presented in the “Economic Impact Analysis: Iowa Reinvestment District – City of Muscatine by Dave Swenson (EXHIBIT H).

C.4: Fiscal Impact on City of Muscatine

C.4.1: Hotel Occupancy Tax

PKF Consulting estimates potential Hotel Occupancy Tax Revenues at approximately \$3.3 million over a 20 year span. These taxes will be generated within the Muscatine IRD district.

Proposed 1120 Room Hotel Stanley & Conference Center Potential Hotel Occupancy Tax Revenues (20 YR Span)		
Year	Projected Room Revenue	Hotel Occupancy Tax Revenues (7%)
2017	3,723,000	260,610
2018	4,064,000	284,480
2019	4,417,000	309,190
2020	4,568,000	319,760
2021	4,689,000	328,230
2022	4,840,000	338,800
2023	4,991,000	349,370
2024	5,143,000	360,010
2025	5,294,000	370,580
2026	5,445,000	381,150
2027	5,597,000	391,790
2028	5,778,000	404,460
2029	5,960,000	417,200
2030	6,141,000	429,870
2031	6,323,000	442,610
2032	6,504,000	455,280
2033	6,686,000	468,020
2034	6,897,000	482,790
2035	7,109,000	497,630
2036	7,321,000	512,470
Total	\$111,490,000	7,804,300
Source: PKF Consulting		

C.4.2: Sales Tax

PKF estimates potential sales tax over a 10 year span to be approximately \$5.5 million.

Proposed 112-Room Hotel Stanley & Conference Center Potential Sales Tax Revenues (10 YR Span)					
Year	Construction	Hotel Revenues	Operations Employment	Total Taxable Revenues	Potential Sales Tax Revenues (5%)
2016	18,522,848	-	-	18,522,848	926,142
2017	-	6,229,000	1,034,624	7,263,634	363,182
2018	-	6,803,000	1,129,975	7,932,975	398,649
2019	-	7,398,000	1,228,804	8,626,804	431,340
2020	-	7,638,000	1,268,668	8,906,668	445,333
2021	-	7,851,000	1,304,047	9,155,047	457,752
2022	-	8,097,000	1,344,908	9,441,908	472,095
2024	-	8,346,000	1,386,266	9,732,266	486,613
2025	-	8,853,000	1,470,479	10,027,290	501,364
2026	-	9,111,000	1,513,333	10,624,333	531,217
Total	\$18,522,848	\$78,925,000	\$13,109,403	\$110,557,251	\$5,527,863

Source: PKF Consulting

C.4.3: Property Tax

PKF utilized the TIF agreement table (EXHIBIT I) represented in the city approved TIF agreement with the assumption that the property taxes would be \$404,326 per year. (Tax assessed value of the hotel/conference center at \$7 million and the garage at \$5 million). Using these calculations, PKF forecasts that property taxes for the first 20 years will be approximately \$2 million. In year 21 and thereafter property taxes will total \$404,326 annually.

Proposed 112-Room Hotel Stanley & Conference Center @\$12M Tax Assessed Value Forecasted Property Tax (20 Yr Span)		
Year	Rate	Forecasted Property Tax¹
2017	0%	-
2018	0%	-
2019	0%	-
2020	0%	-
2021	0%	-
2022	25%	101,082
2023	25%	101,082
2024	25%	101,082
2025	25%	101,082
2026	25%	101,082
2027	25%	101,082
2028	25%	101,082
2029	25%	101,082
2030	25%	101,082
2031	25%	101,082
2032	50%	202,163
2033	50%	202,163
2034	50%	202,163
2035	50%	202,163
2036	66%	267,048 ²
Total		\$2,086,526
Source: Riverview Hotel Development		

¹ Based on estimated TIF rebate schedule provided by City and presented in TIF agreement (See EXHIBITS D.1 & D.2)

NOTE: Year 2031 is in error on the PKF feasibility study. The correct number is represented in the above table (25% of \$404,326).

² Year 2036 exceeds \$6M TIF

The county assessor has assessed this project at a much higher value (EXHIBIT D.3). We believe that the accuracy of the county assessor's numbers are more in tune with the actual value of the property as they have done a more detailed approach in the valuation. Based on the county assessors numbers, total value of the project is \$12,245,369 for the hotel/conference center and \$3,406,700 for the parking garage totaling the project tax assessed value of the property at \$15,652,069 with an annual property tax of \$527,743. Therefore, under this scenario, the property taxes over a 20 year span are below.

Proposed 112-Room Hotel Stanley & Conference Center @ \$15,652,069 Tax Assessed Value Forecasted Property Tax (20 Year Span)		
Year	Rate	Forecasted Property Tax¹
2017	0%	-
2018	0%	-
2019	0%	-
2020	0%	-
2021	0%	-
2022	25%	131,936
2023	25%	131,936
2024	25%	131,936
2025	25%	131,936
2026	25%	131,936
2027	25%	131,936
2028	25%	131,936
2029	25%	131,936
2030	63%	332,914
2031	100%	527,743
2032	100%	527,743
2033	100%	527,743
2034	100%	527,743
2035	100%	527,743
2036	100%	527,743
Total		\$4,554,860
Source: Riverview Hotel Development		

¹ Year 2030 is the year that the \$6M TIF has been exceeded.

C.5: Other District Impacts

Hotel and conference center projects are known as catalysts of economic development. The Hotel Stanley and Conference Center will:

- Attract new corporate, group meeting and leisure demand into downtown Muscatine which will create the need for additional services in the downtown area including restaurants, bars, entertainment and retail.
- Have a positive economic impact on the existing hotels. Many of the survey respondents indicated a desired need to pay less than \$100 for the hotel rooms associated with their group meetings. While an adequate number of respondents indicate that they would pay more, the more price sensitive visitors will frequent the existing 2 star hotels thereby increasing their occupancy.
- Enable existing Muscatine corporations to utilize hotel accommodations, meeting rooms and food/beverage venues in the local market rather than being forced to leave Muscatine for these services. This will reduce travel expense, increase local demand for meeting space and increase profitability of local corporations.
- Increase tax revenues for the City due to the increased spending as more people visit Muscatine and local and regional companies spend more money within the community.
- Allow the district to become an economic impact engine for the city, enabling it to attract new businesses and employment recruits. The presence of the Hotel Stanley & Conference Center as an upscale, full-service boutique hotel will make a statement about the quality of life and commitment to growth that is present in the city of Muscatine.

In addition there are several future projects that hinge on having the Hotel Stanley and Conference Center as the economic catalyst for the IRD district. Examples include:

City of Muscatine's 2nd Floor Project

This project will take buildings within the IRD district and convert the 2nd floors to condos. The impetus of this project is to attract more people into the downtown area and as the second floors become residential, demand for retail units in the bottom floors will increase. These renovations will be adaptive reuse projects taking advantage of historic tax credits to improve aging downtown buildings. This project requires a stable economic foundation to be in place with a vibrant food/beverage, entertainment and retail foundation to attract new residents into the downtown community. The Stanley Hotel and Conference Center will provide such an infrastructure improving the quality of life in downtown Muscatine while infusing the city with 80+ people per day spending dollars within the downtown area.

China Window Project

This project, initiated by our two Chinese investors, intends to bring Chinese culture and products to the Midwest. Building off President Xi's strong ties to Muscatine, the current plan is to purchase the blighted Marie Lindsey building (within district) and convert this building into a Chinese cultural and product Expo Center. Furthermore, plans include purchasing 200+ acres within Muscatine County to build a more detailed Expo Center which will become the Midwest's wholesale center for Chinese products and technology. In addition, a China tourism segment is planned with estimates of 2000 Chinese tourists visiting the Midwest annually via Muscatine each year. The Chinese developers are basing these projects off the ability to utilize the Hotel and Conference for their guest needs.

Expansion of the Muscatine Soccer Fields

Future plans are in progress to increase the quality and quantity of the competition soccer fields within Muscatine County in order to become the Midwest's largest competitive soccer field program. This project will bring hundreds of families into the Muscatine area for competitions during soccer season. Demand for hotels that are rated above 2 stars will be required. The Hotel Stanley and Conference Center will be the only hotel in Muscatine that will meet this need.

C.6: PKF Economic Impact Study (Independent)



January 14, 2015

Mr. Andy MacLellan
Riverview Hotel Development LLC
720 Burning Tree Drive Southeast
Marietta, Georgia 30067

Dear Mr. MacLellan:

In accordance with our engagement letter dated December 10, 2014, we have completed an Economic Impact Analysis for the proposed 112-Room Hotel Stanley and Conference Center in Muscatine County, Iowa. The economic impact includes the direct and indirect spending related to construction and operation of the proposed 112-room Hotel Stanley and Conference Center. The operation of the hotel will also have a direct, indirect and induced impact on employment in Muscatine County. In addition, we have provided a fiscal impact summary that details the estimated tax receipts that the City of Muscatine would obtain from the proposed facility.

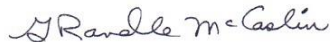
The Economic Impact Study assumes that the proposed 112-Room Hotel Stanley and Conference Center would open in January 2017. The hotel market study issued by PKF Consulting USA to Riverview Hotel Development LLC on December 9, 2014 is utilized as the supporting documentation for computing the economic and fiscal impacts.

Although the proposed property's future performance has been conscientiously prepared using information obtained during the course of this study and our experience in the industry, it is based on estimates and assumptions, which are subject to uncertainty and variation, and we do not represent them as results that will actually be achieved. This report is subject to the same Statement of Assumptions and Limiting Conditions as set forth in the market study.

We would be pleased to hear from you if we may be of further assistance in the interpretation and application of our findings and conclusions. We express our appreciation to you and your associates for the cooperation extended to us during the course of this assignment.

Respectfully submitted,

PKF Consulting USA
A Subsidiary of CBRE, Inc.



G. Randle McCaslin, CRE
Senior Vice President

ECONOMIC IMPACT

Total economic impact is a product of new direct and indirect spending within the local economy. PKF Consulting analyzed the direct spending relative to construction of the development and activities associated with the proposed 112-Room Hotel Stanley and Conference Center in both the State of Iowa and Muscatine County. We also analyzed the direct spending relative to the operation of the proposed 112-room Hotel Stanley and Conference Center in Muscatine, Iowa. Each new dollar spent (direct) has a multiplied effect on the economy in the form of increased revenues (spin off activity) to local businesses, increased employment and increased wages (indirect). An example of this would be a retailer who hires more employees as a result of an increase in sales volumes. Each new employee is a new consumer who then re-spends the money within the local economy. Therefore, direct economic impacts are all expenditures that can be linked directly to construction and operations, while indirect impacts are generated when these new dollars are re-spent within the local economy. These direct and indirect expenditures represent the total impact to the economy.

Our methodology separates economic impact into two categories: Construction and Operations. We then utilized the Regional Input-Output Modeling System (RIMS II) for Muscatine County developed by the U.S. Department of Commerce's Bureau of Economic Analysis. Based on these multipliers, we developed estimates for total economic impact, the increased wages to the area and the increased employment.

- Construction - The impact from the physical construction of the hotel and conference center and the one-time increase it has on spending. The construction spending also influences employment in many sectors of the local economy. Economic impact from the construction of the hotel comes in the form of wages paid to construction personnel as well as the purchase of construction materials.
- Operations – The creation of jobs and paying of wages to the employees of the proposed facility. This figure represents increased payroll expenditures, excluding benefits paid to workers locally. It also expresses how the employees of local business share in the increased outputs.

Economic Impact from Construction

In addition to the ongoing impacts from the operation of the facilities, the construction of the proposed 112-Room Hotel Stanley and Conference Center would create a one-time increase in spending. The development project team estimated the cost to develop the proposed 112-room Hotel Stanley and Conference Center at \$38.1 million. These costs provide an order of magnitude estimate of the development costs for the proposed 112-Room Hotel Stanley and Conference Center in order to assess economic impact. The estimates could change once the final design and costing of the project by qualified architects, engineers and contractors is completed.

Impact on State of Iowa

PKF Consulting interviewed local representatives to determine a reasonable assumption (88%) of materials and labor that will originate from within the State of Iowa. The following table uses the multipliers supplied by the RIMS II model for the State of Iowa to estimate economic impact resulting from construction.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa		
Economic Impact from Construction - State of Iowa		
Total Construction Cost ¹		\$38,100,000
Cost Generated		
From Within State of Iowa	88% ²	\$33,528,000
Output - represents the dollar increase in area		
output for every dollar increase in direct spending	1.8018	\$60,410,750
Wages - represents the dollar increase in area		
household income for every dollar increase in direct spending	0.6056	\$20,304,557
Total Economic Impact From Construction		\$80,715,307
Jobs - represents the increase in area jobs for every		
\$1 million in direct spending	16.3436	548 jobs
¹ Construction cost estimated by project team		
² According to local representatives		
Multiplier Source: US Department of Commerce - Bureau of Economic Analysis		

Impact on Muscatine County

PKF Consulting interviewed local representatives to determine a reasonable assumption (28%) of materials and labor that will originate from within Muscatine County, which is a subset within the State of Iowa. The following table uses the multipliers supplied by the RIMS II model for the State of Iowa to estimate economic impact resulting from construction.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa		
Economic Impact from Construction - Muscatine County, Iowa		
Total Construction Cost ¹		\$38,100,000
Cost Generated		
From Within Muscatine County	28% ²	\$10,668,000
Output - represents the dollar increase in area		
output for every dollar increase in direct spending	1.3849	\$14,774,113
Wages - represents the dollar increase in area		
household income for every dollar increase in direct spending	0.3514	\$3,748,735
Total Economic Impact From Construction		\$18,522,848
Jobs - represents the increase in area jobs for every		
\$1 million in direct spending	9.3839	100 jobs
¹ Construction cost estimated by project team		
² According to local representatives		
Multiplier Source: US Department of Commerce - Bureau of Economic Analysis		

Proposed 112-Room Hotel Stanley & Conference Center

PKF Consulting USA

Economic Impact from Operations

Direct economic impact from employment is generated by the creation of jobs and the paying of wages to the employees of the proposed facility. According to our comparables, a typical hotel would have payroll costs of approximately 30% of its total revenue. As much as 30% of these wages are typically withheld for taxes and savings and are not spent, which leaves 70% of these wages to be spent on household products and services. For purposes of the analysis, we estimated that 50% of the wages would be spent within the local economy.

After calculating the amount spent by employees in the local economy, we then applied the multipliers provided by the U.S. Department of Commerce's Bureau of Economic Analysis. Indirect impact occurs when the industries that produce these products and deliver these services hire more persons and pay more wages. The local economic impact from operations is presented in the following table.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa							
Local Economic Impact From Operations							
Total Revenue ¹	Total Payroll (30% of Total Revenue)	Taxes & Savings - (30% of Payroll)	Amount Spent In Local Economy (50%)	Economic Impact		Total Impact From Operations Employment	
				Output ² 1.3142	Wages ² 0.2677		
2017	6,229,000	\$1,868,700	\$560,610	\$654,045	\$859,546	\$175,088	\$1,034,634
2018	6,803,000	\$2,040,900	\$612,270	\$714,315	\$938,753	\$191,222	\$1,129,975
2019	7,398,000	\$2,219,400	\$665,820	\$776,790	\$1,020,857	\$207,947	\$1,228,804
2020	7,638,000	\$2,291,400	\$687,420	\$801,990	\$1,053,975	\$214,693	\$1,268,668
2021	7,851,000	\$2,355,300	\$706,590	\$824,355	\$1,083,367	\$220,680	\$1,304,047
2022	8,097,000	\$2,429,100	\$728,730	\$850,185	\$1,117,313	\$227,595	\$1,344,908
2023	8,346,000	\$2,503,800	\$751,140	\$876,330	\$1,151,673	\$234,594	\$1,386,266
2024	8,599,000	\$2,579,700	\$773,910	\$902,895	\$1,186,585	\$241,705	\$1,428,290
2025	8,853,000	\$2,655,900	\$796,770	\$929,565	\$1,221,634	\$248,845	\$1,470,479
2026	9,111,000	\$2,733,300	\$819,990	\$956,655	\$1,257,236	\$256,097	\$1,513,333
Total	\$78,925,000	\$23,677,500	\$7,103,250	\$8,287,125	\$10,890,940	\$2,218,463	\$13,109,403

¹PKF Consulting performance projections for the proposed Hotel Stanley and Conference Center

²Multiplier Source: US Department of Commerce - Bureau of Economic Analysis

Source: PKF Consulting USA

¹PKF Consulting performance projections for the proposed Hotel Stanley and Conference Center

²Multiplier Source: US Department of Commerce - Bureau of Economic Analysis

Source: PKF Consulting USA

Total Economic Impact

The following table summarizes the local economic impact of the proposed Hotel Stanley and Conference Center beginning with construction in 2016 through the proposed facilities first 10 years (2017 through 2026) of operations.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa
Total Economic Impact

Year	Construction	Operations	Total Economic Impact
2016	\$18,522,848	--	\$18,522,848
2017	--	\$1,034,634	\$1,034,634
2018	--	\$1,129,975	\$1,129,975
2019	--	\$1,228,804	\$1,228,804
2020	--	\$1,268,668	\$1,268,668
2021	--	\$1,304,047	\$1,304,047
2022	--	\$1,344,908	\$1,344,908
2023	--	\$1,386,266	\$1,386,266
2024	--	\$1,428,290	\$1,428,290
2025	--	\$1,470,479	\$1,470,479
2026	--	\$1,513,333	\$1,513,333
Total	\$18,522,848	\$13,109,403	\$31,632,251

Source: PKF Consulting USA

EMPLOYMENT IMPACT

The proposed Hotel Stanley and Conference Center will have a direct, indirect and induced impact on employment. The direct impact is the number of jobs created at the Hotel Stanley and Conference Center. However, when these new employees spend their earned payroll in Muscatine County and when the hotel guests purchase goods and services in the Muscatine market, additional jobs will be created, which produces an indirect impact. For example, the additional revenues generated by this spending at existing businesses may require the businesses to add more employees or open a new business. Induced impact is generated when these new employees spend their earned payroll at businesses in Muscatine County, creating additional jobs.

The following table presents the number of direct, indirect and induced jobs that are estimated to be created by the development of the proposed Hotel Stanley and Conference Center in Muscatine County.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa
Summary of Employment Impact

Direct Jobs from Hotel Operation ¹	70 Jobs
Indirect Jobs within Muscatine County ²	8.1 Jobs
Induced Jobs within Muscatine County ²	4.7 Jobs

Source:

¹Based on estimates of staffing provided by the Management Company for the proposed Hotel Stanley & Conference Center

²Based on estimates presented in the "Economic Impact Analysis: Iowa Reinvestment District-City of Muscatine" by Dave Swenson

FISCAL IMPACT

In addition to the economic impact, we have also identified the fiscal benefit to the local community. This analysis estimates fiscal impacts for the governmental units that levy taxes in the jurisdiction. The fiscal impacts are tax revenues that result from the spending and income related to the activities at the new hotel. PKF Consulting estimated fiscal impact by multiplying the applicable tax rates by the estimated amounts of direct and indirect spending.

Hotel Occupancy Tax

The City of Muscatine will benefit from the collection of a 7% City Hotel Occupancy Tax levied on the rooms revenue of the proposed 112-Room Hotel Stanley and Conference Center. The following table summarizes the potential hotel occupancy taxes for the period 2017 through 2026, the first 10 years of hotel operations.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa		
Potential Hotel Occupancy Tax Revenues		
Year	Projected Rooms Revenue	Potential Hotel Occupancy Tax Revenues (7%)
2017	3,723,000	\$260,610
2018	4,064,000	\$284,480
2019	4,417,000	\$309,190
2020	4,568,000	\$319,760
2021	4,689,000	\$328,230
2022	4,840,000	\$338,800
2023	4,991,000	\$349,370
2024	5,143,000	\$360,010
2025	5,294,000	\$370,580
2026	5,445,000	\$381,150
Total	\$47,174,000	\$3,302,180
Source: PKF Consulting USA		

Sales Tax

The following table summarizes the potential sales taxes generated by the proposed 112-Room Hotel Stanley and Conference Center for the period 2016 through 2026, which encompasses the period from construction through the first 10 years of operations. The table presents the taxable revenues realized by the City of Muscatine from the construction spending and operation of the Hotel Stanley and Conference Center in Muscatine County.

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa					
Potential Sales Tax Revenues					
Year	Construction	Hotel Revenues	Operations Employment	Total Taxable Revenues	Potential Sales Tax Revenues (5%)
2016	\$18,522,848	--	--	\$18,522,848	\$926,142
2017	--	6,229,000	\$1,034,634	\$7,263,634	\$363,182
2018	--	6,803,000	\$1,129,975	\$7,932,975	\$396,649
2019	--	7,398,000	\$1,228,804	\$8,626,804	\$431,340
2020	--	7,638,000	\$1,268,668	\$8,906,668	\$445,333
2021	--	7,851,000	\$1,304,047	\$9,155,047	\$457,752
2022	--	8,097,000	\$1,344,908	\$9,441,908	\$472,095
2023	--	8,346,000	\$1,386,266	\$9,732,266	\$486,613
2024	--	8,599,000	\$1,428,290	\$10,027,290	\$501,364
2025	--	8,853,000	\$1,470,479	\$10,323,479	\$516,174
2026	--	9,111,000	\$1,513,333	\$10,624,333	\$531,217
Total	\$18,522,848	\$78,925,000	\$13,109,403	\$110,557,251	\$5,527,863

Source: PKF Consulting USA

Property Tax

For purposes of this analysis, PKF Consulting has utilized the tax rebates schedule estimated by the City of Muscatine, which was provided to the developer. Based on the TIF schedule, the property taxes collected will initially be zero for the first five years, 25% in year six through 14, 50% in year 15 through 20 and 100% beginning in the 21st year of operation. Estimates of property taxes collections for the period 2017 through 2036, the first 20 years of operation of the proposed Hotel Stanley and Conference Center are shown in the following table. (The full 20-year rebate period is shown for property taxes to show the full impact.)

Proposed 112-Room Hotel Stanley & Conference Center - Muscatine, Iowa	
Forecasted Property Tax	
Year	Forecasted Property Tax*
2017	\$0
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$101,082
2023	\$101,082
2024	\$101,082
2025	\$101,082
2026	\$101,082
2027	\$101,082
2028	\$101,082
2029	\$101,082
2030	\$101,082
2031	\$143,199
2032	\$202,163
2033	\$202,163
2034	\$202,163
2035	\$202,163
2036	\$202,163
Total	\$2,063,750
*Based on estimated TIF rebate schedule provided by the developer/City.	
Source: Riverview Hotel Development, LLC	

Beginning in 2037, the 21st year of operations, property tax collections will equal \$404,326 per year.

TOTAL PROJECTED ECONOMIC, EMPLOYMENT AND FISCAL IMPACT SUMMARY

The table below presents the Total Projected Economic, Employment and Fiscal Impact for the proposed 112-Room Hotel Stanley and Conference Center in Muscatine County, Iowa.

IMPACT OF THE DISTRICT ON THE LOCAL MARKET AREA

Hotel and conference center projects are known as catalysts of economic development. The proposed Hotel Stanley and Conference Center will attract new corporate, group meeting and leisure demand into downtown Muscatine, which will create the need for additional services in the downtown area. These new visitors will frequent existing restaurants, bars, entertainment and retail venues in the downtown area, increasing their revenues and profits and creating a need to hire additional employees. Additionally, the new activity will create a need for new restaurants, bars, entertainment and retail venues, drawing new businesses to the area.

The proposed Hotel Stanley and Conference Center will also have a positive economic impact on the existing local hotels. Many of the survey respondents indicated a desire to pay less than \$100 for the hotel rooms associated with their group meetings. While an adequate number of respondents indicated that they would pay more, which supports the proposed Hotel Stanley, the more price sensitive visitors will frequent the existing hotels increasing hotel occupancies.

The proposed District with the new Hotel Stanley and Conference Center will enable existing Muscatine corporations to utilize hotel accommodations, meeting rooms and food and beverage venues in the local market rather than being forced to leave Muscatine for many of these services. This should reduce travel expenses and increase the profitability of local businesses.

The increased spending will also increase tax revenues for the City, as more people visit Muscatine and local companies spend more money within the community. The District also becomes an economic impact engine for the City, enabling it to attract new businesses to Muscatine. The presence of the Hotel Stanley, as an upscale, full-service, boutique hotel, will make a statement about the quality of life and commitment to growth that is present in the City of Muscatine.