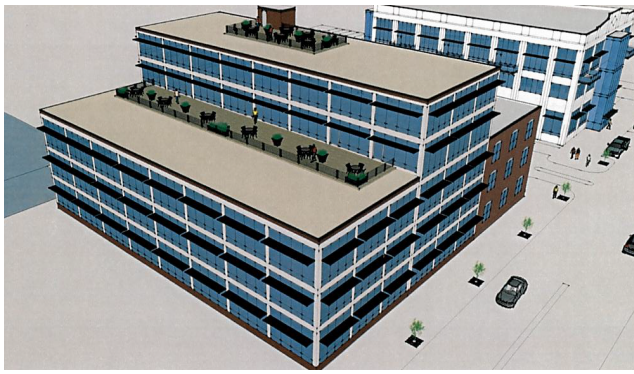


SIOUX CITY
REINVESTMENT DISTRICT

Pre-Application for Iowa Reinvestment District
March 2015

SIOUX CITY

March 12, 2015

Iowa Economic Development Authority Board
c/o Mr. Larry Den Herder, Chair
200 East Grand Avenue
Des Moines, IA 50309-1819

Re: Letter of Transmittal for Iowa Reinvestment District Program Application

Dear Mr. Den Herder:

On behalf of the City of Sioux City and its project partners, I am pleased to submit the enclosed application to the Iowa Reinvestment District Program administered by the Iowa Economic Development Authority. This application seeks funding for the Sioux City Reinvestment District.

If the Sioux City Reinvestment District site is selected for funding, the City of Sioux City is committed to fulfilling all commitments made in the application package.

We have received letters of support and commitment from the major project partners that the proposed Sioux City Reinvestment District is consistent with their development plans and they do desire to participate in the development project.

I hereby authorize Marty Dougherty, Economic & Community Development Director, and Renae Billings, Economic Development Specialist, to act as the Key Contacts for the Sioux City Reinvestment District Project. I understand that all correspondences concerning the grant application will be directed to these two individuals. You may reach Marty at (712) 279-6345 or Renae at (712) 279-6159. They may also be reached via e-mail at mdougherty@sioux-city.org or rbillings@sioux-city.org.

I wish to thank you in advance for your consideration of our funding request. We look forward to presenting our project to you in the near future.

Sincerely,

Robert E. Scott
Mayor, City of Sioux City

OFFICE OF THE MAYOR AND CITY COUNCIL 405 6th Street P.O. Box 447 Sioux City, IA 51102 PH 712-279-6102 FAX 712-279-6911 WEB www.sioux-city.org

Iowa Reinvestment District
Program Application

Contents

As requested, we have divided our information into the following sections:

1. **Section A - Project & Eligibility**
   - A1
   - A2
   - A3
   - A4
   - A5
   - A6
2. **Section B - District Plan**
   - B1 - Sioux City Convention Center Hotel
   - B2 - V Loft District
   - B3 - Ag Expo & Learning Center and Hotel
3. **Section C - Economic Impact**
   - C1
   - C2
4. **Section D - Unique in Nature**
   - D1
5. **Section E - Certification and Release of Information**
6. **Letters of Support**

SECTION A

PROJECT & ELIGIBILITY

NAME OF DISTRICT:
Sioux City Reinvestment District

DATE SUBMITTED:
March 13, 2015

PRE-APPLICATION:
Yes

APPLICANT:
City of Sioux City

CONTACT NAME:
Marty Dougherty
Economic and Community Development Director

ADDRESS, CITY, STATE, ZIP:
405 6th Street
PO Box 447
Sioux City, IA 51102

TELEPHONE:
(712) 279-6345

EMAIL:
mdougherty@sioux-city.org

FEDERAL IDENTIFICATION NUMBER:
42-6005220

SIZE OF PROPOSED DISTRICT (no more than 25 acres):
24.47 acres

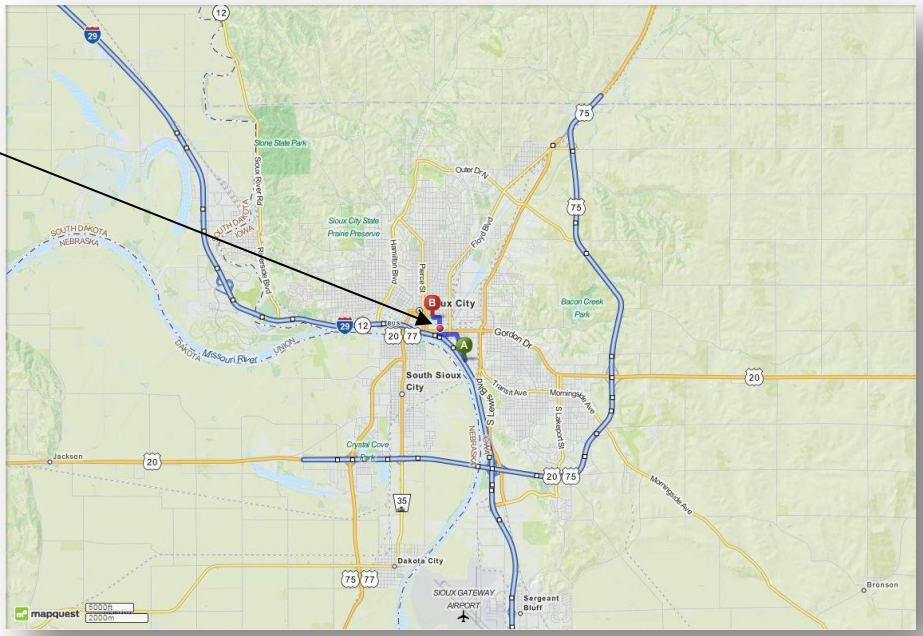
ARE THE PARCELS CONTIGUOUS, PHYSICALLY CONNECTED?
Yes

PLEASE DESCRIBE:
Please see description below.

The City of Sioux City and its project partners are proposing to transform a 1.5 mile corridor, which would encompasses 7.68 acres within a 60-foot right of way (ROW), along a connector route with three elbows, stretching from South Lafayette Street on the south to 700 4th Street on the north with a cumulative 16.79 acres of contiguous land parcels adjacent to the right-of-ways along South Lafayette Street , Dace Avenue, Virginia Street, and Historic 4th Street as illustrated in the project location maps displayed below.

The proposed Sioux City Reinvestment District is sited in the city center at the bend of Interstate 29 and the Missouri River. The Sioux City Reinvestment District is also in close proximity to the confluence of the Floyd River and the Missouri River. This area has high visibility from the Interstate and serves as a major gateway to the downtown business core.

Reinvestment District Location



1. **PLEASE PROVIDE AN OVERVIEW OF THE PROPOSED IOWA REINVESTMENT DISTRICT. PLEASE DEMONSTRATE IN YOUR EXPLANATION THAT THE REAL PROPERTY WILL BE DIRECTLY AND SUBSTANTIALLY BENEFITED BY DEVELOPMENT.**

The City of Sioux City is the largest municipality in northwest Iowa with a 2010 Decennial Census population of 82,459 and is a major entry/exit gateway for the State of Iowa. During the mid-1800s, the town was a riverboat and steamship stop on the Missouri River; and in 1869 was established as the northern feeder (third) branch of the Transcontinental Railroad. The city, which was incorporated in 1854, grew from an early 1800s trading post to a 20th Century major industrial center for livestock marketing, warehousing and jobbing, grain milling, and food processing.

By 1930, Sioux City was a thriving railroad terminal ranking as the nation's tenth largest railroad center with the stockyards, meatpacking, and agricultural-based manufacturing as the city's economic backbones. Opened in 1887 and becoming the largest stockyards in the world in 1973 based on salable receipts; the stockyards and its companion meatpacking industry created an iconic identity for Sioux City. The stockyards and railroad connections gave rise to eight large meatpacking plants, a railroad warehousing district, and several manufacturing facilities sited between the Missouri River and Downtown Sioux City. At one time, more livestock was sold at the Sioux City Yards than anywhere else in the nation. Beginning in the 1950s, however, a changing livestock industry and railroad environment resulted in a nearly three-decade decline for the stockyards and the nearby railroad warehouse and manufacturing districts.

Today, over a decade of efforts continue to transform the formerly dilapidated area. While some blight and building obsolescence still is part of the commercial, retail, and light industrial land use areas of the proposed Sioux City Reinvestment District; as documented by photos in the attachment section, considerable progress has been made:

Former stockyards:

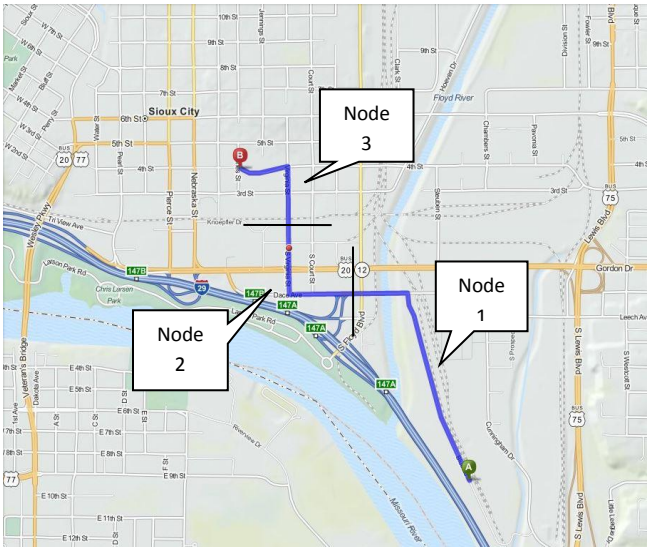
- The 215-acre Yards I-29 Business Park offers several shovel-ready sites commercial and light industrial development. Located adjacent to I-29, near Business Highway 75, and along the Union Pacific and Burlington Northern rail lines, the Yards offers an excellent location for growing companies.
- The City has been active with land acquisitions and replacement of aging infrastructure where demolition of dilapidated buildings has created new investment. The Yards remains home to a number of key employers such as Global Foods Processing and Curly's Foods, but has attracted new business development with Echo Electric, Johnstone Supply, and Van Meter Industrial, Inc. all recently constructing new facilities. The site of the former cattle pens is now a Home Depot store.
- In 2010, the last remaining major slaughtering facility in the Yards, John Morrell, closed permanently. The City was awarded grants from the Federal EDA and the Iowa Department of Transportation to assist with demolition and new infrastructure to allow for more developable property. Plans to extend the City's trail system will provide additional green space to compliment the light industrial area.

Historic 4th Street District:

- The Historic 4th Street District was built during Sioux City's "boom years" in the late 1880s and early 1890s. Many of the structures are in the Richardson Romanesque style of architecture. Between 1900 and 1920, more buildings were constructed as the city grew as a leading livestock market and meatpacking center.
- By the early 1990's the district had deteriorated and many buildings were in very bad shape. The district was Designated a National Register District and the city began an aggressive revitalization program, using federal and local sources to reconstruct the streets and utilities. In 1995, façade improvement program using "forgivable loans" was enacted to encourage private reinvestment.
- The Project was very successful. The district saw a 576% increase in valuation within 6 years of the project start. For every public dollar that was invested, $72 was privately invested.
- The success of the revitalization has spurred additional investment in the area between the historic district and the central core of downtown. More recent projects include the renovation of the United Center and the 4th & Jackson buildings, mixed-use developments that inlcuded downtown Sioux City's first market-rate residential units.

Like most reinvestment districts, the Sioux City project is designed to be transformational and create a new image for the community. The reinvestment district will bridge the western section of the once bustling historic stockyards area to the downtown core through joint revitalization activities and aesthetics targeting three specific development nodes.

What is a development node? According to generally accepted urban planning standards and placemaking principles, development nodes are geographic points where economic or social resources/activities are or will be concentrated for the benefit of a community. Nodes facilitate cost effective economic and community development efforts by pulling people, resources and certain land uses together within a close distance. Nodes are physically and aesthetically unified, concentrated mixed-use areas containing commercial, office, institutional, and high- and medium-density residential uses, with all elements and land uses designed to function as an integrated whole rather than as a series of unconnected, unrelated development areas.



As shown in the street map above, the proposed reinvestment district is characterized by three development nodes defined by elbow connectors and spine routes consisting of South Lafayette Street, Dace Street, Virginia Street and 4th Street. The three elbow connectors are found at the intersections of (1) South Lafayette Street and Dace Street, (2) Dace Avenue and Virginia Street, and (3) Virginia Street and historic 4th Street. The nodes are further delineated by a major street running south to north and a railroad mainline running west to east.

Floyd Boulevard, which runs south to north through mid-section of Sioux City and forms the eastern boundary for the downtown core, serves as the dividing line between Node 1 and Node 2. The mainline of the BNSF Railway, which runs west to east through the downtown core, cuts across the proposed Sioux City Reinvestment District, and functions as the delineation line between Development Node 2 and Development Node 3.

In addition to Floyd Boulevard and the railroad mainline, there are two other major transportation assets that feed traffic into the proposed Sioux City Reinvestment District. The first is the west-east running 3rd Street, which crosses over the Virginia Street spine of the proposed Sioux City Reinvestment District corridor. The shared roadway of U.S. Highway 20/State Highway 12 (known as Gordon Drive) also runs west to east, and intersects with the Virginia Street spine.

The redevelopment of the area, referred to as **Development Node 1** in this proposal, has been a source of controversy in the Sioux City area for decades as stockyard operations became obsolete in the industry. This area was once home to the John Morrell meatpacking plant. After the plant's permanent closure in April 2010, the City of Sioux City acquired the property for potential redevelopment. In 2011, the city used a $2 million federal grant from the Environmental Protection Agency to raze the former John Morrell site and cleanup the brownfield site. Initial plans for the site were as a food processing plant, however did not proceed. In addition to this large tract of vacant land, Development Node 1 is hampered by an aging, vacant building adjacent to the east bank of Floyd River, and a vacant lot that once housed the central kitchen for the Sioux City Community School District. The principle commercial operations in Node 1 are limited to several commercial businesses and convenience stores.

Development Node 2 will be the center segment of the proposed Sioux City Reinvestment District. Node 2 (heading west) incorporates the 1100 and 1000 blocks of Dace Avenue, turns north, and joins with the 100 and 200 blocks of Virginia Street. During the early to mid-years of the 20th Century, this area was part of the light industrial manufacturing and railroad warehousing district. Six trunk line railroads once cut across the 200 block of Virginia Street, using this route to reach the network of passenger stations and freight houses that were housed west of the proposed reinvestment area. As the railroad traffic declined and the passenger stations and freight houses were demolished and railroad tracks were removed due to obsolescence, new business ventures emerged or the land became vacant. Today, along the Virginia Street spine, the major properties include several restaurants and three former warehouse buildings owned by Ho-Chunk, Inc., along with several warehouse properties. Several vacant, underutilized, decaying properties that once served as parking lots for the nearby businesses give the area a "snaggletooth" look to the entire node development area. It interrupts the continuity of the street face when trying to link Node 3 to Node 1.

Development Node 3 is reflective of its long-time commercial character. This node incorporates the 300 block of Virginia Street, turns west, and merges with the 900, 800 and 700 blocks of 4th Street into the development mix. Node 3 contains a mix use of cultural entertainment amenities, commercial offices, and retail establishments. Major properties are the Main Street Theatres - Promenade Cinema; Sioux City Convention Center; Sioux City Hotel; and Riviera 4 Digital Theatre. These amenities are housed along the 4th Street Corridor. Quartered in the urban loft-style commercial office space along the 300 block of Virginia Street are several office uses and retail outlets and a coffee shop. Financial enterprises housed within the node are the commercial offices of Stifel Nicolus Financial Services and a branch outlet of F&M Bank. Currently there are a total of 9 vacant store fronts awaiting development within this node.

This proposed Sioux City Reinvestment District is the first step in catalyzing the long needed transformation of an important center section of Sioux City that has been somewhat isolated and often seen significant economic disinvestments. A number of partners have organized around a shared vision and a set of three component projects to serve as activity centers to encourage a comprehensive, multi-faceted revitalization effort. The proposed component projects include a mix of uses and commercial/cultural activities that will be located close together to provide people with new options for places to live, work, shop, visit, and participate in cultural activities. The proposed component projects vary in scale, functional use, and intensity to reflect and preserve the unique character of Sioux City. The three projects are:

A. The Convention Center Hotel will be new construction of a 150-room name-brand convention hotel to be built on the east side of the Sioux City Convention Center. The total investment in this project is estimated at $28 million.

B. The V Loft District is a private redevelopment project of Ho-Chunk, Inc. involving three multi-story, obsolete warehouse and industrial buildings located in the right-of-way of Virginia Street. These historic buildings were constructed around 1913 and most recently housed the processing and warehousing functions of Premium Pet Health, a subsidiary of John Morrell Foods. Plans call for readapting the buildings to office and commercial uses on the lower floors and loft apartments and condominiums on the upper levels. The total amount of private investment in this project is $16 million.

C. The Ag Expo & Learning Center site will feature the new construction of an events/arena facility to house agricultural expositions and equestrian events. This project will take place at the former site of the John Morrell meatpacking plant. Development plans call for the construction of spaces to house a retail operation and a set of multipurpose rooms to serve as classrooms and learning laboratories focused on entry-level occupations in veterinarian science and the equestrian industry. In addition to the events facility, a 60-room select-service hotel will be constructed to serve the traveling public and those attending the equestrian events. This project will involve a public/private capital investment of nearly $15 million for the Ag Expo & Learning Center and $8 million for the adjacent hotel.

Each of these proposed projects are strategically located to encourage the transformation of the Sioux City Reinvestment District, with a total investment package of nearly $68 million. The convention center hotel and the Ag Expo & Learning Center serve as the bookends to the reinvestment district; with The V Loft Project anchoring the mid-section.

Because of their locations, these anchor projects will encourage in-filling of the vacant and underutilized areas in close proximity to create a “necklace of pearls” effect along the entire reinvestment district right-of-way.

A1 – RESOLUTION BY THE GOVERNING BODY WHICH CONTAINS THE FOLLOWING: INTENT TO ESTABLISH AN IOWA REINVESTMENT DISTRICT, APPROVAL OF THE DISTRICT PLAN, AND A FINDING THAT THE AREA IN THE PROPOSED DISTRICT IS AN AREA SUITABLE FOR DEVELOPMENT.

RESOLUTION NO. 2015 - 0171
with attachments

RESOLUTION APPROVING THE PROPOSED PRELIMINARY DISTRICT PLAN FOR THE SIOUX CITY REINVESTMENT DISTRICT AND THE SUBMISSION OF A PRE-APPLICATION TO THE IOWA ECONOMIC DEVELOPMENT AUTHORITY FOR PROVISIONAL APPROVAL OF THE DISTRICT.

WHEREAS, the Iowa Legislature enacted the Iowa Reinvestment District Act in 2013 which establishes a program administered by the Iowa Economic Development Authority ("IEDA") that allows certain state hotel and motel, and sales and use tax revenues to be reinvested in designated projects within the district; and

WHEREAS, the IEDA Board has announced that it will fund projects that are most likely to improve the quality of life, create and enhance unique opportunities, and substantially benefit the municipality, the surrounding region, and the stat as a whole; and

WHEREAS, the Iowa Reinvestment District Act and the administrative rules adopted by the IEDA require the submission of a pre-application for provisional approval of a proposed reinvestment district; and

WHEREAS, the City of Sioux City intends to establish a reinvestment district to be known as the proposed Sioux City Reinvestment District; and

WHEREAS, the Sioux City City Council finds that said area in the Sioux City Reinvestment District is suitable for development.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SIOUX CITY, that the proposed preliminary district plan for the Sioux City Reinvestment District and submission of a pre-application to the Iowa Economic Development Authority for provisional approval of the district, a copy of which is attached hereto and by this reference made a part hereof, be and the same are hereby approved and accepted.

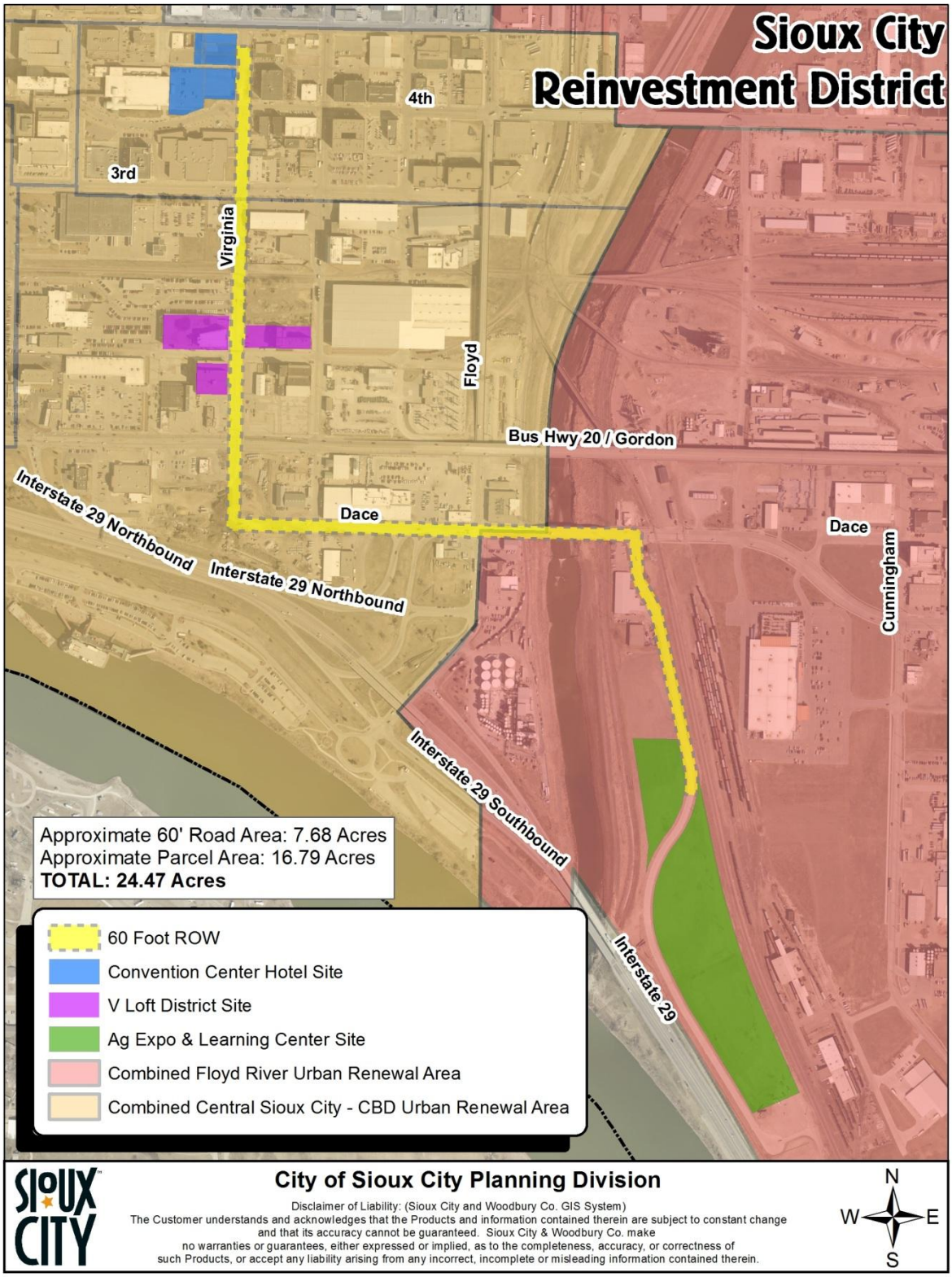
BE IT FURTHER RESOLVED that the Mayor and City Clerk be and they are hereby authorized and directed to execute said pre-application to the IEDA seeking provisional approval of the proposed Sioux City Reinvestment District and the preliminary district plan in accordance with the administrative rules for the Iowa Reinvestment District Act for and on behalf of the City of Sioux City, Iowa.

PASSED AND APPROVED: March 9, 2015

Robert E. Scott, Mayor

ATTEST:
Lisa L. McCardle, City Clerk

A2 – DOCUMENTATION THAT THE DISTRICT IS LOCATED WITHIN AN ECONOMIC DEVELOPMENT ENTERPRISE ZONE OR URBAN RENEWAL AREA. THIS SHOULD INCLUDE MAPS OF THE EXISTING ZONE OR AREA AND THE RESOLUTION OR ORDINANCE ESTABLISHING THE ZONE OR AREA.



Resolution Establishing the Combined Central Sioux City - CBD Urban Renewal Area

RESOLUTION NO. 87/T-065714

RESOLUTION APPROVING AND ADOPTING AMENDMENTS TO THE CENTRAL SIOUX CITY-CBD URBAN RENEWAL PLAN AND OLD TOWN EAST CONSERVATION AREA PLAN COMBINING SAID URBAN RENEWAL PLANS INTO THE COMBINED CENTRAL SIOUX CITY-CBD URBAN RENEWAL PLAN AND DESIGNATING THE COMBINED URBAN RENEWAL AREAS AS THE COMBINED CENTRAL SIOUX CITY-CBD URBAN RENEWAL AREA.

WHEREAS, by virtue of Resolution No. S-8780, passes and approved on the 5th day of April, 1967, the City Council of the Sioux City, Iowa, approved and adopted the CBD-East Urban Renewal Plan for the CBD-East Urban Renewal Area, which encompasses the area bounded and described as follows:

> A tract of land including all of Blocks 13, 14, and 24, Sioux City East Addition, situated in the City of Sioux City, County of Woodbury, State of Iowa, bounded and described as follows:
>
> Beginning at the intersection of the center line of Jones Street and the center line of Fifth Street; thence, Westerly on the center line of Fifth Street to the center line of Nebraska Street; thence, Southerly on the center line of Nebraska Street to the center line of Fourth Street; thence Easterly on the center line of Fourth Street to the center line of Jackson Street; thence, Southerly on the center line of Jackson Street to the center line of Third Street; thence, Easterly on the center line of Third Street to the center line of Jones Street; thence Northerly on the center line of Jones Street to the point of beginning,

and

WHEREAS, by virtue of Resolution No. S-21905, passed and approved on the 28th day of May, 1973, the City Council of Sioux City, Iowa, approved and adopted the CBD-West Urban Renewal Plan for the CBD-West Urban Renewal Area, which encompassed the area bounded and described as follows:

> Beginning at a point which is the intersection of the center lines of Pearl Street and Fifth Street; thence East along the center line of Fifth Street to the center line of Nebraska Street; thence South along said center line to the center line of Fourth Street; thence East along said center line to the center line of Jackson Street; thence South along said center line to the center line of Third Street; thence East along said center line to the East line of Jackson Street; thence South along the East line of Jackson Street extended to the South line of Gordon Drive; thence West

along the South line of Gordon Drive to a point of intersection with the North right-of-way line of Interstate 29; thence West and Northwest along the North right-of-way line of Interstate 29 to a point of intersection with the center line of Pearl Street extended South; thence North along the center line of Pearl Street to the point of beginning,

and

WHEREAS, by virtue of Resolution No. 85/T-3660, passed and approved on the 8th day of April, 1985, the City Council of Sioux City, Iowa approved and adopted modification to the CBD-East Urban Renewal Plan and to the CBD-West Urban Renewal Plan by combining said Urban Renewal Plans into the Central Sioux City-CBD Urban Renewal Area, which encompasses the area bounded and described as follows:

Beginning at a point which is the intersection of the center line of Pearl Street and Fifth Street; thence East along the center line of Fifth Street to the center line of Jones Street; thence South along said center line to the center line of Third Street; thence West along said center line to the East line of Jackson Street; thence South along the East line of Jackson Street extended to the South line of Gordon Drive; thence West along the South line of Gordon Drive to a point of intersection with the North right-of-way line of Interstate 29; thence West and Northwest along the North right-of-way line of Interstate 29 to a point of intersection with the center line of Pearl Street extended South; thence North along the center line of Pearl Street to the point of beginning,

and

WHEREAS, by virtue of Resolution No. 83/T-1933, passed and approved on the 25th day of July, 1983, the City Council of Sioux City, Iowa, approved and adopted the Old Town East Conservation Area Plan for the Old Town East Conservation Area, which encompasses the area bounded and described as follows:

Beginning at the intersection of the center line of Jones Street and the center line of Fifth Street; thence East along the center line of Fifth Street and the extension thereof to the point of intersection with the West line of Clark Street; thence South along the West line of Clark Street to the South line of Fourth Street; thence East along the South line of Fourth Street to a point of intersection with the Easterly line of Hoeven Drive; thence Southwesterly along the Easterly line of Hoeven

Drive to the point of intersection with the extension of the South line of Third Street; thence West along the extension of the South line of Third Street and the South line of Third Street to the point of intersection with the center line of Jones Street; thence North along the center line of Jones Street to the point of beginning; all in the City of Sioux City, Woodbury County, Iowa,

and

WHEREAS, the City Council now is advised and has reason to believe that the Central Sioux City-CBD Urban Renewal Plan and the Old Town East Conservation Area Plan should both be modified and amended so as to combine both of said Urban Renewal Plans into one combined Urban Renewal Plan designated as the Combined Central Sioux City-CBD Urban Renewal Plan for one combined urban renewal area designated as the Combined Central Sioux City-CBD Urban Renewal Area; which encompasses the areas bounded and described as follows:

Beginning at a point which is the intersection of the center lines of Pearl Street and Fifth Street; thence East along the center line of Fifth Street and the extension thereof to the point of intersection with the West line of Clark Street; thence South along the West line of Clark Street to the South line of Fourth Street; thence East along the South line Fourth Street to a point of intersection with the Easterly line of Hoeven Drive; thence Southwesterly along the Easterly line of Hoeven Drive to the point of intersection with the extension of the South line of Third Street; thence West along the extension of the South line of Third Street and the South line of Third Street to the point of intersection with the center line of Jones Street; thence North along the center line of Jones Street to the point of intersection with the center line of Third Street; thence West along the center line of Third Street to the point of intersection with the East line of Jackson Street; thence South along the East line of Jackson Street extended to the South line of Gordon Drive; thence West along the South line of Gordon Drive to a point of intersection with the North right-of-way line of Interstate 29; thence West and Northwest along the North right-of-way line of Interstate 29 to a point of intersection with the center line of Pearl Street extended South; thence North along the center line of Pearl Street to the point of beginning.

WHEREAS, the City Council is advised, has reason to believe and does find that the Central Sioux City-CBD Urban Renewal Area and the Old Town East Conservation Area are both blighted areas appropriate for an urban renewal project, and that the combination of such areas, designated as the Combined Central Sioux City-CBD Urban Renewal Area, is a blighted area appropriate for an urban renewal project; and

WHEREAS, a modified urban renewal plan, amending and combining both the Central Sioux City-CBD Urban Renewal Plan and the Old Town East Conservation Area Plan and entitled the Combined Central Sioux City-CBD Urban Renewal Plan, a copy of which is attached hereto and by this reference incorporated herein (the "1987 Amendments"), has been prepared and submitted for review and consideration; and

WHEREAS, The 1987 Amendments will amend the existing Central Sioux City-CBD Urban Renewal Plan and the existing Old Town East Conservation Area Plan to provide that both such plans be joined together in a common urban renewal plan that is an amendment to and continuation of each; and

WHEREAS, the 1987 Amendments will maintain the separate identities and tax increment mechanisms of each of the existing Plans for those purposes which are aided by or in need of the division, but the combined areas of the two Projects will be treated together for planning and redevelopment purposes; and

WHEREAS, the City Council is advised, has reason to believe and does find that said modified Urban Renewal Plan conforms to the General Plan of the City of Sioux City, Iowa, as a whole, and that a feasible method exists for the location of families who will be displaced from the combined urban renewal area into decent, safe and sanitary dwelling accommodations within their means and without undue hardship to such families; and

WHEREAS, the Plan and Zoning Commission has reviewed the proposed 1987 Amendments to said urban renewal plans and has found said amendments to be in conformity with the General Plan for the development of the City as a whole; and

WHEREAS, the City Council of the City of Sioux City, Iowa, is advised and has reason to believe that the adoption of said 1987 Amendments to the Central Sioux City-CBD Urban Renewal Plan is in the public interest and is in the furtherance of the purposes set forth in Chapter 403 of the Iowa Code.

NOW, THEREFORE, BE, AND IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF SIOUX CITY, IOWA:

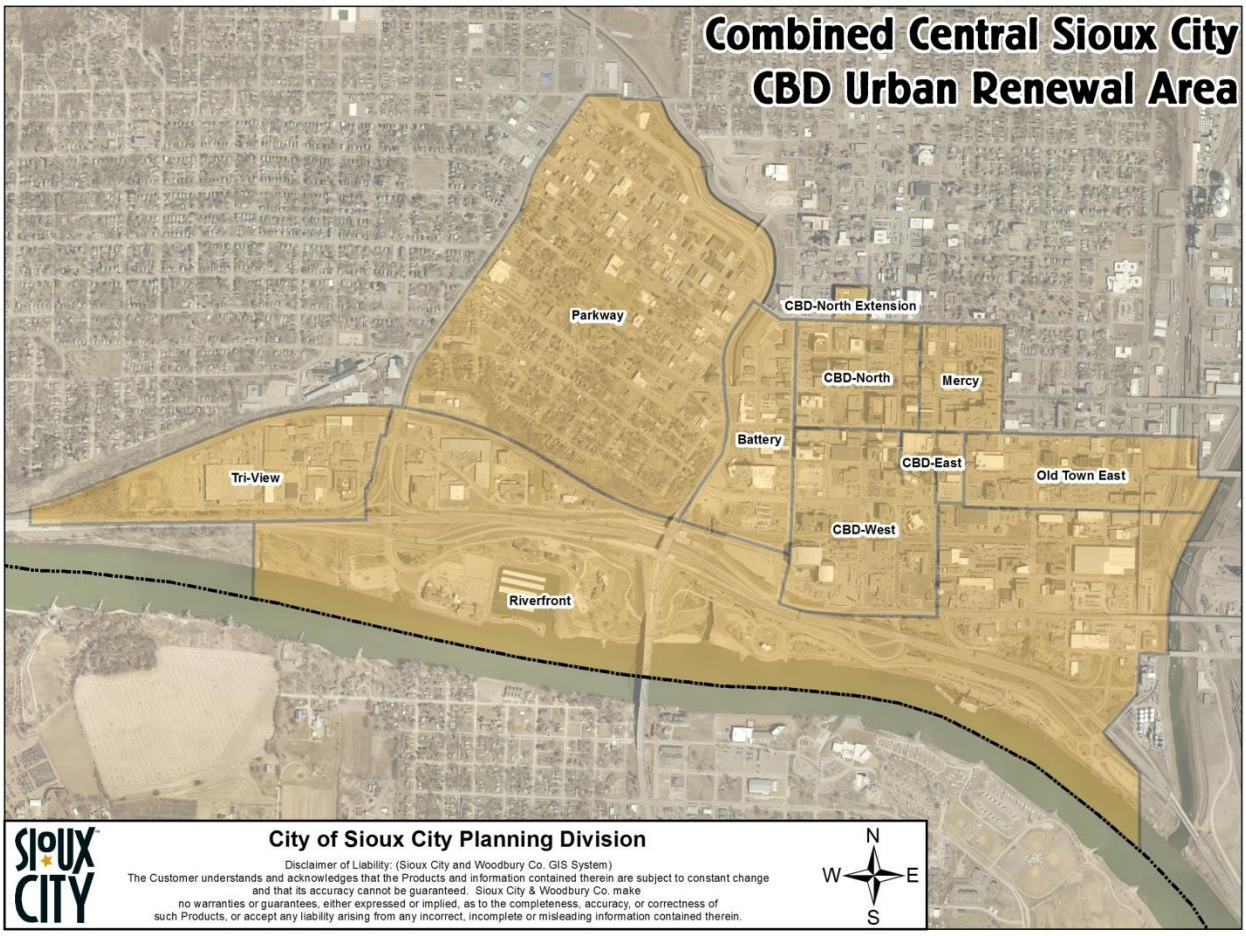
1. That the 1987 Amendments to the Central Sioux City-CBD Urban Renewal Plan as it modifies and combines the Central Sioux City-CBD Urban Renewal Plan and Old Town East Conservation Area Plan, designated as the Combined Central Sioux City-CBD Urban Renewal Plan, be and the same is hereby approved as to form and content.

2. That the proposed 1987 Amendments to the Central Sioux City-CBD Urban Renewal Plan, which plan modifies and combines the Central Sioux City-CBD Urban Renewal Plan and Old Town East Conservation Area Plan, be, and the same is hereby adopted as the official Urban Renewal Plan for the areas heretofore designated as the Central Sioux City-CBD Urban Renewal Area and Old Town East Conservation Area.

3. That Central Sioux City-CBD Urban Renewal Area and Old Town East Conservation Area be, and the same are hereby combined as the Combined Central Sioux City-CBD Urban Renewal Plan Area under the Combined Central Sioux City-CBD Urban Renewal Area Plan.

PASSED AND APPROVED: AUG 10 1987, 1987 Loren D. Callendar
Mayor

ATTEST: G.W. Gross
City Clerk


Combined Central Sioux City
CBD Urban Renewal Area
Parkway
CBD-North Extension
CBD-North
Mercy
Battery
CBD-East
Old Town East
Tri-View
CBD-West
Riverfront
SIOUX CITY
City of Sioux City Planning Division
Disclaimer of Liability: (Sioux City and Woodbury Co. GIS System)
The Customer understands and acknowledges that the Products and information contained therein are subject to constant change and that its accuracy cannot be guaranteed. Sioux City & Woodbury Co. make no warranties or guarantees, either expressed or implied, as to the completeness, accuracy, or correctness of such Products, or accept any liability arising from any incorrect, incomplete or misleading information contained therein.
N
W
E
S

Resolution establishing the Combined Floyd River Urban Renewal Area

RESOLUTION NO. 2003- 000598
with attachments

HEARING AND RESOLUTION APPROVING AND ADOPTING THE CREATION OF THE HOEVEN VALLEY URBAN RENEWAL SUB-AREA, THE CONSOLIDATION WITH THE FLOYD VALLEY URBAN RENEWAL SUB-AREA, AND THE CREATION OF THE COMBINED FLOYD RIVER URBAN RENEWAL AREA; AND APPROVING AND ADOPTING THE COMBINED FLOYD RIVER URBAN RENEWAL PLAN

WHEREAS, by virtue of Resolution 88/T-6353, passed and approved April 11, 1988, the City Council of the City of Sioux City, Iowa, approved and adopted the Floyd Valley Urban Renewal Area and whose boundaries are described as follows:

Beginning at the point of intersection with the North line of Leech Avenue and the center line of South Lewis Boulevard; thence Northerly along the center line of South Lewis Boulevard and Lewis Boulevard to the intersection with the center line of Fairmount Street; thence Easterly along the center line of Fairmount Street to the point of intersection with the East line of Lot 17, Block 8, Chase' Addition to Sioux City, Iowa, extended South; thence North along said East line of Lot 17, Block 8, extended South, to the Northeast corner of Lot 17, Block 8, Chase' Addition, thence North along the East line of said Lot 17, Block 8, extended North, and along the East line of Lot 26, Block 9, Chase' Addition, extended North, to the Southeast corner of Lot 1, Block 9, Chase' Addition; thence West along the South line of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13, Block 9, Chase' Addition, extended West to the point of intersection with the center line of Lewis Boulevard; thence Northerly along the center line of Lewis Boulevard to the point of intersection with the South line of Lot 10, Block 7, Coles Addition to Sioux City, Iowa, extended East; thence West along said extended South line of Lots 10 and 3, Block 7, Coles Addition, extended West, to the point of intersection with the center line of Fowler Street; thence South along the center line of Fowler Street to the North line of Seventh Street; thence West along said North line of Seventh Street to a point on the South line of Lot 5, Block 5, Coles Addition where the West line of Lot 1, Block 11, Chase' Addition, extended North, intersects; thence Southerly along said West line extension of Lots 1, 2, 3, 4, 5, 6, 7, and 8, Block 11, Chase' Addition, to the point of intersection with the North line of Lot 6, Block 6, Chase' Addition; thence West a distance of 10 feet to the Northwest corner of Lot 6, Block 6; thence Southerly along the West line of Lot 6, Block 6, Chase' Addition and Lots 4 and 13, Block 5, Chase' Addition to a point where said West line of said lots extended South intersects with the North line of Block 1, Chase' Addition, said North line of Block 1, Chase' Addition, being also the South line of Fourth Street; thence Westerly along the South line of Fourth Street to the point of intersection with the Easterly line of Hoeven Drive, said Easterly line of Hoeven Drive being also the Westerly line of the Floyd River Channel; thence Southwesterly along the Westerly line of the Floyd River Channel to the point of intersection with the center line of Dace Avenue; thence West along the center line of Dace Avenue to the point of intersection with the center line of South Floyd Boulevard; thence South and Southwesterly along the center line of South

Floyd Boulevard to the point of intersection with the Southerly line of Interstate Highway I-29; thence Southeasterly along the Southerly line of Interstate Highway I-29 to the point of intersection with the East line of vacated South Floyd Boulevard; thence South along the East line of vacated South Floyd Boulevard to the Northeasterly harbor line of the Missouri River; thence Southeasterly along the Northeasterly harbor line of the Missouri River to the point of intersection with the Westerly line of the Floyd River Channel thence Northerly along said Westerly line to the point of intersection with the Northerly line of Interstate Highway I-29; thence Southeasterly along the Northerly line of Interstate Highway I-29 to the point of intersection with the Northerly line of the Burlington Northern, Inc. railroad right-of-way; thence Northerly along the North and Westerly line of said railroad right-of-way to the point of intersection with the center line of Cunningham Drive; thence East along the center line of Cunningham Drive to the center line of South Lewis Boulevard; thence North along the center line of South Lewis Boulevard to the point of intersection with the South line of Block 48, C.B. Rustin & Co. Addition to Sioux City, Iowa, extended West; thence East along said South line to the intersection with the West line of S. College Street; thence North along said West line to the South line of vacated Marshall Avenue; thence West along said South line to a point 150 feet East of the East line of South Lewis Boulevard; thence North along a line 150 feet East of and parallel to the East line of South Lewis Boulevard to the North line of vacated Dodge Avenue; thence East along said North line to the West line of S. College Street; thence North along said West line to the North line of vacated Chicago Avenue; thence West along said North line to a point 150 feet East of the East line of South Lewis Boulevard; thence North along a line 150 feet East of and parallel to the East line of South Lewis Boulevard to the South line of vacated Washington Avenue; thence East along said South line for a distance of 8 feet; thence North along a line 158 feet East of and parallel to the East line of South Lewis Boulevard to the North line of Leech Avenue; thence West along said North line to the center line of South Lewis Boulevard, which is the beginning of this description.

WHEREAS, the City Council now is advised and has reason to believe that the Floyd Valley Urban Renewal Area should be modified to add the Hoeven Valley Urban Renewal Sub-area; and said urban renewal sub-areas should be combined into the Combined Floyd River Urban Renewal Area; and whose boundary is described as follows:

Beginning at the point of intersection of the south line of 38th Street, extended southeasterly, and the east line of Floyd Boulevard; thence southwesterly along the east line of Floyd Boulevard to the point of intersection with the easterly line of vacated Adams Street; thence southeasterly along the easterly line of vacated Adams Street to the point of intersection with the northerly line of the Illinois Central Railroad right-of-way; thence northeasterly along the northerly line of the railroad right-of-way to the point of intersection with the easterly line of U.S. Highway #75 Business Route, said also being Lewis Boulevard; thence southwesterly along the east line of Lewis Boulevard to a point of intersection with the north line of Smith's River Road; thence east along the north line of Smith's River Road to a point of intersection with the west line of Section 13, Township 89 North, Range 47 West of the 5th Principal Meridian, said point being in the northwest

quarter of said Section 13; thence south along the west line of Section 13, to a point of intersection with the north line of the southeast quarter of Section 14, Township 89 North, Range 47 West of the 5th Principal Meridian, said point being in the northeast quarter of the southeast quarter of said Section 14; thence west along the north line of the southeast quarter of said Section 14 to a point of intersection with the west line of Martha Street; thence north along the west line of Martha Street to the point of intersection with the center line of Thirty-third Street; thence northwesterly along the center line of Thirty-third Street to a point of intersection with the east line of Lewis Boulevard; thence south along the east line of Lewis Boulevard to a point of intersection with the west line of Section 23, Township 89 North, Range 47 West of the 5th Principal Meridian, said point of intersection being in the southwest quarter of the northwest quarter of said Section 23; thence north along the west line of Section 23 to the point of intersection with the center line of Lewis Boulevard; thence southerly along the center line of Lewis Boulevard to the point of intersection with the southerly line of Lot 8, Kendon Addition to Sioux City, extended northwest; thence southeasterly along the southerly line of Lot 8 to the southeast corner of Lot 8; thence south from the southeast corner of Lot 8 to the northeast corner of Lot 69; thence southwest along the westerly lines of Lots 68 and 69 to the point of intersection with the northerly line of Lot 13 extended southeast; thence northwest along the northerly line of said Lot 13 to the northwest corner of said Lot 13; thence southwest along the westerly line of Lot 13 to the southwest corner of Lot 13; thence southeast along the southerly line of Lot 13 to the southeast corner of Lot 13; thence south along the east line of the north/south alley abutting on the west line of Lots 64 through 67 and extended to the southeast corner of Lot 13; thence east along the north line of Lots 44 and 45 to the northwest corner of Lot 44; thence south along the west line of Lot 44 to the point of intersection with the center line of Nineteenth Street; thence west along the center line of Nineteenth Street to the point of intersection with the center line of Irene Street; thence south along the center line of Irene Street to the point of intersection with the north line of Lot 41 extended east; thence west along the north line of Lot 41 to the northwest corner of Lot 41; thence southwest along the northwest line of Lots 39 and 41; thence south along the east line of the north/south alley abutting Lots 35 through 38 and fourteen feet, four inches (14' 4") abutting Lot 39; and continuing south along the east line of the north/south alley abutting the west line of Lots196 through 202 to the point of intersection with the center line of Seventeenth Street; thence west along the center line of Seventeenth Street to the point of intersection of the east line of the north/south alley abutting Lots 237 through 251; thence south along the east line of the north/south alley abutting Lots 237 through 251 to the northwest corner of Lot 236; thence west along a line extended westward from the northwest corner of Lot 236 to a point of intersection with the northeast corner of Lot 277; thence west along the north line of Lot 277, all aforesaid Lots being in the Kendon Addition to Sioux City, to the point of intersection with the center line of Pacific Street; thence south along the center line of Pacific Street to the point of intersection with the center line of Fourteenth Street; thence west along the center line of Fourteenth Street to the point of intersection with the center line of Dubuque Street; thence south along the center line of Dubuque Street to the point of intersection with the center line of Seventh Street; thence west along the center line of Seventh

Street to the point of intersection with the center line of Lewis Boulevard; thence south along the center line of Lewis Boulevard to the south line of Lot 13, Block 9, Chase's Addition, extended west; thence east along said extension and the south line of Lots 1 through 13, Block 9, Chase's Addition to the southeast corner of Lot 1; thence south from the southeast corner of Lot 1 along the east line of Lot 26, Block 9, Chase's Addition and the east line of Lot 17, Block 8, Chase's Addition extended south to the point of intersection with the center line of Fairmount Street; thence westerly along the center line of Fairmount Street to the point of intersection with the center line of Lewis Boulevard; thence southerly along the center line of Lewis Boulevard and South Lewis Boulevard to the point of intersection with the north line of Leech Avenue; thence east along said north line of Leech Avenue to a point 158 feet east of the east line of South Lewis Boulevard; thence south along a line 158 feet east of and parallel to the east line of South Lewis Boulevard to the south line of vacated Washington Avenue; thence west along said south line of Washington Avenue for a distance of 8 feet; thence south along a line 150 feet east of and parallel to the east line of South Lewis Boulevard to the north line of vacatated Chicago Avenue; thence east along the north line of vacated Chicago Avenue to the west line of S. College Street; thence south along the west line of S. College Street to the north line of vacated Dodge Avenue; thence west along the said north line to a point 150 feet east of the east line of South Lewis Boulevard; thence south along a line 150 feet east of the east line of South Lewis Boulevard to the point of intersection with the south line of Block 48, C.B. Rustin & Co. Addition to Sioux City, Iowa; thence west along the south line of Block 48, and its extension west to the center line of South Lewis Boulevard; thence south along the center line of South Lewis Boulevard to the point of intersection with the center line of Cunningham Drive; thence west along the center line of Cunningham Drive to the point of intersection with the westerly line of the Burlington Northern, Inc. railroad right-of-way; thence southerly along said westerly line to the point of intersection with the northerly line of Interstate Highway 29; thence northwesterly along the northerly line of Interstate Highway 29 to the point of intersection with the westerly line of the Floyd River Channel; thence southwesterly along the westerly line of the Floyd River Channel to the northerly harbor line of the Missouri River; thence northwesterly along the northerly harbor line of the Missouri River to the point of intersection with the east line of vacated South Floyd Boulevard; thence north along the east line of vacated South Floyd Boulevard to the point of intersection with the southerly line of Interstate Highway 29; thence northwesterly along the southerly line of Interstate Highway 29 to the point of intersection with the center line of South Floyd Boulevard; thence northeasterly and north along the center line of South Floyd Boulevard to the point of intersection with the center line of Dace Avenue; thence east along the center line of Dace Avenue to the point of intersection with the westerly line of the Floyd River Channel; thence northeasterly along the westerly line of the Floyd River Channel to the point of intersection with the south line of Fourth Street, said westerly line of the Floyd River Channel being also the easterly line of Hoeven Drive; thence west along the south line of Fourth Street to the point of intersection with the west line of vacated Clark Street; thence north along the west line of vacated Clark Street to the point of intersection with the center line of Fifth Street extended east; thence west

along the center line of Fifth Street and the extension thereof to the point of intersection with the center line of Floyd Boulevard; thence northeasterly along the center line of Floyd Boulevard to the point of intersection with the center line of Chambers Street, extended south; thence south along said center line and its southerly extension, to the point of intersection with the east line of Floyd Boulevard; thence northeasterly along the east line of Floyd Boulevard to the point of beginning.

and

WHEREAS, the City has found and determined that there exists within the City of Sioux City areas needing programs to alleviate and prevent conditions of unemployment; to assist and retain local industries and commercial enterprises to strengthen and revitalize the local economy; to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in locating, purchasing, constructing, reconstructing, modernizing, improving, maintaining, repairing, furnishing, equipping, and expanding in the city to encourage the location and expansion of commercial enterprises to more conveniently provide needed services and facilities to the commercial enterprises to the city and the residents of the city; and

WHEREAS, the City Council of the City of Sioux City finds and declares that there exists in the city areas of slum and blight which constitute a serious and growing menace, injurious to the public health, safety, morals and welfare of the residents of the city; that the existence of such areas contributes substantially and increasingly to the spread of disease and crime, constitutes an economic and social liability imposing onerous municipal burdens which decrease the tax base and reduce tax revenues, substantially impairs or arrests the sound growth of the city, retards the provision of housing accommodations, aggravates traffic problems and substantially impairs or arrests the elimination of traffic hazards and the improvement of traffic facilities; and that the prevention and elimination of slums and blighted areas is a matter of City policy and concern in order that the City shall not continue to be endangered by areas which are focal centers of disease, promote juvenile delinquency and consume an excessive proportion of City revenues because of the extra services required for police, fire, accident, hospitalization and other forms of public protection, services and facilities; and

WHEREAS, there has been prepared and referred to the Planning and Zoning Commission of the City of Sioux City for review and approval of an urban renewal plan for the Combined Floyd River Urban Renewal Area, identified as "Exhibit A" and by this reference made a part hereof; and

WHEREAS, the Project Area, which is predominately nonresidential in character, is to be redeveloped for predominantly nonresidential uses under the Combined Floyd River Urban Renewal Area Plan; and

WHEREAS, a general plan has been prepared and is recognized and used as a guide for the general development of the City as a whole; and

WHEREAS, the City's Planning and Zoning Commission, which is the duly designated and acting official planning body for the City has submitted to the City Council its report and recommendation respecting the Combined Floyd River Urban Renewal Area Plan and has certified that the urban renewal plan confirms to the general plan for the City as

a whole, and the City Council has duly considered the report, recommendation, and certification of the planning body; and

WHEREAS, the Urban Renewal Plan for the Project Area prescribes certain land uses for the project area and will require among other things, changes in the zoning, the establishment of new street patterns, the location and relocation of sewer and water mains and other public facilities, and other public actions; and

WHEREAS, the City of Sioux City has a program for the relocation of individuals and families that may be displaced as a result of carrying out the Project in accordance with the Urban Renewal Plan; and

WHEREAS, a feasible method exists for the location of how families will be displaced from the urban renewal area into decent, safe and sanitary dwelling accommodations with their means and without undue hardship to such families; and

WHEREAS, the members of the City Council have general knowledge of the conditions prevailing in the Project Area and of the availability of property housing in the City for the relocation of individuals and families that may be displaces from the Project Area and, in the light of such knowledge of local housing conditions, have carefully considered and reviewed such proposal for relocation; and

NOW, THEREFORE, BE, AND IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF SIOUX CITY, IOWA:

1. That it is hereby found and determined that the Project is a slum, blighted and economic development area and qualifies as an eligible Project Area under Chapter 403 of the Code of Iowa.

2. That Combined Floyd River Urban Renewal Area Plan, a copy of which is on file in the City Clerk's office, City of Sioux City, and by this reference incorporated herein, having been duly reviewed and considered, is hereby amended, and the City Clerk be and is hereby directed to file said copy of Combined Floyd River Urban Renewal Area Plan with the minutes of this meeting.

3. That it is hereby found and determined that the objectives of the Urban Renewal Plan cannot be achieved through more extensive rehabilitation of the Project Area.

4. That it is hereby found and determined that the Combined Floyd River Urban Renewal Area Plan conforms to the general plan of the City of Sioux City.

5. That it is hereby found and determined that, in addition to the elimination of slums and blight from the Urban Renewal Area, the undertaking of the Project in such area will further promote the public welfare and the proper development of the community by utilizing programs which alleviate and prevent condition of unemployment; assist and retain local industries and commercial enterprises to strengthen and revitalize the local economy; provide means and methods for the encouragement and assistance of industrial and commercial enterprises in locating, purchasing, constructing, reconstructing, modernizing, improving, maintaining, repairing, furnishing, equipping, and expanding in the city;

encourage the location and expansion of commercial enterprises to more conveniently provide needed services and facilities to the commercial enterprises to the city and the residents of the city; and

6. That the redevelopment of the Combined Floyd River Urban Renewal Area for predominately nonresidential uses is necessary for the proper development of the community.

7. That it is hereby found and determined that the Urban Renewal Plan for the Urban Renewal Area will afford maximum opportunity, consistent with the sound needs of the city as a whole, for the urban renewal of the area by private enterprise.

8. That such nonresidential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives.

9. That it is hereby found and determined that a feasible method exists for the relocation of families who will be displaced from the Combined Floyd River Urban Renewal Area into decent, safe and sanitary dwelling accommodations within their means and without undue hardship to such families.

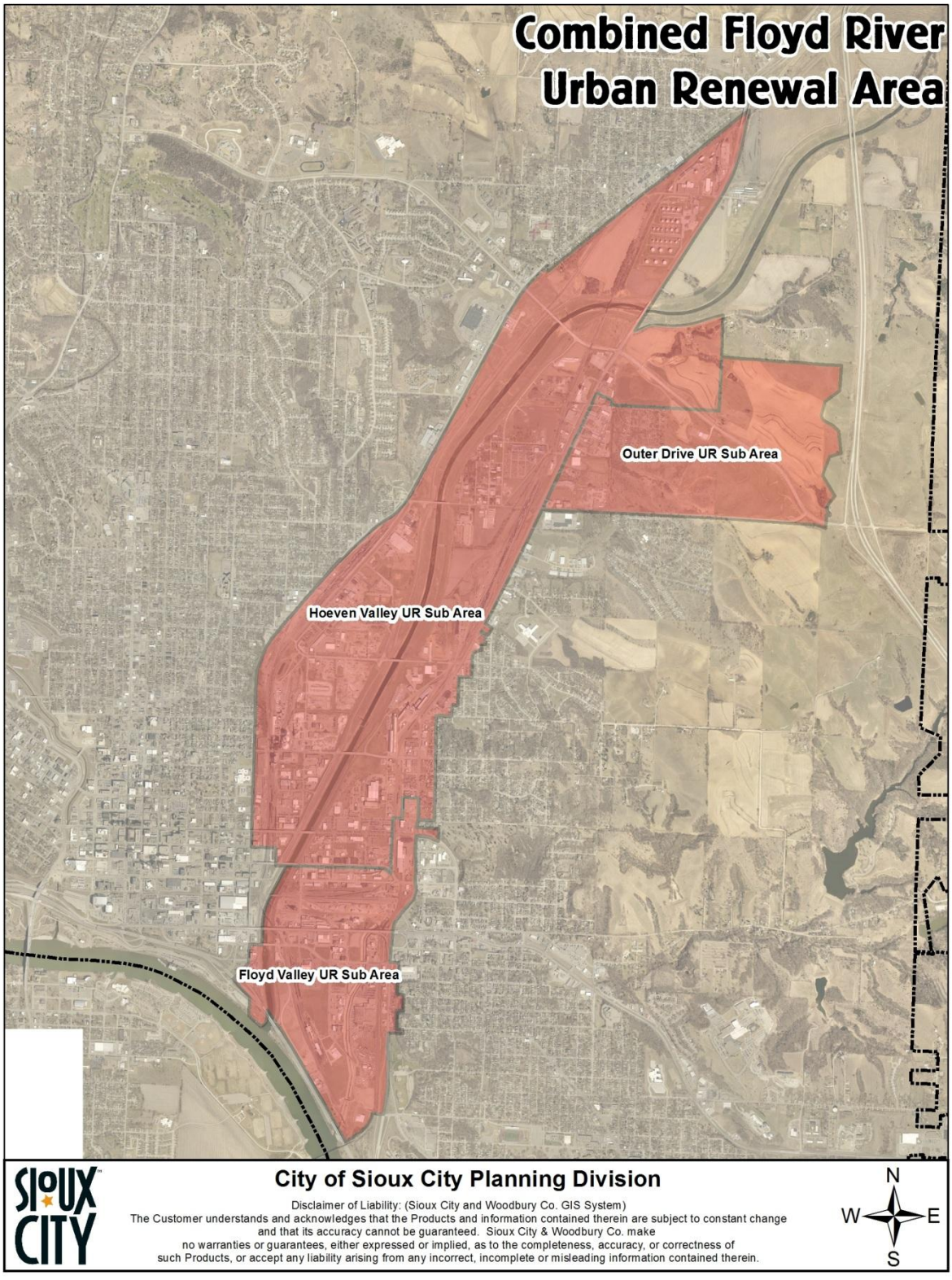
10. That, in order to implement and facilitate the effectuation of the Urban Renewal Plan, Combined Floyd River Urban Renewal Area is hereby approved, it is found and determined that certain official action must be taken by this body with reference, among other things, to changes in zoning, the vacating and removal of streets, alleys, and other public ways, the establishment of new street patterns, the location and relocation of sewer and water mains and other public facilities, and other public action, and, accordingly, this City Council hereby (a) pledges its cooperation in helping to carry out the Urban Renewal Plan; (b) requests the various officials, departments, boards, and agencies of the City of Sioux City having administrative responsibilities in the premises likewise to cooperate to such end and to exercise their respective functions and powers in a manner consistent with the Urban Renewal Plan; and (c) stands ready to consider and take appropriate action upon proposals and measures designed to effectuate the Urban Renewal Plan.

PASSED AND APPROVED: July 7, 2003

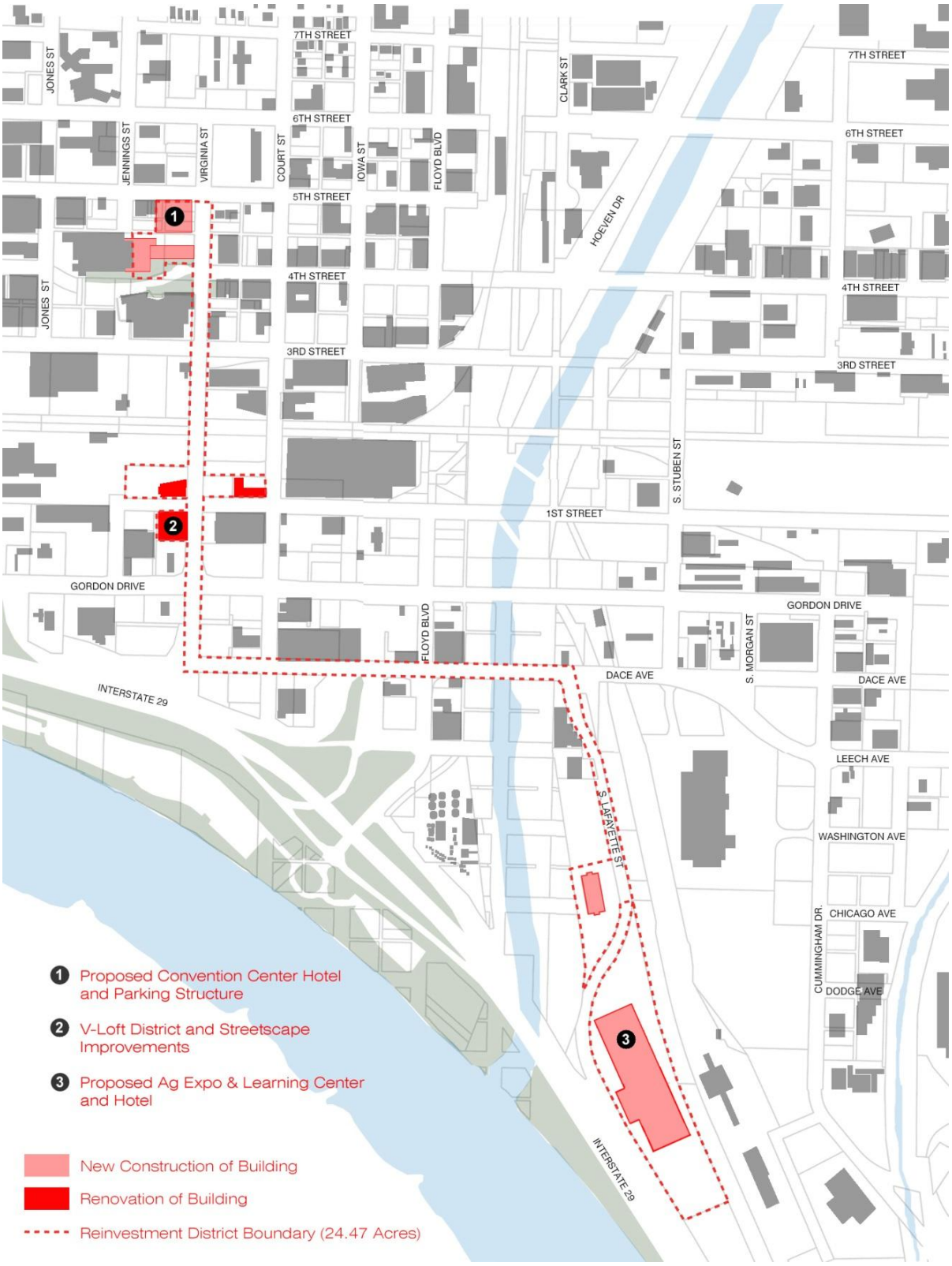
Craig S. Berenstein, Mayor

ATTEST:

Robert K. Padmore, City Clerk


Combined Floyd River
Urban Renewal Area
Outer Drive UR Sub Area
Hoeven Valley UR Sub Area
Floyd Valley UR Sub Area
SIOUX CITY
City of Sioux City Planning Division
Disclaimer of Liability: (Sioux City and Woodbury Co. GIS System)
The Customer understands and acknowledges that the Products and information contained therein are subject to constant change
and that its accuracy cannot be guaranteed. Sioux City & Woodbury Co. make
no warranties or guarantees, either expressed or implied, as to the completeness, accuracy, or correctness of
such Products, or accept any liability arising from any incorrect, incomplete or misleading information contained therein.
N
W
E
S

A3 – DETAILED MAP OF THE PROPOSED IOWA REINVESTMENT DISTRICT DEPICTING THE EXISTING PARCELS OF REAL ESTATE LOCATED IN THE PROPOSED DISTRICT. THE AREA MUST CONSIST OF PHYSICALLY CONNECTED PARCELS.

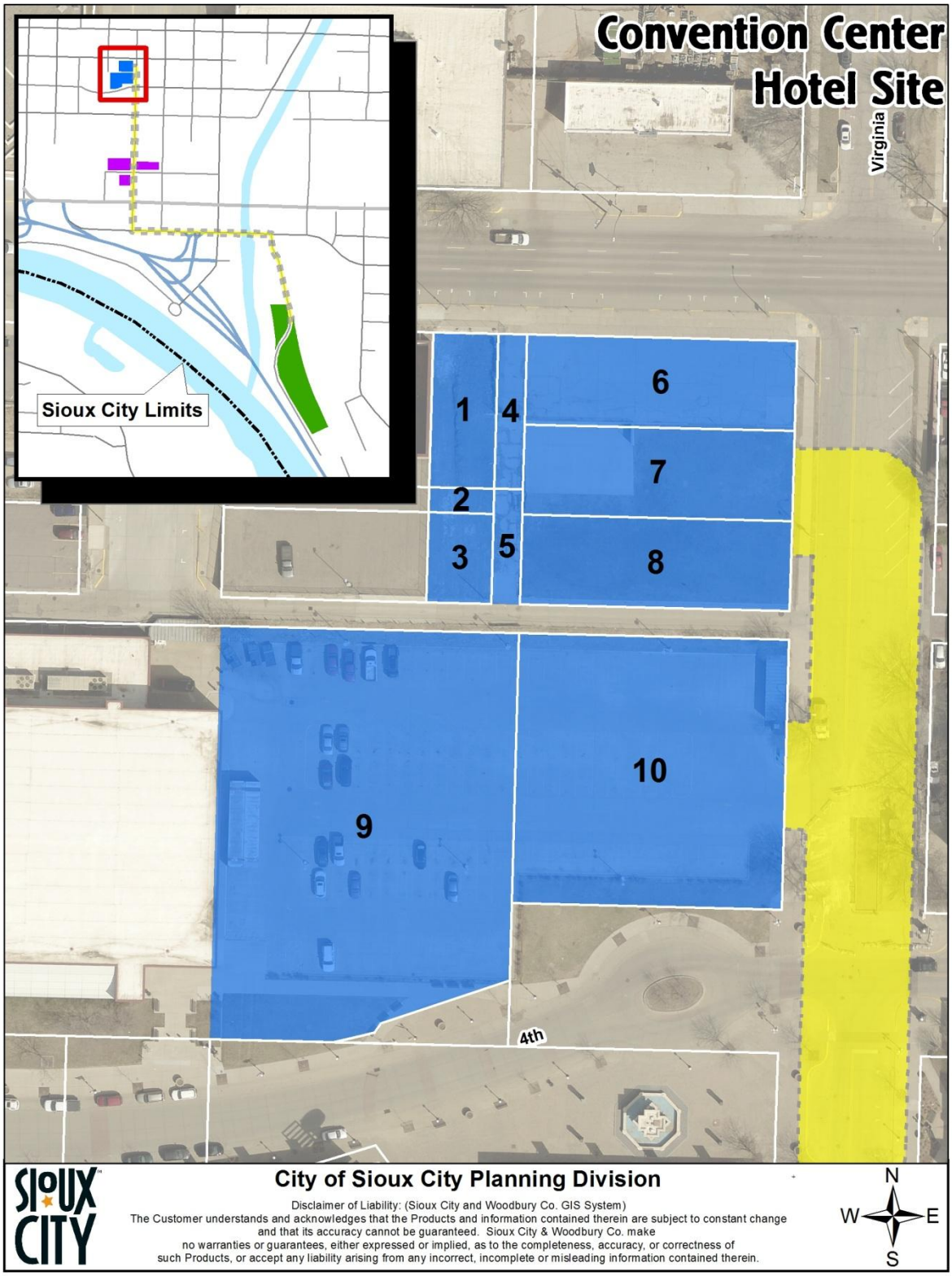


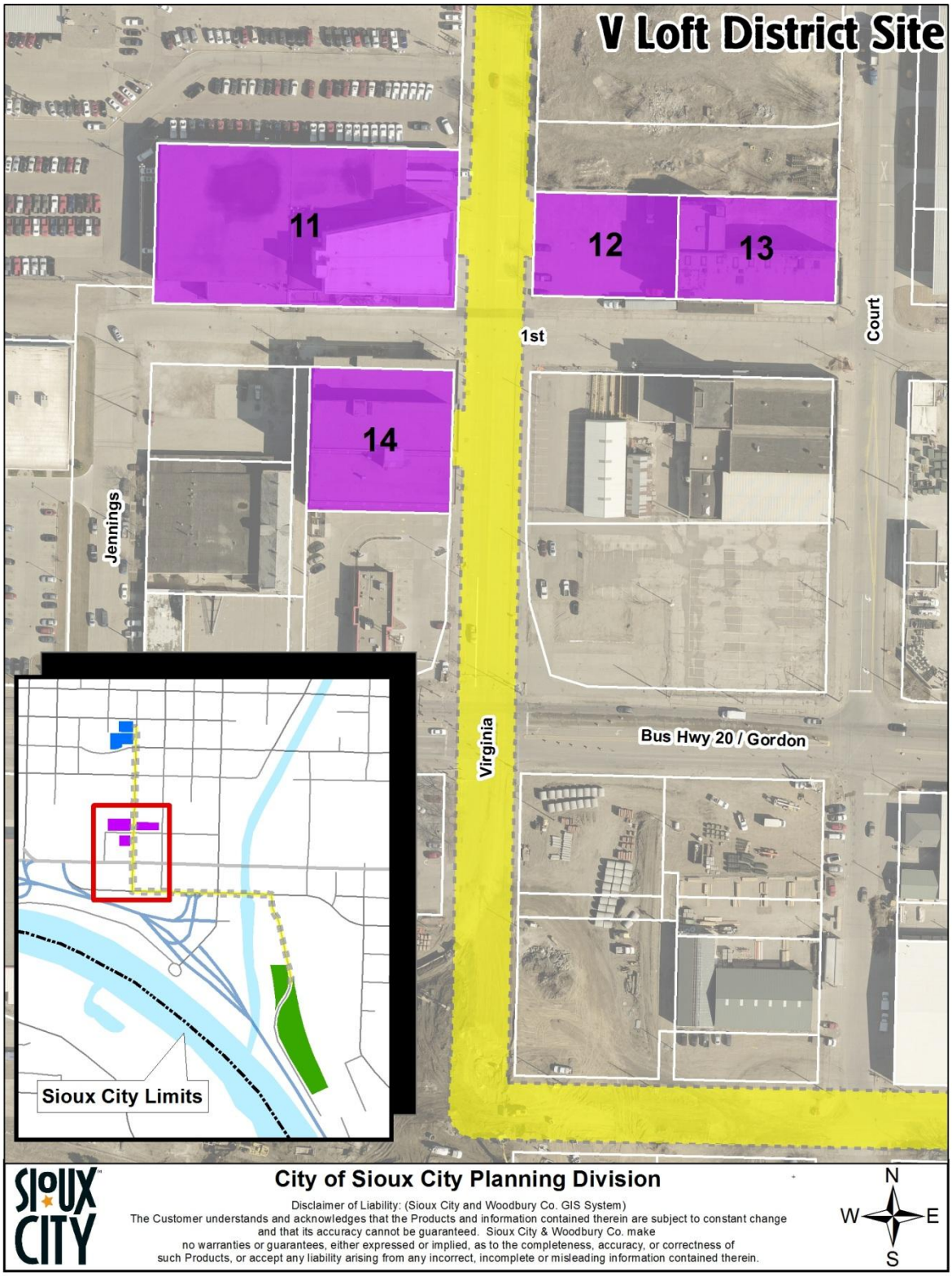
A4 - A LIST OF THE NAMES AND ADDRESSES OF THE OWNERS OF RECORD OF THE PARCELS TO BE INCLUDED IN THE PROPOSED DISTRICT.

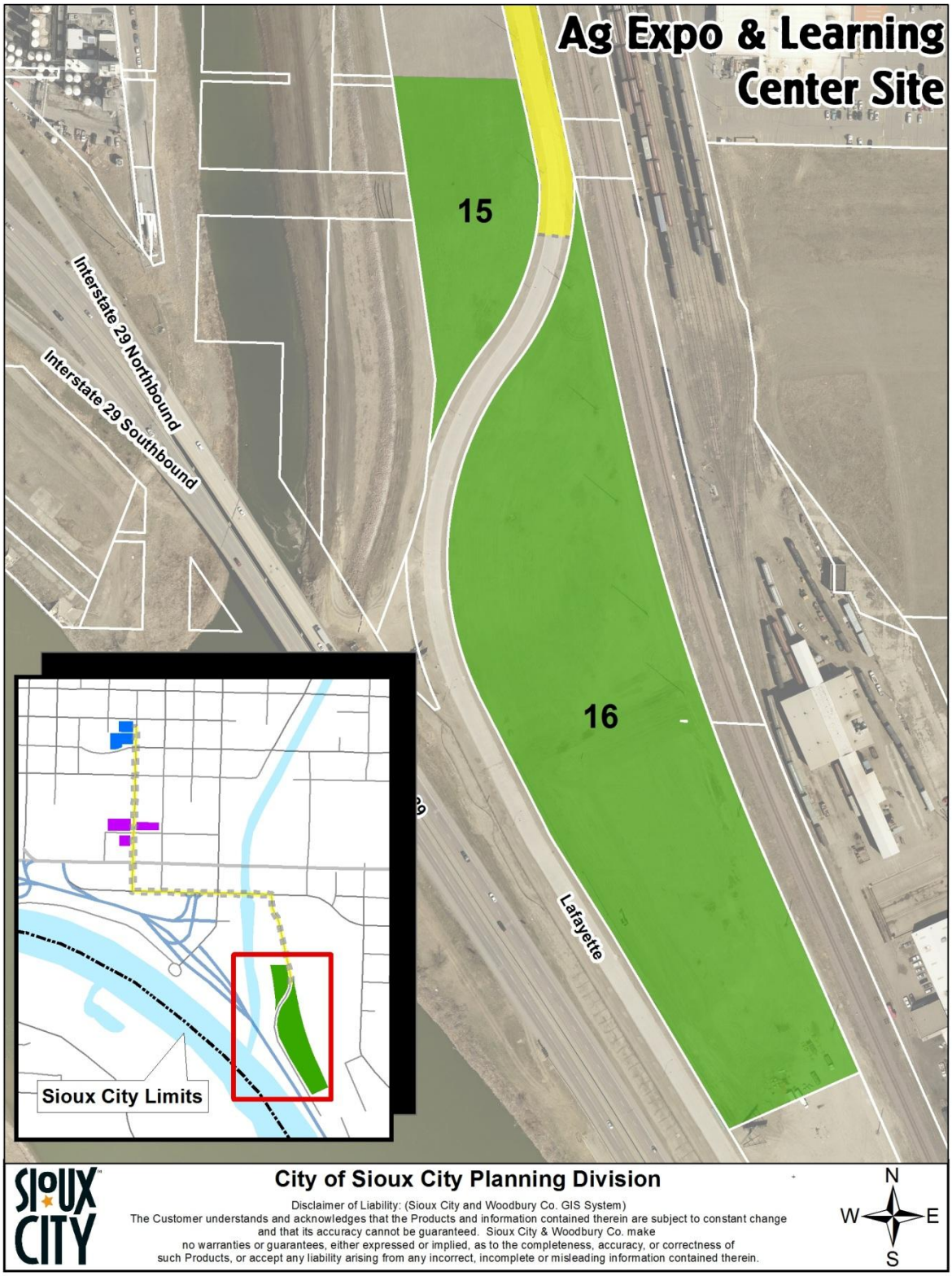
Please reference maps below for correspondence with key.

Key	Parcel ID	Title Holder	Property Address	Parcel Area (Acres)
1	894728407004	City of Sioux City	912 5th Street	0.07
2	894728407015	City of Sioux City	912 Jennings Street	0.01
3	894728407013	City of Sioux City	412 1/2 Jennings Street	0.04
4	894728407005	City of Sioux City	914 5th Street	0.03
5	Street ROW		No address	0.02
6	894728407008	City of Sioux City	423 Virginia Street	0.17
7	894728407009	City of Sioux City	421 Virginia Street	0.17
8	894728407010	City of Sioux City	419 Virginia Street	0.17
9	894728406011	Siouxland Chamber Foundation	800 4th Street	0.87
10	894728407011	City of Sioux City	400 Virginia Street	0.52
11	894728456005	HCI Real Estate Company	101 Virginia Street	1.21
12	894728457003	HCI Real Estate Company	100 Virginia Street	0.37
13	894728457004	HCI Real Estate Company	101 Court Street	0.41
14	894728458003	HCI Real Estate Company	103 S Virginia Street	0.52
15	894734151012	City of Sioux City	555 S. Lafayette Street	2.21
16	894734301006	City of Sioux City	750 S. Lafayette Street	10.0
	Street ROW		No address	7.68

Total District	24.47
Parcels	16.79
ROW	7.68


Convention Center
Hotel Site
Virginia
Sioux City Limits
1
2
3
4
5
6
7
8
9
10
4th
City of Sioux City Planning Division
Disclaimer of Liability: (Sioux City and Woodbury Co. GIS System)
The Customer understands and acknowledges that the Products and information contained therein are subject to constant change and that its accuracy cannot be guaranteed. Sioux City & Woodbury Co. make no warranties or guarantees, either expressed or implied, as to the completeness, accuracy, or correctness of such Products, or accept any liability arising from any incorrect, incomplete or misleading information contained therein.
N
W
E
S


V Loft District Site
11
12
13
14
1st
Court
Jennings
Virginia
Bus Hwy 20 / Gordon
Sioux City Limits
City of Sioux City Planning Division
Disclaimer of Liability: (Sioux City and Woodbury Co. GIS System)
The Customer understands and acknowledges that the Products and information contained therein are subject to constant change and that its accuracy cannot be guaranteed. Sioux City & Woodbury Co. make no warranties or guarantees, either expressed or implied, as to the completeness, accuracy, or correctness of such Products, or accept any liability arising from any incorrect, incomplete or misleading information contained therein.
N
W
E
S


Ag Expo & Learning Center Site
15
16
Interstate 29 Northbound
Interstate 29 Southbound
Lafayette
Sioux City Limits
SIOUX CITY
City of Sioux City Planning Division
Disclaimer of Liability: (Sioux City and Woodbury Co. GIS System)
The Customer understands and acknowledges that the Products and information contained therein are subject to constant change and that its accuracy cannot be guaranteed. Sioux City & Woodbury Co. make no warranties or guarantees, either expressed or implied, as to the completeness, accuracy, or correctness of such Products, or accept any liability arising from any incorrect, incomplete or misleading information contained therein.
N
W
E
S

A5 - A LEGAL DESCRIPTION OF THE REAL ESTATE FORMING THE BOUNDARIES OF THE AREA TO BE INCLUDED IN THE PROPOSED DISTRICT.

A full legal description was not available at time of the pre-application submittal. The legal description will be completed and available prior to submission of the final application.

A6 – DOCUMENTATION SUBSTANTIATING THE EXPLANATION THAT REAL PROPERTY WILL BE DIRECTLY AND SUBSTANTIALLY BENEFITED. THIS COULD INCLUDE EXPECTED INCREASE IN VALUATION OR OTHER RELEVANT DATA THAT LENDS ITSELF TO A QUANTITATIVE ASSESSMENT.

Each development node suffers from decaying building stock, vacant lots, or blighted conditions; which creates significant safety concerns and limits economic development potential. As the following assessment documentation illustrates, many of the properties hold stagnant assessment values or have shown no growth in taxable valuations. The current building value on the identified properties within the Sioux City Reinvestment District totals $2,809,900. The proposed Sioux City Reinvestment District will capture over $68 million of new investment for the construction of three projects. This infusion of new public/private investments is designed to transform underperforming and underdeveloped, vacant properties into revenue generation centers. This investment infusion should drive additional capital improvements by private developers and land owners as they realize the ripple effect of how their properties are linked and connected to the three anchor projects.

Please see below for property assessments.

Woodbury County, IA / Sioux City

Date Created: 3/11/2015

Summary

Parcel ID	894728407004
Alternate ID	044115
Property Address	912 5th St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY E 36.15 FT LOT 7 & E 36.15 N 36 LOT 8 BL K 34 (Note: Not to be used on legal documents)
Document(s)	DED: 675-2549 (5/26/2005)
Gross Acres	0.00
Net Acres	N/A
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	192 OLD TOWN EA ST -MAIN STREET B
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
City Of Sioux City IA

PO Box 447
Sioux City, IA 51102-0447
Secondary Owner
Mailing Address

Land

Lot Area 0.07 Acres; 3,133 SF

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
5/20/2005	TARRJ L P	CITY OF SIOUX CITY	0675-2549	SALE OF TWO OR MORE SEPARATELY ASSESSED PARCELS - SINGLE CONSIDERATION	Deed	Y	$250,000.00

+ There are other parcels involved in one or more of the above sales:

Permits

Permit #	Date	Description	Amount
09-0747	09/12/2008	Demo/Rmvl	33,320

Valuation (Sioux City)

	2014	2013	2012	2011	2010

		2014	2013	2012	2011	2010
+	Assessed Building Value	$0	$0			
+	Assessed Dwelling Value	$0	$0			
+	Assessed Land Value	$0	$0			
+	City Owned Land	$8,000	$8,000			
=	**Total Assessed Value**	**$8,000**	**$8,000**	**$8,000**	**$8,000**	**$8,000**

Taxation

		2013	2012	2011	2010
+	Taxable Land Value	$0	$0	$0	$0
+	Taxable Building Value	$0	$0	$0	$0
+	Taxable Dwelling Value	$0	$0	$0	$0
=	**Gross Taxable Value**	**$0**	**$0**	**$0**	**$0**
-	Military Exemption	$0	$0	$0	$0
=	**Net Taxable Value**	**$0**	**$0**	**$0**	**$0**
x	Levy Rate (per $1000 of value)	44.27609	43.74430	43.43453	44.98548
=	**Gross Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
-	Ag Land Credit	$0.00	$0.00	$0.00	$0.00
-	DSC Credit	$0.00	$0.00	$0.00	$0.00
-	Family Farm Credit	$0.00	$0.00	$0.00	$0.00
-	Homestead Credit	$0.00	$0.00	$0.00	$0.00
-	Business Property Credit	$0.00	$0.00	$0.00	$0.00
-	Prepaid Tax	$0.00	$0.00	$0.00	$0.00
=	**Net Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015	$0	N/A		56634
	September 2014	$0	N/A		
2012	March 2014	$0	N/A		57029
	September 2013	$0	N/A		
2011	March 2013	$0	N/A		57354
	September 2012	$0	N/A		
2010	March 2012	$0	N/A		57339
	September 2011	$0	N/A		

Iowa Land Records

Book-Page: 675-2549 (5/26/2005)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.
For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Yard Extras, Valuation, Unpaid Fees and Special Assessments, Photos, Sketches.

Last Data Upload: 3/11/2015 10:14:35 AM

Woodbury County, IA / Sioux City

Date Created: 3/11/2015

Summary

Parcel ID	894728407015
Alternate ID	044162
Property Address	912 Jennings St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY VAC E 36.15 FT OF S 14 FT OF LOT 8 BLK 34 (Note: Not to be used on legal documents)
Document(s)	N/A
Gross Acres	0.00
Net Acres	N/A
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	192 OLD TOWN EA ST -MAIN STREET B
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
City Of Sioux City
Real Estate Dept
PO Box 447
Sioux City, IA 51102-0447
Secondary Owner
Mailing Address

Land

Lot Area 0.01 Acres; 506 SF

Valuation (Sioux City)

		2014	2013
+	Assessed Building Value	$0	$0
+	Assessed Dwelling Value	$0	$0
+	Assessed Land Value	$0	$0
+	City Owned Land	$1,300	$1,300
=	**Total Assessed Value**	**$1,300**	**$1,300**

Taxation

		2013
+	Taxable Land Value	$0
+	Taxable Building Value	$0
+	Taxable Dwelling Value	$0
=	**Gross Taxable Value**	**$0**

		2013
-	Military Exemption	$0
=	**Net Taxable Value**	**$0**
x	Levy Rate (per $1000 of value)	44.27609
=	**Gross Taxes Due**	**$0.00**
-	Ag Land Credit	$0.00
-	DSC Credit	$0.00
-	Family Farm Credit	$0.00
-	Homestead Credit	$0.00
-	Business Property Credit	$0.00
-	Prepaid Tax	$0.00
=	**Net Taxes Due**	**$0.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015	$0	N/A		56642
	September 2014	$0	N/A		

Iowa Land Records

Book-Page: 704-6091 (6/26/2009)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.

For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Yard Extras, Sales, Permits, Valuation, Unpaid Fees and Special Assessments, Photos, Sketches.

Last Data Upload: 3/11/2015 10:14:35 AM

developed by
The Schneider Corporation
www.schneidercorp.com

Woodbury County, IA / Sioux City

Date Created: 3/11/2015

Summary

Parcel ID	894728407013
Alternate ID	044177
Property Address	412 1/2 Jennings St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY E 36.15 FT OF LOT 9 BLK 34 (Note: Not to be used on legal documents)
Document(s)	N/A
Gross Acres	0.00
Net Acres	N/A
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	192 OLD TOWN EA ST -MAIN STREET B
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
City Of Sioux City
Real Estate Dept
PO Box 447
Sioux City, IA 51102-0447
Secondary Owner
Mailing Address

Land

Lot Area 0.04 Acres; 1,808 SF

Yard Extras

#1 - (1) Paving 1,807 SF, Asphalt Parking, Average Pricing, Built 1965

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
10/7/2009	MERCY MEDICAL CENTER	CITY OF SIOUX CITY	706-5070	Sale to/by Government/Exempt Organization	Deed		$0.00

+

Valuation (Sioux City)

	2014	2013	2012	2011	2010
+ Assessed Building Value	$0	$0			
+ Assessed Dwelling Value	$0	$0			

		2014	2013	2012	2011	2010
+	Assessed Land Value	$0	$0			
+	City Owned Building	$1,200				
+	City Owned Land	$4,600				
+	City Owned Building		$1,200			
+	City Owned Land		$4,600			
=	**Total Assessed Value**	**$5,800**	**$5,800**	**$5,800**	**$5,800**	**$5,700**

Taxation

		2013	2012	2011	2010
+	Taxable Land Value	$0	$0	$0	$0
+	Taxable Building Value	$0	$0	$0	$0
+	Taxable Dwelling Value	$0	$0	$0	$0
=	**Gross Taxable Value**	**$0**	**$0**	**$0**	**$0**
-	Military Exemption	$0	$0	$0	$0
=	**Net Taxable Value**	**$0**	**$0**	**$0**	**$0**
x	Levy Rate (per $1000 of value)	44.27609	43.74430	43.43453	45.31800
=	**Gross Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
-	Ag Land Credit	$0.00	$0.00	$0.00	$0.00
-	DSC Credit	$0.00	$0.00	$0.00	$0.00
-	Family Farm Credit	$0.00	$0.00	$0.00	$0.00
-	Homestead Credit	$0.00	$0.00	$0.00	$0.00
-	Business Property Credit	$0.00	$0.00	$0.00	$0.00
-	Prepaid Tax	$0.00	$0.00	$0.00	$0.00
=	**Net Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015	$0	N/A		56640
	September 2014	$0	N/A		
2012	March 2014	$0	N/A		57036
	September 2013	$0	N/A		
2011	March 2013	$0	N/A		57361
	September 2012	$0	N/A		
2010	March 2012	$0	N/A		57735
	September 2011	$0	N/A		

Iowa Land Records

Book-Page: 706-5070 (10/7/2009)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.

For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

Photos

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Permits, Valuation, Unpaid Fees and Special Assessments, Sketches.

Last Data Upload: 3/11/2015 10:14:35 AM

developed by
The Schneider Corporation
www.schneidercorp.com

Woodbury County, IA / Sioux City

Date Created: 3/11/2015

Summary

Parcel ID	894728407005
Alternate ID	044116
Property Address	914 5th St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY VAC N-S ALLEY ABUTTI NG LOT 7 & N 36 FT L OT 8 BLK 34 (Note: Not to be used on legal documents)
Document(s)	DED: 675-2549 (5/26/2005)
Gross Acres	0.00
Net Acres	N/A
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	192 OLD TOWN EA ST -MAIN STREET B
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
City Of Sioux City IA

PO Box 447
Sioux City, IA 51102-0447
Secondary Owner
Mailing Address

Land

Lot Area 0.03 Acres; 1,376 SF

Yard Extras

#1 - (1) Paving 1,376 SF, Asphalt Parking, Average Pricing, Built 1950

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
5/20/2005	TARRJ L P	CITY OF SIOUX CITY	0675-2549	SALE TO / BY GOVERNMENT	Deed	Y	$250,000.00

+ There are other parcels involved in one or more of the above sales:

Valuation (Sioux City)

	2014	2013	2012	2011	2010
+ Assessed Building Value	$0	$0			
+ Assessed Dwelling Value	$0	$0			

		2014	2013	2012	2011	2010
+	Assessed Land Value	$0	$0			
+	City Owned Building	$900				
+	City Owned Land	$3,500				
+	City Owned Building		$900			
+	City Owned Land		$3,500			
=	**Total Assessed Value**	**$4,400**	**$4,400**	**$4,400**	**$4,400**	**$4,300**

Taxation

		2013	2012	2011	2010
+	Taxable Land Value	$0	$0	$0	$0
+	Taxable Building Value	$0	$0	$0	$0
+	Taxable Dwelling Value	$0	$0	$0	$0
=	**Gross Taxable Value**	**$0**	**$0**	**$0**	**$0**
-	Military Exemption	$0	$0	$0	$0
=	**Net Taxable Value**	**$0**	**$0**	**$0**	**$0**
x	Levy Rate (per $1000 of value)	44.27609	43.74430	43.43453	42.84622
=	**Gross Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
-	Ag Land Credit	$0.00	$0.00	$0.00	$0.00
-	DSC Credit	$0.00	$0.00	$0.00	$0.00
-	Family Farm Credit	$0.00	$0.00	$0.00	$0.00
-	Homestead Credit	$0.00	$0.00	$0.00	$0.00
-	Business Property Credit	$0.00	$0.00	$0.00	$0.00
-	Prepaid Tax	$0.00	$0.00	$0.00	$0.00
=	**Net Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015	$0	N/A		56635
	September 2014	$0	N/A		
2012	March 2014	$0	N/A		57030
	September 2013	$0	N/A		
2011	March 2013	$0	N/A		57355
	September 2012	$0	N/A		
2010	March 2012	$0	N/A		53814
	September 2011	$0	N/A		

Iowa Land Records

Book-Page: 675-2549 (5/26/2005)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.
For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Permits, Valuation, Unpaid Fees and Special Assessments, Photos, Sketches.

Last Data Upload: 3/11/2015 10:14:35 AM

Woodbury County, IA / Sioux City

Date Created: 3/5/2015

Summary

Parcel ID	894728407008
Alternate ID	044085
Property Address	423 Virginia St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY LOT 6 BLK 34 (Note: Not to be used on legal documents)
Document(s)	DED: 678-10846 (9/19/2005)
Gross Acres	0.00
Net Acres	N/A
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	192 OLD TOWN EA ST -MAIN STREET B
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
City Of Sioux City
Real Estate Dept
PO Box 447
Sioux City, IA 51102-0447
Secondary Owner
Mailing Address

Land

Lot Area 0.17 Acres; 7,500 SF

Yard Extras

#1 - (1) Paving 7,500 SF, Asphalt Parking, Average Pricing, Built 1965

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
5/20/2005	TARRJ L P	CITY OF SIOUX CITY	678-10846	TRANSFERS TO CORRECT OR MODIFY CONVEYANCE	Deed	Y	$0.00
5/20/2005	TARRJ L P	CITY OF SIOUX CITY	675-2549	SALE TO / BY GOVERNMENT	Deed	Y	$0.00

+ There are other parcels involved in one or more of the above sales:

Valuation (Sioux City)

	2014	2013	2012	2011	2010
+ Assessed Building Value	$0	$0			

		2014	2013	2012	2011	2010
+	Assessed Dwelling Value	$0	$0			
+	Assessed Land Value	$0	$0			
+	City Owned Building	$4,800				
+	City Owned Land	$19,100				
+	City Owned Building		$4,800			
+	City Owned Land		$19,100			
=	**Total Assessed Value**	**$23,900**	**$23,900**	**$23,900**	**$23,900**	**$23,600**

Taxation

		2013	2012	2011	2010
+	Taxable Land Value	$0	$0	$0	$0
+	Taxable Building Value	$0	$0	$0	$0
+	Taxable Dwelling Value	$0	$0	$0	$0
=	**Gross Taxable Value**	**$0**	**$0**	**$0**	**$0**
-	Military Exemption	$0	$0	$0	$0
=	**Net Taxable Value**	**$0**	**$0**	**$0**	**$0**
x	Levy Rate (per $1000 of value)	44.27609	43.74430	43.43453	44.98548
=	**Gross Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
-	Ag Land Credit	$0.00	$0.00	$0.00	$0.00
-	DSC Credit	$0.00	$0.00	$0.00	$0.00
-	Family Farm Credit	$0.00	$0.00	$0.00	$0.00
-	Homestead Credit	$0.00	$0.00	$0.00	$0.00
-	Business Property Credit	$0.00	$0.00	$0.00	$0.00
-	Prepaid Tax	$0.00	$0.00	$0.00	$0.00
=	**Net Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015	$0	N/A		56636
	September 2014	$0	N/A		
2012	March 2014	$0	N/A		57032
	September 2013	$0	N/A		
2011	March 2013	$0	N/A		57357
	September 2012	$0	N/A		
2010	March 2012	$0	N/A		57340
	September 2011	$0	N/A		

Iowa Land Records

Book-Page: 678-10846 (9/19/2005)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.

For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

Photos

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Permits, Valuation, Unpaid Fees and Special Assessments, Sketches.

Last Data Upload: 3/5/2015 12:03:30 PM

developed by
The Schneider Corporation
www.schneidercorp.com

Woodbury County, IA / Sioux City

Date Created: 3/5/2015

Summary

Parcel ID	894728407009
Alternate ID	044070
Property Address	421 Virginia St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY LOT 5 BLK 34 (Note: Not to be used on legal documents)
Document(s)	DED: 678-10846 (9/19/2005)
Gross Acres	0.00
Net Acres	N/A
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	192 OLD TOWN EA ST -MAIN STREET B
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
City Of Sioux City
Real Estate Dept
PO Box 447
Sioux City, IA 51102-0447
Secondary Owner
Mailing Address

Land

Lot Area 0.17 Acres; 7,500 SF

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
5/20/2005	TARRJ L P	CITY OF SIOUX CITY	675-2549	SALE TO / BY GOVERNMENT	Deed	Y	$0.00
5/20/2005	TARRJ L P	CITY OF SIOUX CITY	678-10846	TRANSFERS TO CORRECT OR MODIFY CONVEYANCE	Deed	Y	$0.00

+ There are other parcels involved in one or more of the above sales:

Valuation (Sioux City)

	2014	2013	2012	2011	2010
+ Assessed Building Value	$0	$0			
+ Assessed Dwelling Value	$0	$0			
+ Assessed Land Value	$0	$0			
+ City Owned Land	$19,100	$19,100			

		2014	2013	2012	2011	2010
=	**Total Assessed Value**	**$19,100**	**$19,100**	**$19,100**	**$19,100**	**$19,100**

Taxation

		2013	2012	2011	2010
+	Taxable Land Value	$0	$0	$0	$0
+	Taxable Building Value	$0	$0	$0	$0
+	Taxable Dwelling Value	$0	$0	$0	$0
=	**Gross Taxable Value**	**$0**	**$0**	**$0**	**$0**
-	Military Exemption	$0	$0	$0	$0
=	**Net Taxable Value**	**$0**	**$0**	**$0**	**$0**
x	Levy Rate (per $1000 of value)	44.27609	43.74430	43.43453	44.98548
=	**Gross Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
-	Ag Land Credit	$0.00	$0.00	$0.00	$0.00
-	DSC Credit	$0.00	$0.00	$0.00	$0.00
-	Family Farm Credit	$0.00	$0.00	$0.00	$0.00
-	Homestead Credit	$0.00	$0.00	$0.00	$0.00
-	Business Property Credit	$0.00	$0.00	$0.00	$0.00
-	Prepaid Tax	$0.00	$0.00	$0.00	$0.00
=	**Net Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015	$0	N/A		56637
	September 2014	$0	N/A		
2012	March 2014	$0	N/A		57033
	September 2013	$0	N/A		
2011	March 2013	$0	N/A		57358
	September 2012	$0	N/A		
2010	March 2012	$0	N/A		57341
	September 2011	$0	N/A		

Iowa Land Records

Book-Page: 678-10846 (9/19/2005)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.
For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Yard Extras, Permits, Valuation, Unpaid Fees and Special Assessments, Photos, Sketches.

Last Data Upload: 3/5/2015 12:03:30 PM

developed by
The Schneider Corporation
www.schneidercorp.com

Woodbury County, IA / Sioux City

Date Created: 3/5/2015

Summary

Parcel ID	894728407010
Alternate ID	044055
Property Address	419 Virginia St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY LOT 4 BLK 34 (Note: Not to be used on legal documents)
Document(s)	DED: 678-10846 (9/19/2005)
Gross Acres	0.00
Net Acres	N/A
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	192 OLD TOWN EA ST -MAIN STREET B
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
City Of Sioux City
Real Estate Dept
PO Box 447
Sioux City, IA 51102-0447
Secondary Owner
Mailing Address

Land

Lot Area 0.17 Acres; 7,500 SF

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
5/20/2005	TARRJ L P	CITY OF SIOUX CITY	678-10846	TRANSFERS TO CORRECT OR MODIFY CONVEYANCE	Deed	Y	$0.00
5/20/2005	TARRJ L P	CITY OF SIOUX CITY	675-2549	SALE TO / BY GOVERNMENT	Deed	Y	$0.00

+ There are other parcels involved in one or more of the above sales:

Valuation (Sioux City)

	2014	2013	2012	2011	2010
+ Assessed Building Value	$0	$0			
+ Assessed Dwelling Value	$0	$0			
+ Assessed Land Value	$0	$0			
+ City Owned Land	$19,100	$19,100			

		2014	2013	2012	2011	2010
=	**Total Assessed Value**	**$19,100**	**$19,100**	**$19,100**	**$19,100**	**$19,100**

Taxation

		2013	2012	2011	2010
+	Taxable Land Value	$0	$0	$0	$0
+	Taxable Building Value	$0	$0	$0	$0
+	Taxable Dwelling Value	$0	$0	$0	$0
=	**Gross Taxable Value**	**$0**	**$0**	**$0**	**$0**
-	Military Exemption	$0	$0	$0	$0
=	**Net Taxable Value**	**$0**	**$0**	**$0**	**$0**
x	Levy Rate (per $1000 of value)	44.27609	43.74430	43.43453	44.98548
=	**Gross Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
-	Ag Land Credit	$0.00	$0.00	$0.00	$0.00
-	DSC Credit	$0.00	$0.00	$0.00	$0.00
-	Family Farm Credit	$0.00	$0.00	$0.00	$0.00
-	Homestead Credit	$0.00	$0.00	$0.00	$0.00
-	Business Property Credit	$0.00	$0.00	$0.00	$0.00
-	Prepaid Tax	$0.00	$0.00	$0.00	$0.00
=	**Net Taxes Due**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015	$0	N/A		56638
	September 2014	$0	N/A		
2012	March 2014	$0	N/A		57034
	September 2013	$0	N/A		
2011	March 2013	$0	N/A		57359
	September 2012	$0	N/A		
2010	March 2012	$0	N/A		57342
	September 2011	$0	N/A		

Iowa Land Records

Book-Page: 678-10846 (9/19/2005)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.
For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Yard Extras, Permits, Valuation, Unpaid Fees and Special Assessments, Photos, Sketches.

Last Data Upload: 3/5/2015 12:03:30 PM

Schneider developed by The Schneider Corporation www.schneidercorp.com

Woodbury County, IA / Sioux City

Date Created: 3/10/2015

Summary

Parcel ID	894728406011
Alternate ID	042511
Property Address	800 4th St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY LOTS 1, 2, 3, 10, 11 , 12, AND N/S ALLEY ADJ TO SAID LOTS BLK 35, VAC JENNINGS ST BETWN LOTS 1, 2, 3 BLK 35 AND LOTS 10, 11,12 BLK 34, VAC N/ S ALLEY ADJ LOTS 10, 11, 12 BLK 34, VAC 4TH ST FROM E LINE J ONES ST TO E LINE OF LOT 1, EXTEND S OF BLK 34, & PT LOT 7 B LK 22 (EX TCT COM NW COR LOT 6 THEC W 97 .4 FT, NELY 23.09 FT , NELY 6.5 FT, NELY 75.84 FT, & S 36.81 FT) AND (EX TCT LYIN G S OF LINE COMM NW COR LOT 7 BLK 22 THE C N 56.43 FT, SELY 4 0.62 FT, SELY 97.98 FT, TO PT 125 FT E O F W LINE OF LOT 7, N TO N LINE LOT 7 BLK 22 (Note: Not to be used on legal documents)
Document(s)	SPL: 693-8782 (9/21/2007)
Gross Acres	0.00
Net Acres	N/A
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	221 OLD TOWN EA ST - MAIN STREE T A
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
Siouxland Chamber Foundation

101 Pierce St
Sioux City, IA 51101-0000
Secondary Owner
Mailing Address

Land

Lot Area 2.87 Acres; 125,205 SF

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
8/30/2007	CITY OF SIOUX CITY	SIOUXLAND CHAMBER FOUNDATION	693-8782	TRANSFERS TO CORRECT OR MODIFY CONVEYANCE	Deed	Y	$0.00
8/29/2007	SIOUX CITY CHAMBER FOUNDATION	CITY OF SIOUX CITY	693-8779	TRANSFERS THAT ARE GIFTS OR PARTIAL GIFT	Deed	Y	$0.00
6/2/2007	CITY OF SIOUX CITY	SIOUX CITY CHAMBER FOUNDATION	692-10406	SALES WITH CONSIDERATION (SELLING PRICE) OF $10000 OR LESS	Deed	Y	$0.00
6/1/2007	SIOUX CITY CHAMBER FOUNDATION	CITY OF SIOUX CITY	692-10402	SALES WITH CONSIDERATION (SELLING PRICE) OF $10000 OR LESS	Deed	Y	$0.00

+ There are other parcels involved in one or more of the above sales:

Permits

Permit #	Date	Description	Amount
10-5294	11/09/2009	Addition	105,000
10-4052	08/07/2009	Ext-Remodel	609,000

Valuation (Sioux City)

	2014	2013	2012	2011	2010
+ Assessed Building Value	$0	$0			
+ Assessed Dwelling Value	$0	$0			
+ Assessed Land Value	$0	$0			
+ City Owned Land	$447,000	$447,000			
= Total Assessed Value	**$447,000**	**$447,000**	**$447,000**	**$447,000**	**$447,000**

Taxation

	2013	2012	2011	2010
+ Taxable Land Value	$0	$0	$0	$0
+ Taxable Building Value	$0	$0	$0	$0
+ Taxable Dwelling Value	$0	$0	$0	$0
= Gross Taxable Value	**$0**	**$0**	**$0**	**$0**
- Military Exemption	$0	$0	$0	$0
= Net Taxable Value	**$0**	**$0**	**$0**	**$0**
x Levy Rate (per $1000 of value)	44.27609	43.74430	44.47266	45.31800
= Gross Taxes Due	**$0.00**	**$0.00**	**$0.00**	**$0.00**
- Ag Land Credit	$0.00	$0.00	$0.00	$0.00
- DSC Credit	$0.00	$0.00	$0.00	$0.00
- Family Farm Credit	$0.00	$0.00	$0.00	$0.00
- Homestead Credit	$0.00	$0.00	$0.00	$0.00
- Business Property Credit	$0.00	$0.00	$0.00	$0.00
- Prepaid Tax	$0.00	$0.00	$0.00	$0.00
= Net Taxes Due	**$0.00**	**$0.00**	**$0.00**	**$0.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015 September 2014	$0 $0	N/A N/A		57035
2012	March 2014 September 2013	$0 $0	N/A N/A		57432
2011	March 2013 September 2012	$0 $0	N/A N/A		57754
2010	March 2012 September 2011	$0 $0	N/A N/A		57732

Iowa Land Records

Book-Page: 693-8782 (9/21/2007)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994. For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Yard Extras, Valuation, Unpaid Fees and Special Assessments, Photos, Sketches.

Last Data Upload: 3/10/2015 4:15:43 AM

developed by
The Schneider Corporation
www.schneidercorp.com

Woodbury County, IA / Sioux City

Date Created: 3/5/2015

Summary

Parcel ID	894728456005
Alternate ID	041535
Property Address	101 Virginia St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY VAC N S ALLEY ADJ & LOTS 1-2-3-10-11-12 & VAC N PT 1 ST ST B EING 16.85 FT ON W & 15.7 FT ON E X 317 FT E & W ADJ BLK 9 P P A R E # 993204 (Note: Not to be used on legal documents)
Document(s)	WD: 737-11120 (10/24/2014)
Gross Acres	0.00
Net Acres	0.00
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	123 SC COMM LL RIVER FRONT UR
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
Hci Real Estate Company

1 Mission Dr
PO Box 369
Winnebago, NE 68071
Secondary Owner
Mailing Address

Land

Lot Area 1.21 Acres; 52,867 SF

Commercial Buildings

Type	Base Area	Year Built
Warehouse	10821	1913
Warehouse	576	1913
Metal Warehouse - Steel Frame	25292	1971
Warehouse	1152	1913
Warehouse	1785	1971
Warehouse	221	1971
Warehouse	5334	1971
Warehouse	1071	1971

Yard Extras

#1 - (1) Paving 1,092 SF, Concrete Parking, Average Pricing, Built 1971

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
10/21/2014	Premium Pet Health, LLC	HCI Real Estate Company	737-11120	Normal	Deed	Y	$400,000.00
11/20/2004	L L L LAND LTD	PREMIUM PET HEALTH LLC	0666-0366	NORMAL ARMS-LENGTH TRANSACTION	Deed	Y	$1,118,400.00
12/2/1998	K F REAL ESTATE CO	L L L LAND LTD	418-1316	EXCHANGE FOR OTHER PROPERTY (TRADE)	Deed	Y	$250,000.00

+ There are other parcels involved in one or more of the above sales:

Permits

Permit #	Date	Description	Amount
10-6667	04/28/2010	Int-Remodel	50,000
07-1992	10/10/2006	Int-Remodel	200,000
04-7693	06/16/2004	Ext-Remodel	25,000
00-2971	01/07/2000	Misc	0
99-2430	01/07/1999	A/C	0

Valuation (Sioux City)

	2014	2013	2012	2011	2010
+ Assessed Building Value	$1,029,800	$1,029,800			
+ Assessed Dwelling Value	$0	$0			
+ Assessed Land Value	$134,800	$134,800			
= Total Assessed Value	**$1,164,600**	**$1,164,600**	**$1,164,600**	**$1,164,600**	**$1,105,700**

Taxation

	2013	2012	2011	2010
+ Taxable Land Value	$128,060	$134,800	$134,800	$134,800
+ Taxable Building Value	$978,310	$1,029,800	$1,029,800	$970,900
+ Taxable Dwelling Value	$0	$0	$0	$0
= Gross Taxable Value	**$1,106,370**	**$1,164,600**	**$1,164,600**	**$1,105,700**
- Military Exemption	$0	$0	$0	$0
= Net Taxable Value	**$1,106,370**	**$1,164,600**	**$1,164,600**	**$1,105,700**
x Levy Rate (per $1000 of value)	42.02609	41.62966	41.92927	42.84622
= Gross Taxes Due	**$46,496.41**	**$48,481.90**	**$48,830.83**	**$47,375.07**
- Ag Land Credit	$0.00	$0.00	$0.00	$0.00
- DSC Credit	$0.00	$0.00	$0.00	$0.00
- Family Farm Credit	$0.00	$0.00	$0.00	$0.00
- Homestead Credit	$0.00	$0.00	$0.00	$0.00
- Business Property Credit	$0.00	$0.00	$0.00	$0.00
- Prepaid Tax	$0.00	$0.00	$0.00	$0.00
= Net Taxes Due	**$46,496.00**	**$48,482.00**	**$48,830.00**	**$47,376.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015 September 2014	$23,248 $23,248	Yes Yes	2014-08-29 2014-08-29	53193
2012	March 2014 September 2013	$24,241 $24,241	Yes Yes	2013-08-30 2013-08-30	53577
2011	March 2013 September 2012	$24,415 $24,415	Yes Yes	2012-09-11 2012-09-11	53894
2010	March 2012 September 2011	$23,688 $23,688	Yes Yes	2011-09-30 2011-09-30	53902

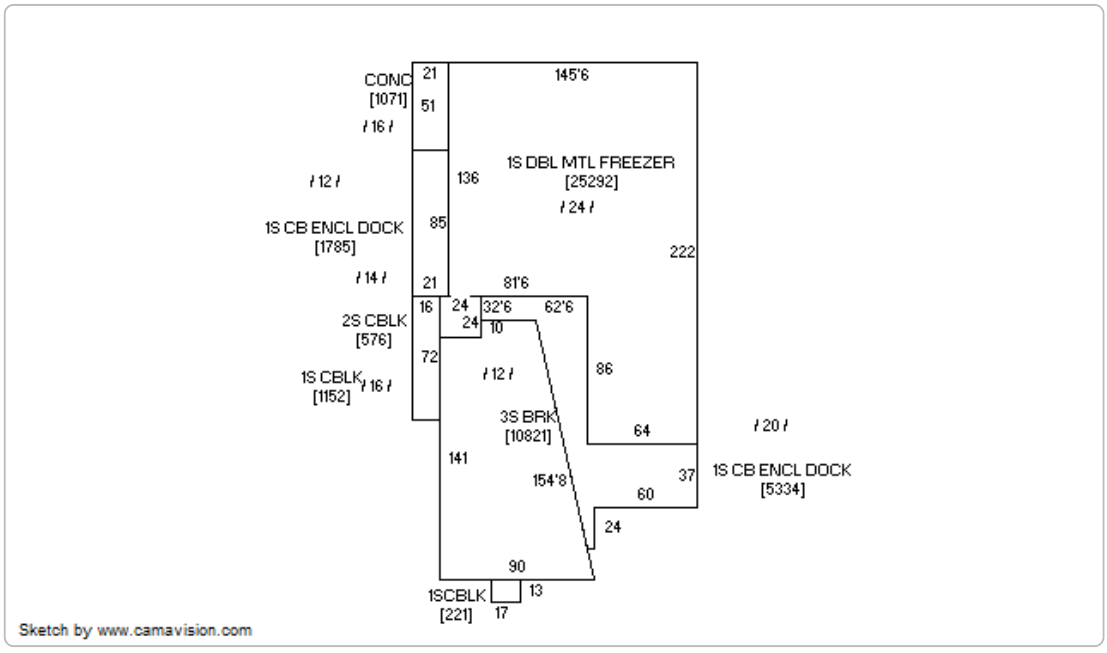
Iowa Land Records

Book-Page: 737-11120 (10/24/2014)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.
For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

Photos

Sketches



No data available for the following modules: Residential Dwellings, Agricultural Buildings, Valuation, Unpaid Fees and Special Assessments.

Last Data Upload: 3/5/2015 12:03:30 PM

developed by
The Schneider Corporation
www.schneidercorp.com

Woodbury County, IA / Sioux City

Date Created: 3/5/2015

Summary

Parcel ID	894728457003
Alternate ID	041641
Property Address	100 Virginia St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY S 8 FT LOT 10 BLK 10 LOT 11 & 12 BLK 10 (Note: Not to be used on legal documents)
Document(s)	WD: 737-11120 (10/24/2014)
Gross Acres	0.00
Net Acres	0.00
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	123 SC COMM LL RIVER FRONT UR
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
Hci Real Estate Company

1 Mission Dr
PO Box 369
Winnebago, NE 68071
Secondary Owner
Mailing Address

Land

Lot Area 0.37 Acres; 16,200 SF

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
10/21/2014	Premium Pet Health, LLC	HCI REal Estate Company	737-11120	Normal	Deed	Y	$400,000.00
11/20/2004	L L L LAND LTD	PREMIUM PET HEALTH LLC	0666-0366	SALE OF TWO OR MORE SEPARATELY ASSESSED PARCELS - SINGLE CONSIDERATION	Deed	Y	$1,118,400.00
12/2/1998	K F REAL ESTATE CO	L L L LAND LTD	418-1316	SALE OF TWO OR MORE SEPARATELY ASSESSED PARCELS - SINGLE CONSIDERATION	Deed	Y	$0.00

+ There are other parcels involved in one or more of the above sales:

Valuation (Sioux City)

	2014	2013	2012	2011	2010

		2014	2013	2012	2011	2010
+	Assessed Building Value	$0	$0			
+	Assessed Dwelling Value	$0	$0			
+	Assessed Land Value	$16,500	$16,500			
=	**Total Assessed Value**	**$16,500**	**$16,500**	**$16,500**	**$16,500**	**$16,500**

Taxation

		2013	2012	2011	2010
+	Taxable Land Value	$15,675	$16,500	$16,500	$16,500
+	Taxable Building Value	$0	$0	$0	$0
+	Taxable Dwelling Value	$0	$0	$0	$0
=	**Gross Taxable Value**	**$15,675**	**$16,500**	**$16,500**	**$16,500**
-	Military Exemption	$0	$0	$0	$0
=	**Net Taxable Value**	**$15,675**	**$16,500**	**$16,500**	**$16,500**
x	Levy Rate (per $1000 of value)	42.02609	41.62966	41.92927	42.84622
=	**Gross Taxes Due**	**$658.76**	**$686.89**	**$691.83**	**$706.96**
-	Ag Land Credit	$0.00	$0.00	$0.00	$0.00
-	DSC Credit	$0.00	$0.00	$0.00	$0.00
-	Family Farm Credit	$0.00	$0.00	$0.00	$0.00
-	Homestead Credit	$0.00	$0.00	$0.00	$0.00
-	Business Property Credit	$0.00	$0.00	$0.00	$0.00
-	Prepaid Tax	$0.00	$0.00	$0.00	$0.00
=	**Net Taxes Due**	**$658.00**	**$686.00**	**$692.00**	**$706.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015	$329	Yes	2014-08-29	53196
	September 2014	$329	Yes	2014-08-29	
2012	March 2014	$343	Yes	2013-08-30	53580
	September 2013	$343	Yes	2013-08-30	
2011	March 2013	$346	Yes	2012-09-11	53897
	September 2012	$346	Yes	2012-09-11	
2010	March 2012	$353	Yes	2011-09-30	53905
	September 2011	$353	Yes	2011-09-30	

Iowa Land Records

Book-Page: 737-11120 (10/24/2014)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.

For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Yard Extras, Permits, Valuation, Unpaid Fees and Special Assessments, Photos, Sketches.

Last Data Upload: 3/5/2015 12:03:30 PM

Woodbury County, IA / Sioux City

Date Created: 3/5/2015

Summary

Parcel ID	894728457004
Alternate ID	041566
Property Address	101 Court St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY LOTS 1-2 BLK 10 S 8 FT LOT 3 BLK 10 AND S 108 FT VAC N-S ALL EY ADJ BLK 10 (Note: Not to be used on legal documents)
Document(s)	WD: 737-11120 (10/24/2014)
Gross Acres	0.00
Net Acres	0.00
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	123 SC COMM LL RIVER FRONT UR
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
Hci Real Estate Company

1 Mission Dr
PO Box 369
Winnebago, NE 68071
Secondary Owner
Mailing Address

Land

Lot Area 0.41 Acres; 17,928 SF

Commercial Buildings

Type	Base Area	Year Built
Warehouse	10974	1912
Warehouse	1200	1912

Yard Extras

#1 - (1) Fencing - Chain 3 Strand Barb, 6 Ft-Hgh, 56 LF, 0 LF-Gates, Built 1980

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
10/21/2014	Premium Pet Health, LLC	HCI Real Estate Company	737-11120	Normal	Deed	Y	$400,000.00

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
11/20/2004	L L L LAND LTD	PREMIUM PET HEALTH LLC	0666-0366	SALE OF TWO OR MORE SEPARATELY ASSESSED PARCELS - SINGLE CONSIDERATION	Deed	Y	$1,118,400.00
10/30/1995			337-464	NORMAL ARMS-LENGTH TRANSACTION	Deed		$78,000.00

+

Valuation (Sioux City)

	2014	2013	2012	2011	2010
+ Assessed Building Value	$110,600	$110,600			
+ Assessed Dwelling Value	$0	$0			
+ Assessed Land Value	$18,300	$18,300			
= Total Assessed Value	**$128,900**	**$128,900**	**$128,900**	**$128,900**	**$121,900**

Taxation

	2013	2012	2011	2010
+ Taxable Land Value	$17,385	$18,300	$18,300	$18,300
+ Taxable Building Value	$105,070	$110,600	$110,600	$103,600
+ Taxable Dwelling Value	$0	$0	$0	$0
= Gross Taxable Value	**$122,455**	**$128,900**	**$128,900**	**$121,900**
- Military Exemption	$0	$0	$0	$0
= Net Taxable Value	**$122,455**	**$128,900**	**$128,900**	**$121,900**
x Levy Rate (per $1000 of value)	42.02609	41.62966	41.92927	42.84622
= Gross Taxes Due	**$5,146.30**	**$5,366.06**	**$5,404.68**	**$5,222.95**
- Ag Land Credit	$0.00	$0.00	$0.00	$0.00
- DSC Credit	$0.00	$0.00	$0.00	$0.00
- Family Farm Credit	$0.00	$0.00	$0.00	$0.00
- Homestead Credit	$0.00	$0.00	$0.00	$0.00
- Business Property Credit	$0.00	$0.00	$0.00	$0.00
- Prepaid Tax	$0.00	$0.00	$0.00	$0.00
= Net Taxes Due	**$5,146.00**	**$5,366.00**	**$5,404.00**	**$5,222.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015 September 2014	$2,573 $2,573	Yes Yes	2014-08-29 2014-08-29	53197
2012	March 2014 September 2013	$2,683 $2,683	Yes Yes	2013-08-30 2013-08-30	53581
2011	March 2013 September 2012	$2,702 $2,702	Yes Yes	2012-09-11 2012-09-11	53898
2010	March 2012 September 2011	$2,611 $2,611	Yes Yes	2011-09-30 2011-09-30	53906

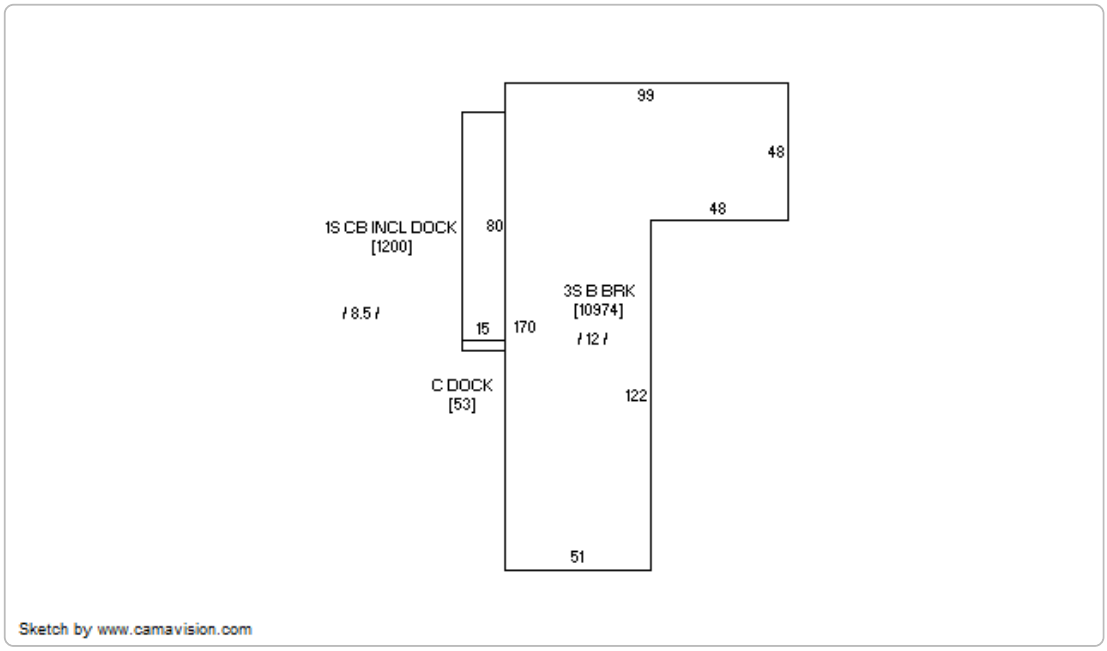
Iowa Land Records

Book-Page: 737-11120 (10/24/2014)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.
For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

Photos

Sketches



No data available for the following modules: Residential Dwellings, Agricultural Buildings, Permits, Valuation, Unpaid Fees and Special Assessments.

Last Data Upload: 3/5/2015 12:03:30 PM

developed by
The Schneider Corporation
www.schneidercorp.com

Woodbury County, IA / Sioux City

Date Created: 3/5/2015

Summary

Parcel ID	894728458003
Alternate ID	041370
Property Address	103 S Virginia St Sioux City
Sec/Twp/Rng	0-0-0
Brief Legal Description	MIDDLE SIOUX CITY LOT 2-3-4 BLK 6 (Note: Not to be used on legal documents)
Document(s)	WD: 737-11120 (10/24/2014)
Gross Acres	0.00
Net Acres	0.00
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	123 SC COMM LL RIVER FRONT UR
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
Hci Real Estate Company

1 Mission Dr
PO Box 369
Winnebago, NE 68071
Secondary Owner
Mailing Address

Land

Lot Area 0.52 Acres; 22,500 SF

Commercial Buildings

Type	Base Area	Year Built
Warehouse	7500	1913
Warehouse	7500	1913
Warehouse	7500	1913

Sales

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
10/21/2014	Premium Pet Health, LLC	HCI Real Estate Company	737-11120	Normal	Deed	Y	$400,000.00
1/20/2006	JKJ LAND INC	PREMIUM PET HEALTH LLC	684-5894	NORMAL ARMS-LENGTH TRANSACTION	Deed		$147,972.00

Date	Seller	Buyer	Recording	NUTC	Type	Multi Parcel	Amount
11/17/2004	L L L LAND LTD	JKJ LAND INC	0665-1211	SALES WITH CONSIDERATION (SELLING PRICE) OF $10000 OR LESS	Deed		$0.00
10/6/2004	HARKER JOHN (JIM) V	L L L LAND LTD	0661-1156	VACANT BUILDINGS	Deed		$150,000.00
9/26/2001	G & H LEASING INC	HARKER JOHN (JIM) V	0508-0367	NORMAL ARMS-LENGTH TRANSACTION	Deed		$306,993.00
12/22/1999	VAUGHAN THOMAS F & BETTY K	G & H LEASING, INC.	0450-1205	NORMAL ARMS-LENGTH TRANSACTION	Deed		$300,000.00

+

Permits

Permit #	Date	Description	Amount
10-6458	04/13/2010	A/C	0
06-2025	03/29/2006	Int-Remodel	250,000

Valuation (Sioux City)

	2014	2013	2012	2011	2010
+ Assessed Building Value	$307,000	$307,000			
+ Assessed Dwelling Value	$0	$0			
+ Assessed Land Value	$57,400	$57,400			
= Total Assessed Value	**$364,400**	**$364,400**	**$364,400**	**$364,400**	**$347,400**

Taxation

	2013	2012	2011	2010
+ Taxable Land Value	$54,530	$57,400	$57,400	$57,400
+ Taxable Building Value	$291,650	$307,000	$307,000	$290,000
+ Taxable Dwelling Value	$0	$0	$0	$0
= Gross Taxable Value	**$346,180**	**$364,400**	**$364,400**	**$347,400**
- Military Exemption	$0	$0	$0	$0
= Net Taxable Value	**$346,180**	**$364,400**	**$364,400**	**$347,400**
x Levy Rate (per $1000 of value)	42.02609	41.62966	41.92927	42.84622
= Gross Taxes Due	**$14,548.59**	**$15,169.85**	**$15,279.03**	**$14,884.78**
- Ag Land Credit	$0.00	$0.00	$0.00	$0.00
- DSC Credit	$0.00	$0.00	$0.00	$0.00
- Family Farm Credit	$0.00	$0.00	$0.00	$0.00
- Homestead Credit	$0.00	$0.00	$0.00	$0.00
- Business Property Credit	$0.00	$0.00	$0.00	$0.00
- Prepaid Tax	$0.00	$0.00	$0.00	$0.00
= Net Taxes Due	**$14,548.00**	**$15,170.00**	**$15,280.00**	**$14,884.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015 September 2014	$7,274 $7,274	Yes Yes	2014-08-29 2014-08-29	53199
2012	March 2014 September 2013	$7,585 $7,585	Yes Yes	2013-08-30 2013-08-30	53583
2011	March 2013 September 2012	$7,640 $7,640	Yes Yes	2012-09-11 2012-09-11	53900
2010	March 2012 September 2011	$7,442 $7,442	Yes Yes	2011-09-30 2011-09-30	53908

Iowa Land Records

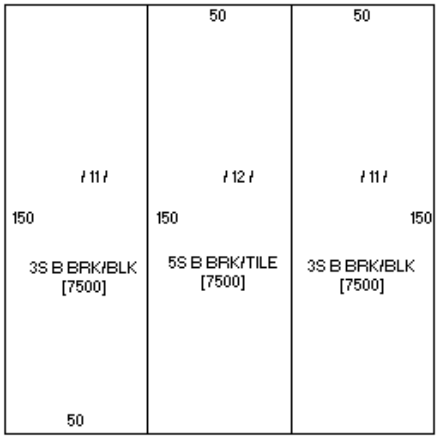
Book-Page: 737-11120 (10/24/2014)

Data for Woodbury County between Beacon and Iowa Land Records is available on the Iowa Land Records site beginning in 1994.

For records prior to 1994, contact the County Recorder or Customer Support at www.IowaLandRecords.org.

Photos

Sketches



Sketch by www.camavision.com

No data available for the following modules: Residential Dwellings, Agricultural Buildings, Yard Extras, Valuation, Unpaid Fees and Special Assessments.

Last Data Upload: 3/5/2015 12:03:30 PM

Woodbury County, IA / Sioux City

Date Created: 3/5/2015

Summary

Parcel ID	894734151012
Alternate ID	051346
Property Address	Sioux City
Sec/Twp/Rng	34-89-47
Brief Legal Description	STOCKYARDS FIRST LOT 1 (Note: Not to be used on legal documents)
Document(s)	N/A
Gross Acres	0.00
Net Acres	N/A
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	125 SC LL SC COMM FLOYD VALLEY
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
City Of Sioux City
Real Estate Dept
PO Box 447
Sioux City, IA 51102-0447
Secondary Owner
Mailing Address

Land

Lot Area 4.26 Acres; 185,740 SF

Valuation (Sioux City)

		2014	2013
+	Assessed Building Value	$0	$0
+	Assessed Dwelling Value	$0	$0
+	Assessed Land Value	$0	$0
+	City Owned Land	$150,400	$150,400
=	**Total Assessed Value**	**$150,400**	**$150,400**

Taxation

		2013
+	Taxable Land Value	$0
+	Taxable Building Value	$0
+	Taxable Dwelling Value	$0
=	**Gross Taxable Value**	**$0**

		2013
-	Military Exemption	$0
=	**Net Taxable Value**	**$0**
x	Levy Rate (per $1000 of value)	42.02609
=	**Gross Taxes Due**	**$0.00**
-	Ag Land Credit	$0.00
-	DSC Credit	$0.00
-	Family Farm Credit	$0.00
-	Homestead Credit	$0.00
-	Business Property Credit	$0.00
-	Prepaid Tax	$0.00
=	**Net Taxes Due**	**$0.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015	$0	N/A		53508
	September 2014	$0	N/A		

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Yard Extras, Sales, Permits, Valuation, Unpaid Fees and Special Assessments, Iowa Land Records, Photos, Sketches.

Last Data Upload: 3/5/2015 12:03:30 PM

Schneider developed by The Schneider Corporation www.schneidercorp.com

Woodbury County, IA / Sioux City

Date Created: 3/5/2015

Summary

Parcel ID	894734301006
Alternate ID	051347
Property Address	Sioux City
Sec/Twp/Rng	34-89-47
Brief Legal Description	STOCKYARDS FIRST LOT 2 (Note: Not to be used on legal documents)
Document(s)	N/A
Gross Acres	0.00
Net Acres	N/A
Exempt Acres	0.00
CSR	N/A
Class	C - Commercial
Tax District	125 SC LL SC COMM FLOYD VALLEY
School District	SIOUX CITY COMM

Owner

Primary Owner
(Deed Holder)
City Of Sioux City
Real Estate Dept
PO Box 447
Sioux City, IA 51102-0447
Secondary Owner
Mailing Address

Land

Lot Area 10.00 Acres; 435,600 SF

Valuation (Sioux City)

		2014	2013
+	Assessed Building Value	$0	$0
+	Assessed Dwelling Value	$0	$0
+	Assessed Land Value	$0	$0
+	City Owned Land	$352,800	$352,800
=	**Total Assessed Value**	**$352,800**	**$352,800**

Taxation

		2013
+	Taxable Land Value	$0
+	Taxable Building Value	$0
+	Taxable Dwelling Value	$0
=	**Gross Taxable Value**	**$0**

		2013
-	Military Exemption	$0
=	**Net Taxable Value**	**$0**
x	Levy Rate (per $1000 of value)	42.02609
=	**Gross Taxes Due**	**$0.00**
-	Ag Land Credit	$0.00
-	DSC Credit	$0.00
-	Family Farm Credit	$0.00
-	Homestead Credit	$0.00
-	Business Property Credit	$0.00
-	Prepaid Tax	$0.00
=	**Net Taxes Due**	**$0.00**

Treasurer Link

Click here to view tax information for this parcel

Tax History

Year	Due Date	Amount	Paid	Date Paid	Receipt
2013	March 2015	$0	N/A		53510
	September 2014	$0	N/A		

No data available for the following modules: Residential Dwellings, Commercial Buildings, Agricultural Buildings, Yard Extras, Sales, Permits, Valuation, Unpaid Fees and Special Assessments, Iowa Land Records, Photos, Sketches.

Last Data Upload: 3/5/2015 12:03:30 PM

Schneider developed by The Schneider Corporation www.schneidercorp.com

SECTION B

DISTRICT PLAN

1. **IN THE CHART BELOW PLEASE LIST EACH PROPOSED PROJECT WITHIN THE DISTRICT AND TOTAL CAPITAL INVESTMENT ASSOCIATED WITH THE PROJECT. PLEASE PROVIDE A NAME FOR EACH PROJECT THAT CORRESPONDS WITH REFERENCES THROUGHOUT THE APPLICATION. ADD ADDITIONAL LINES AS NEEDED.** New retail establishments cannot exceed 50% of the total cost expected for the district. At least one project within the district must have a capital investment of $10 million or more.

Proposed Projects	Total Cost
New Convention Center Hotel	$28,265,000
V Loft District	$16,840,057
Ag Expo & Learning Center	$22,985,000
	$68,090,057

2. **AMOUNT OF STATE ASSISTANCE NEEDED** $ 13,968,447

   Note: this amount cannot exceed 35% of the total cost proposed within the district and should be supported by expected tax revenues within the district over 20 years or less.

3. **PROVIDE A DESCRIPTION OF HOW THE STATE ASSISTANCE WILL BE USED WITHIN THE REINVESTMENT DISTRICT, AND IDENTIFY THE GAP IN FINANCING NEEDED TO COMPLETE THE PROPOSED PROJECTS IN THE DISTRICT.**

   State assistance from the proposed Sioux City Reinvestment District will be used to support an overall capital investment of over $68 million into three major projects in Sioux City. These include an investment of $7.2 million in a new convention center hotel and parking facility located in the Historic 4th Street District. Approximately $3.5 million will be invested in the renovations of three buildings in the "V-Loft District" along Virginia Street, which will be a major new entry into downtown upon completion of the I-29 reconstruction project. In addition approximately $3.2 million will be invested in the new Ag Expo & Learning Center and related hotel project in the former stockyards district. The project anticipates growth of additional retail development that will occur at both the V Loft District and Ag Expo Center site. Project details to be determined.

4. **PROVIDE A DETAILED DESCRIPTION OF EACH PROJECT LISTED IN THE CHART ABOVE. WITH THE DESCRIPTION, COPY THE PROJECT "FUNDING SOURCES AND USES" CHART PROVIDED BELOW FOR EACH PROJECT AND INCLUDE IT WITH THE PROJECT DESCRIPTION. ADD ADDITIONAL LINES TO THE CHART, AS NEEDED.**

   Please see below for project plans B1, B2 and B3.

B1

CONVENTION CENTER HOTEL

B1 - PROJECT PLAN

CONVENTION CENTER HOTEL

Description and type of project (i.e. new lessor, new retail establishment, public improvement, etc.)

Several recent public and private investments have rejuvenated Sioux City's downtown over the last decade. Investments in arts and culture, entertainment venues, historic renovations, the development of residential opportunities, and the expansion of local businesses are just a few of the many recent downtown development successes.

Downtown Sioux City boasts two historic districts, Historic 4th Street and Historic Pearl Street, on the east and west ends of the traditional downtown center, each offering distinctive architecture, renovated warehouses, boutique shopping and unique restaurants that draw customer traffic to the area. Downtown Sioux City is also a unique entertainment and cultural center that serves the entire region. Entertainment venues such as the remarkable historic Orpheum Theatre and Tyson Events Center offer world-class entertainment options and generate visitor traffic downtown, as well as the award-winning Sioux City Art Center, new Public Museum, and new Hard Rock Casino. New residential condominiums and apartments in rehabilitated warehouses provide urban loft-style living that fosters dense activity and a vibrant downtown atmosphere. These developments suggest that downtown Sioux City remains the heart of the region and continues to be a place that attracts people and business opportunities.

Additional enhancements that are underway to improve downtown's walkability, urban design, connectivity, green space and unique amenities, will help set the stage for future development and encourage private investment. The reconstruction of Interstate 29 through downtown Sioux City will also create opportunities for new development and redevelopment projects. To continue to strengthen the appeal of downtown Sioux City as a destination for those outside of the immediate region and to drive more traffic in and around other downtown attractions, the need for a quality branded hotel near the Sioux City Convention Center needs to be addressed.

In contrast to the overall growth of downtown activity the Sioux City Convention Center has seen a decrease in events and conferences annually for the past several years due to the lack of a quality hotel attached to the facility. Built in 1988, the Sioux City Convention Center is located on 4th Street in downtown Sioux City, just south of Mercy Medical Center. The facility features three exhibit divisions that combine to more than 28,000 square feet. The facility also includes ten meeting rooms that, combined, offer 8,600 square feet of meeting space. Major food functions are now held in exhibit spaces as there is currently no ballroom space.

There is currently one hotel within walking distance of the Sioux City Convention Center, the Sioux City Hotel, to which it is connected by skywalk system. Originally constructed as a Hilton Hotel in 1974, the hotel has recently gone through foreclosure and a change in ownership. The hotel is an independent property that suffers from low rates and occupancy compared to the market, and the decline in the quality and performance of the facility has had a significant negative impact on the convention center over a number of years. Its low quality condition prevents meeting planners from giving Sioux City an opportunity to bid for events, especially the most impactful events that generate out of town room nights. In the past few years several conventions that have been held in Sioux City in the past have declined to return citing the lack of a quality convention center hotel.

The City of Sioux City hired Hunden Strategic Partners (HSP) to analyze the need for convention center hotel rooms and make a recommendation on how to revive the Convention Center. HSP identified that Sioux City is at a serious competitive disadvantage in terms of total function space, ballroom space, walkable hotel rooms, and location within the state. Without a package of quality nearby rooms, the city's investment in the convention center is at serious risk. Based on HSP's analysis and market research, in order for the Sioux City Convention Center to be viable two critical gaps must be filled, an adjacent or attached branded hotel, and the development of ballroom space. The city plans to pursue an aggressive strategy to induce the development of a new high quality branded convention hotel, as well as the addition of ballroom space either within the hotel or the convention center.

First, a quality, select-service branded hotel with full-service amenities and 150 rooms will be developed on the east side of the Sioux City Convention Center and connected to the facility. While there are other quality hotels downtown, they do not offer the size, proximity and room blocks that meeting planners require and receive at other locations. These other downtown quality hotels can offer ancillary room blocks, but the convention center needs a hotel with a minimum of 150 rooms in close proximity in order to offer the room block size and quality that the market is receiving elsewhere.

Second, the addition of approximately 9,000 square feet of ballroom space to the Sioux City Convention Center complex will provide the ability to host the types of functions attracted to other competitive destinations. Convention centers are made up of three room types: exhibit halls, ballrooms and meeting rooms, for a "meet, eat and greet" mix of functions. Most conferences in Sioux City are held at hotels with ballroom and meeting rooms and according to HSP, 45% of events nationwide are held in ballroom space. Without an existing ballroom, Sioux City is severely hampered in its efforts to compete for events.

Neither a convention center nor a quality hotel is compelling enough on its own, but rather the entire package of quality meeting space, a large quality hotel room block and proximity between the two are essential to remain competitive in today's meetings market. Both sets of facilities will improve Sioux City's ability to draw out of state business from nearby Nebraska, South Dakota and Minnesota, given Sioux City's location on the state border. Unlike communities located in the interior of the state, Sioux City's developments are much more likely to generate most of their impact from out of state spending, which provides a net positive impact to the state's economy and fiscal receipts. There is no direct competitor for an upscale, fuller-service branded hotel in the market, suggesting it would own its place in the market and should not displace much existing demand at current local hotels. Based on the limited number of existing quality hotels larger than 100 rooms, a new upscale hotel should continue to improve the reputation of Sioux City and attract more groups, leisure travelers and corporate travelers.

A new convention center hotel has the potential to enhance downtown's position as a main contributor and driver of economic activity in Sioux City. Overall, the trends in the market and downtown are favorable for hotel development, based on the growing regional economy, population and the specific improvements in downtown attractiveness for leisure, events and corporate stays. The hotel will entice visitors to visit Sioux City businesses, restaurants and entertainment facilities. These visits will result in increased downtown spending, and in turn, an improved local business environment, additional tax collections and an increased number of employment opportunities. The visibility that visitors will have of the downtown from the new hotel will show off the community to a new population that may consider visiting again or even moving to the community.

The City of Sioux City is currently working with HSP to create an RFQ to attract a hotel developer. The funds provided by the Reinvestment District Program will help attract a developer and can provide a key source of revenue for the hotel financing costs. HSP will use their national contacts to assist the city in finding a hotel developer, as well as identify interested local development groups. The RFQ submittals will be received for review in late May. If Sioux City is successful in the pre-application phase and receives provisional approval from the State, we will then proceed to final selection of a developer for the hotel through an RFP and negotiation process.

Project Name: Convention Center Hotel					
Funding Uses	**Convention Center Hotel**	**Parking Structure**	**Funding Sources**	**Convention Center Hotel**	**Parking Structure**
Site Preparation	$480,000	$80,000	Private Investment	$15,600,000	$0
Building Acquisition	$0	$0	Public Investment	$1,193,360	$4,000,000
Building Construction	$16,800,000	$2,800,000	Iowa Reinvestment District	$7,206,640	$0
Building Remodeling	$0	$0	City of Sioux City – Land	$265,000	$0
Fixtures	$2,400,000	$400,000			
Architectural Design	$1,680,000	$280,000			
Engineering Design	$1,200,000	$200,000			
Construction Admin.	$480,000	$80,000			
Land	265,000	$0			
Other	$960,000	$160,000			
Total Project Budget	**$24,265,000**	**$4,000,000**	**Total Funding Sources**	**$24,265,000**	**$4,000,000**

Expected Timeline

Summary and Milestones		
Activity	**Start**	**Finish**
Iowa Reinvestment Act Award		7/1/2015
Solicit Developers/Finalize Agreements	4/1/2015	3/1/2016
Finalize Financing	9/1/2015	3/1/2016
IRA Contract Approval		3/1/2016
Design/Engineering	1/1/2016	5/1/2016
Bid/Award	5/1/2016	7/1/2016
Permitting	7/1/2016	9/15/2016
Site Prep/Excavation	10/1/2016	11/30/2016
Building Construction	12/1/2016	12/1/2017
Grand Opening		1/1/2018

Detailed budget for the project

Total project costs for the new Convention Center hotel with adjacent is $24,000,000. See attachment for budget details.

Recommended Sioux City Convention Package

	New Convention Hotel
Rooms	150
Ballroom (Square Feet)	6,000
Meeting Rooms (Square Feet)	2,500
Boardroom (Square Feet)	500
Total Meeting Space	9,000
Square Feet of Function Space/Room	60
Hard Cost	$20,250,000
Soft Cost	$3,645,000
Total	$23,895,000
Land Cost*	$0
Total Preliminary Development Cost	**$23,895,000**
Cost per Key (Rounded)	**$159,000**

	Convention Center Expansion
Ballroom (Square Feet)	9,000 - 12,000
Estimated Development Cost	$2.5 - $4 million

* Assumes site is east of Convention Center and owned by the City
Source: Hunden Strategic Partners

Projection of Income & Expense: 150-Room Hotel - (in $000, inflated)

	Year 1				Year 2	Year 3	Year 4	Year 5		Year 10
Room Count	150				150	150	150	150		150
Available Room Nights	54,750				54,750	54,750	54,750	54,750		54,750
Occupancy Rates	54%				59%	64%	65%	66%		66%
Occupied Room Nights	29,625				32,500	35,104	35,679	36,001		36,001
Average Daily Rate	$119				$120	$121	$125	$129		$149
RevPAR	$64				$71	$78	$81	$85		$98
Percent of Change from Prior Year	--				10.5%	9.2%	4.5%	3.8%		3.0%
	$	%	PAR	POR	$	$	$	$	%	
REVENUE										
Rooms	$3,531	*68.2%*	*$23,537*	*$119*	$3,903	$4,263	$4,456	$4,627	*68.0%*	$5,363
Hotel Food and Beverage	1,390	*26.8%*	*$9,264*	*$47*	1,541	1,688	1,769	1,837	*27.0%*	2,130
Telephone	5	*0.1%*	*$34*	*$0*	6	6	7	7	*0.1%*	8
Other Operated Departments	154	*3.0%*	*$1,029*	*$5*	171	188	197	204	*3.0%*	237
Parking & Transportation	0	0.0%	$0	$0	0	0	0	0	*0.0%*	0
Rentals and Other Income	98	*1.9%*	*$652*	*$3*	108	119	124	129	*1.9%*	218
Total Revenue	$5,178	*100.0%*	*$34,517*	*$175*	$5,729	$6,263	$6,552	$6,804	*100.0%*	$7,955
DEPARTMENTAL EXPENSES										
Rooms	$1,020	*28.9%*	*$6,802*	*$34*	$1,050	$1,108	$1,158	$1,203	*26.0%*	$1,394
Hotel Food and Beverage	1,001	*72.0%*	*$6,670*	*$34*	1,094	1,198	1,238	1,286	*70.0%*	1,491
Telephone	57	*1100.0%*	*$377*	*$2*	63	69	72	75	*1100.0%*	87
Other Operated Departments	9	*6.0%*	*$62*	*$0*	9	9	10	10	*5.0%*	12
Parking & Transportation	0	*2.0%*	*$0*	*$0*	0	0	0	0	*0.0%*	0
Rent and Other Income	2	*2.0%*	*$13*	*$0*	1	1	1	6	*5.0%*	11
Total Departmental Expenses	$2,089	*40.3%*	*$13,925*	*$71*	$2,216	$2,386	$2,480	$2,580	*37.9%*	$2,995
Gross Operating Income	$3,089	*60.3%*	*$20,592*	*$104*	$3,513	$3,877	$4,072	$4,223	*62.1%*	$4,961
UNDISTRIBUTED OPERATING EXPENSES										
Administrative and General	$497	*9.6%*	*$3,314*	*$17*	$521	$539	$557	$578	*8.5%*	$676
Marketing	$352	*6.8%*	*$2,347*	*$12*	$361	$376	$387	$401	*5.9%*	$469
Utility Costs	$269	*5.2%*	*$1,795*	*$9*	$269	$276	$288	$299	*4.4%*	$350
Property Operations and Maintenance	$269	*5.2%*	*$1,795*	*$9*	$269	$276	$288	$299	*4.4%*	$350
Total Undistributed Expenses	$1,388	*26.8%*	*$9,251*	*$47*	$1,421	$1,466	$1,520	$1,578	*23.2%*	$1,846
Gross Operating Profit	$1,701	*32.9%*	*$11,342*	*$57*	$2,092	$2,412	$2,552	$2,645	*38.9%*	$3,115
Franchise Fees	$207	*4.0%*	*$1,381*	*$7*	$229	$251	$262	$272	*4.0%*	$318
FIXED EXPENSES										
Property Taxes	$150	*2.9%*	*$1,000*	*$5*	175	223	255	252	*3.7%*	301
Insurance	78	*1.5%*	*$518*	*$3*	80	81	85	88	*1.3%*	103
Management Fee	166	*3.2%*	*$1,105*	*$6*	183	200	210	218	*3.2%*	255
Reserve for Replacement	$52	*1.0%*	*$345*	*$2*	$86	$125	$229	$238	*3.5%*	$278
Total Fixed Expenses	$445	*8.6%*	*$2,967*	*$15*	$524	$630	$779	$796	*11.7%*	$937
Cash Flow from Operations	$1,049	*20.3%*	*$6,994*	*$35*	$1,338	$1,531	$1,511	$1,577	*23.2%*	$1,859
Gross 5% Sales Tax Generated	$177				$195	$213	$223	$231		$268
Sales Tax Avaialble for Incentive (4%)	$141				$156	$171	$178	$185		$215

Source: Hunden Strategic Partners

Financing - 150-Room Hotel

	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	$0	$0	$1,049	$1,338	$1,531	$1,511	$1,577	$1,661	$1,704	$1,755	$1,806	$1,859
Interest and Debt Reserve W/D	$158	$474	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$158	$474	$1,049	$1,338	$1,531	$1,511	$1,577	$1,661	$1,704	$1,755	$1,806	$1,859
Debt Service Payment	($158)	($474)	($962)	($962)	($962)	($839)	($839)	($839)	($839)	($839)	($839)	($839)
Net Income to Repay Equity	$0	$0	$87	$376	$569	$671	$737	$822	$864	$915	$967	$1,020
Princ. Amount***	$2,875	$8,625	$11,500	$11,170	$10,822	$10,460	$10,144	$9,812	$9,463	$9,097	$8,712	$8,308
Interest	$158	$474	$633	$614	$595	$523	$507	$491	$473	$455	$436	$415
Less Payment	($158)	($474)	($962)	($962)	($962)	($839)	($839)	($839)	($839)	($839)	($839)	($839)
Loan Balance	$2,875	$8,625	$11,170	$10,822	$10,455	$10,144	$9,812	$9,463	$9,097	$8,712	$8,308	$7,884
Assumptions						**Refi**						
Loan Amount ($000's)	$11,500					$10,460						
Amortization Period (Years)	20					20						
Loan Interest Rate	5.5%					5.0%						
Annual Debt Service Payment ($000's)	($962)					($839)						
Equity:												
Developer's Equity ($000's)	$3,900	16%										
Private Debt	11,500	48%										
Total Private Financing	$15,400	64%	$102,667	per room								
Gap	$8,495	36%										
Project Amount ($000's)	$23,895	100%	$159,300	per room								
Debt (Private) Coverage Ratio			1.09	1.39	1.59	1.80	1.88	1.98	2.03	2.09	2.15	2.22
Return on Private Equity*			2.2%	9.6%	14.6%	17.2%	18.9%	21.1%	22.2%	23.5%	24.8%	26.2%
Return on Assets**			4.4%	5.6%	6.4%	6.3%	6.6%	7.0%	7.1%	7.3%	7.6%	7.8%

**On developer's equity only.*
***On project cost.*
****Assumes 50% draw in Construction Year 1; 75% average during Construction Year 2*

Source: Hunden Strategic Partners

Expected debt associated with each project

In this model, the total estimated project cost is $159,300 per room or approximately $24 million. Supportable debt is $11.5 million, or 48 percent of project cost. Supportable equity is $3.9 million, unless the developer is willing to take less than an 18 percent return. The resulting gap is $8.4 million, suggesting that even this hotel is not currently feasible without some assistance to bridge the gap.

Status of expected financing and financing gap

The driving force behind these convention center and hotel developments in both small and larger markets is the public-private partnerships that are designed to bridge the gap in financing and make projects feasible that would never be financed without public incentives. Feasibility of closing the financing gap and implementing the hotel is dependent on the State's award of Iowa Reinvestment Act.

Expected state hotel/motel tax and/or state sales tax projections over 20 years. (Provide assumptions and detail related to these projections.)

Hotel & Sales Tax Projections				
Revenue Type	20 Year Revenue	5% Hotel Tax (20 Years)	6% Sales Tax (20 Years)	4% Sales Tax (20 Years)
Hotel Rooms	$ 109,409,000	$ 5,470,000	$ 0	$ 0
Food & Beverage	$ 43,416,000	$ 0	$ 2,604,960	$ 1,736,640
TOTAL COST	**$ 152,825,000**	**$ 5,470,000**	**$ 2,604,960**	**$ 1,736,640**
Total Hotel Tax & 4% Sales Tax: $ 7,206,640				

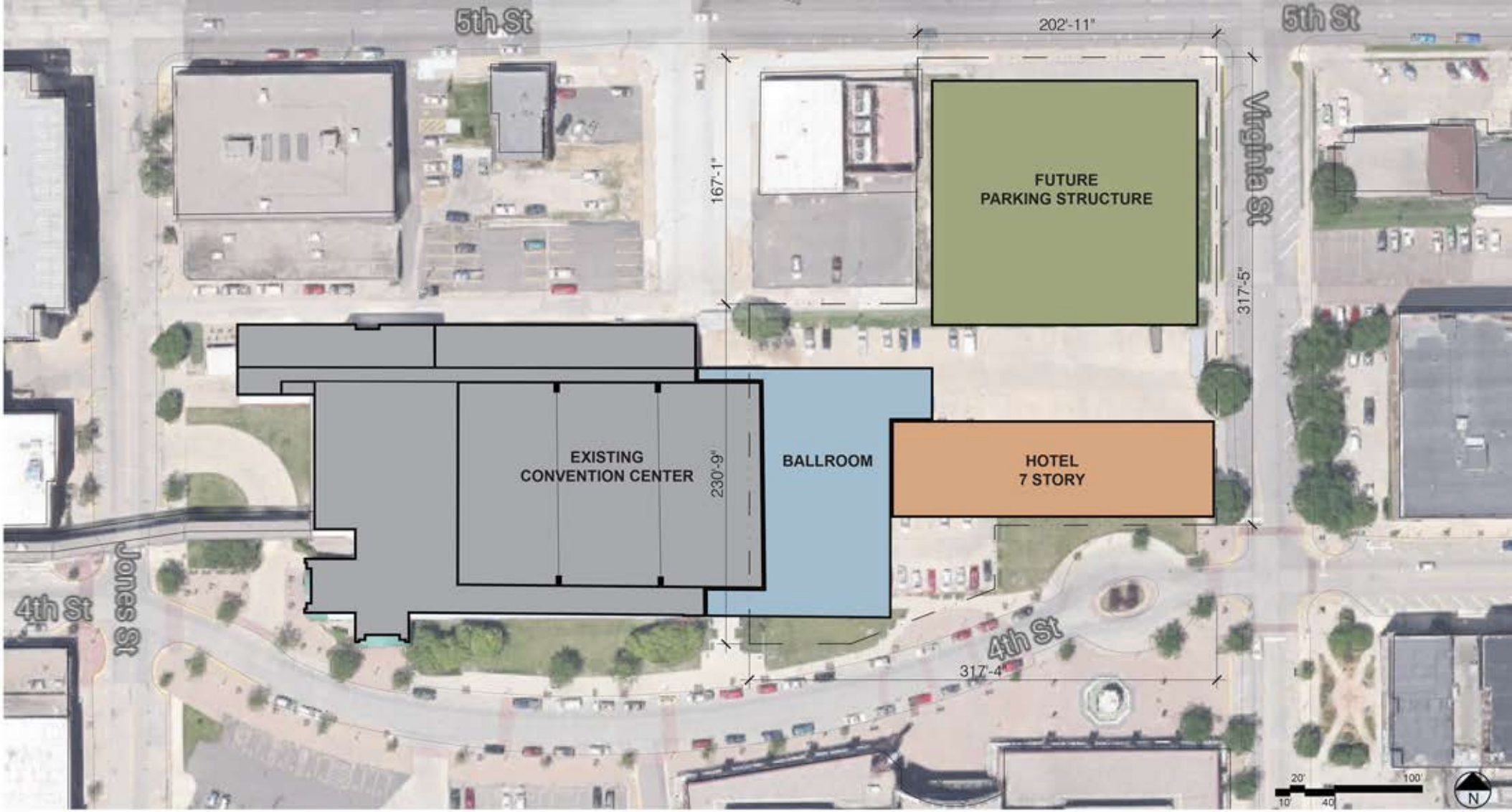
Visual aids which enhance the understanding of the project

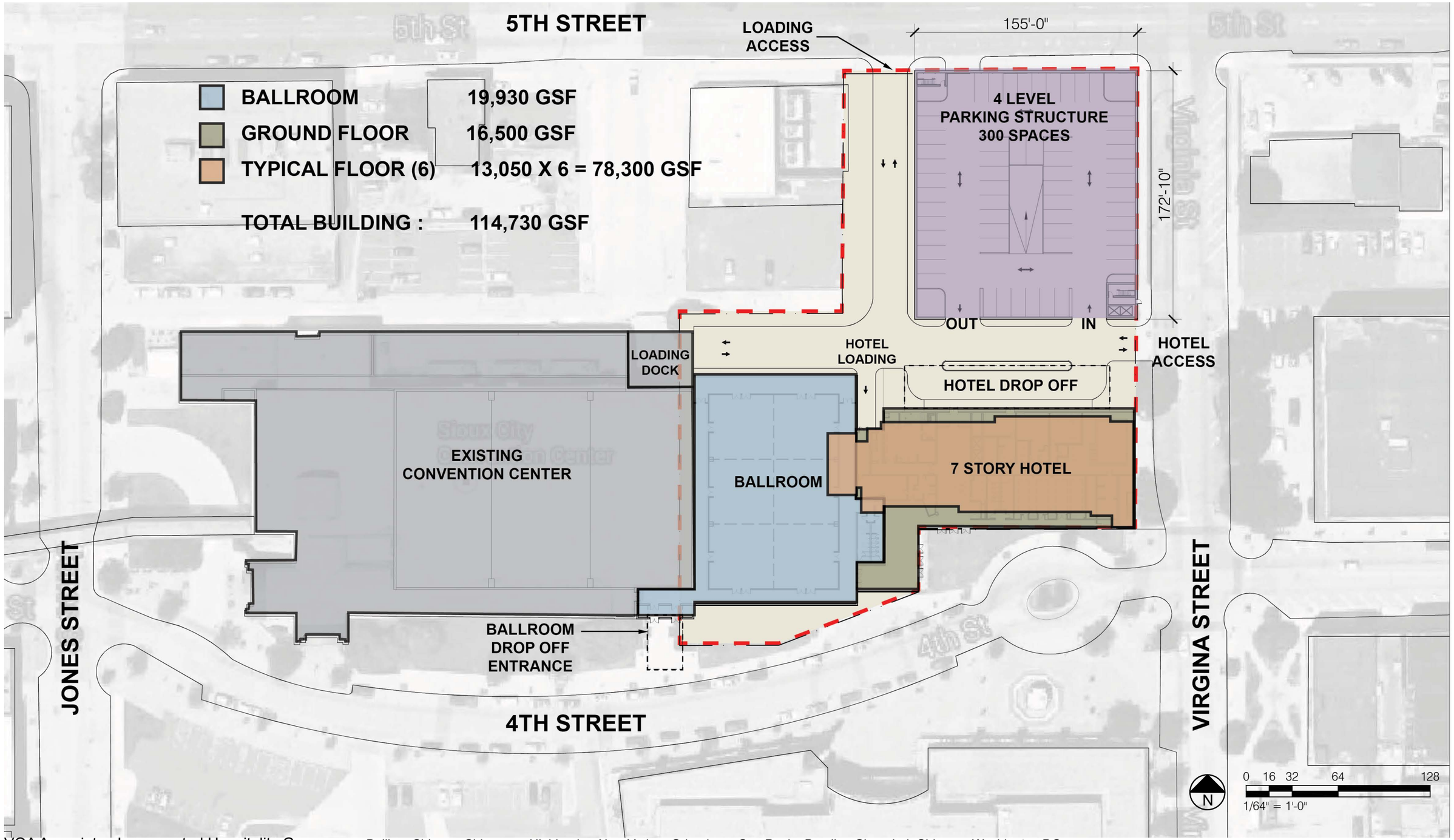
Please see attached for images of the proposed new Convention Center hotel.

Feasibility study conducted by an independent professional

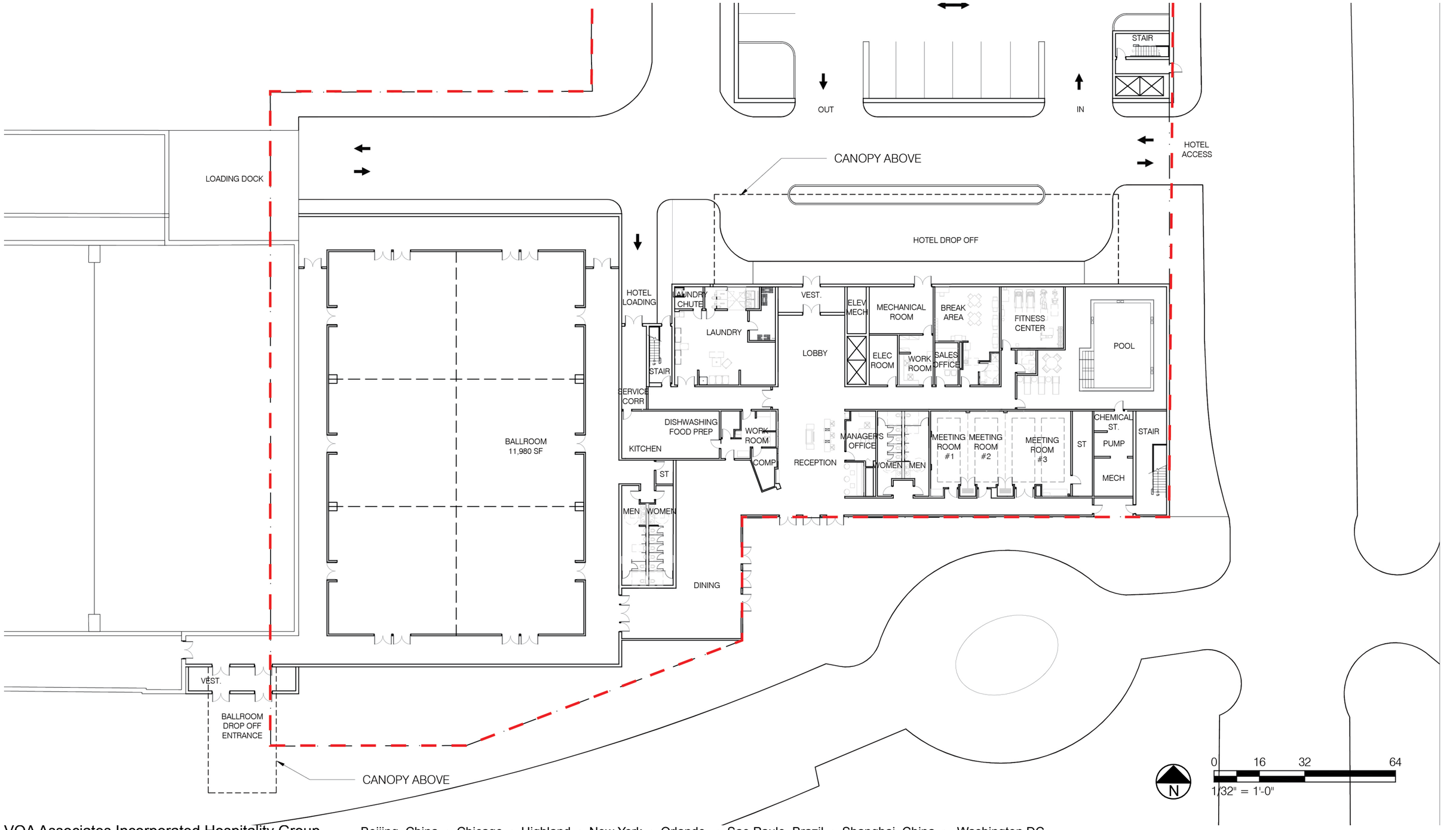
- **Each project feasibility study should include the following, as well as any other pertinent information:**
- **Projected annual gross revenues expected as a result of the proposed project**
- **Detailed explanation of the economic impact expected as a result of the project**
- **Estimate of the number of visitors or customers the project is expected to generate**
- **A description of the unique characteristics of the project within the context of the "unique nature" (defined on page 2 of this application)**

Please see attachment for feasibility study conducted by Hunden Strategic Partners.

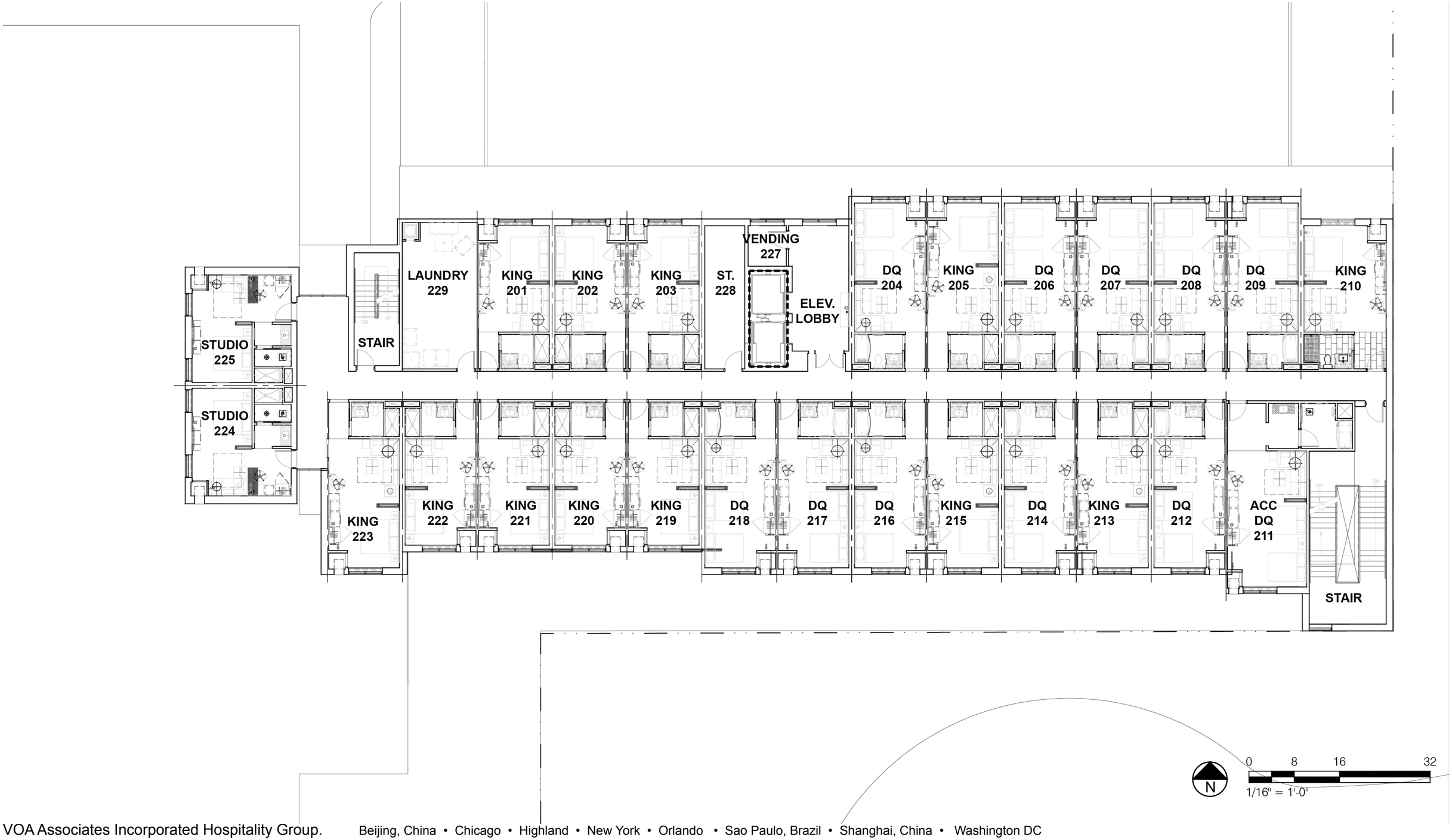

5th St
202'-11"
5th St
167'-1"
Virginia St
FUTURE
PARKING STRUCTURE
317'-5"
EXISTING
CONVENTION CENTER
230'-9"
BALLROOM
HOTEL
7 STORY
Jones St
4th St
4th St
317'-4"
20'
100'
10'
40'
N


5TH STREET
BALLROOM 19,930 GSF
GROUND FLOOR 16,500 GSF
TYPICAL FLOOR (6) 13,050 X 6 = 78,300 GSF
TOTAL BUILDING : 114,730 GSF
LOADING ACCESS
155'-0"
4 LEVEL PARKING STRUCTURE 300 SPACES
172'-10"
OUT
IN
HOTEL LOADING
HOTEL ACCESS
HOTEL DROP OFF
LOADING DOCK
EXISTING CONVENTION CENTER
BALLROOM
7 STORY HOTEL
BALLROOM DROP OFF ENTRANCE
JONES STREET
4TH STREET
VIRGINA STREET
N
0 16 32 64 128
1/64" = 1'-0"

SITE PLAN



GROUND FLOOR



TYPICAL FLOOR

25 KEYS PER FLOOR
25 (6 FLOORS) = 150 KEYS

Sioux City Convention Hotel Market and Feasibility Study

Submitted to:

Marty Dougherty
Economic Development Director
405 6th Street
Sioux City, Iowa 51102

Via: mdougherty@sioux-city.org

March 1, 2015

March 1, 2015

Marty Dougherty
Economic Development Director
405 6th Street
Sioux City, Iowa 51102

Dear Mr. Dougherty,

The City of Sioux City, Iowa engaged Hunden Strategic Partners (HSP) to conduct a market demand analysis, financial feasibility and competitive analysis for the development of a quality hotel with amenities and services to optimally service the Sioux City Convention Center. The attached is our report.

This deliverable has been prepared under the following general assumptions and limiting conditions:

- The findings presented herein reflect analysis of primary and secondary sources of information that are assumed to be correct. HSP utilized sources deemed to be reliable, but cannot guarantee their accuracy.
- No responsibility is taken for changes in market conditions after the date of this report and no obligation is assumed to revise this report to reflect events or conditions occurring after the date of this report.
- HSP has no control over construction costs or timing of construction and opening.
- Macroeconomic events affecting travel and the economy cannot be predicted and may impact the development and performance of the project.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

Hunden Strategic Partners

TABLE OF CONTENTS

----------	**Executive Summary**
Chapter 1	Economic and Demographic Analysis
Chapter 2	Conventions & Meetings Market Trends
Chapter 3	Convention Headquarter Hotel Trends
Chapter 4	Competitive Meetings Market Analysis
Chapter 5	Hotel Market Analysis
Chapter 6	Recommendations
Chapter 7	Demand and Financial Projections

INTRODUCTION

Hunden Strategic Partners was retained by the City of Sioux City, Iowa to study the hotel market in the Sioux City area, specifically near downtown and as it relates to quality lodging to support the Sioux City Convention Center.

The city's largest downtown hotel, the Sioux City Hotel, is directly connected to the Convention Center by skywalk and features 288 rooms. Originally opened as a Hilton, the hotel declined in quality over time and its brand changed as well, becoming the Clarion, then becoming an independent hotel. The quality and performance of the hotel continued to deteriorate to the point where the hotel went through foreclosure proceedings.

At the beginning of this study process in the fall of 2014, the hotel was owned by its lender. Considerable analysis and discussion occurred regarding whether or not the City should purchase the hotel in order to control its future. However, a local bidder purchased the Sioux City Hotel from the bank and plans a very modest renovation to some of the rooms, while likely closing many of the rooms, reducing key count. The hotel, will therefore still not serve the community as a quality convention hotel that meeting planners expect and are booking in other communities. This turn of events does not leave the City many options in terms of redeveloping the hotel into a marketable convention hotel for the convention center and the primary hotel for downtown.

The City was and continues to be concerned about the impact of the hotel on the convention center's viability. The convention center has lost ground in the meetings market, and due to the hotel's quality (and lack of other large convention hotel options downtown), the convention center has in many respects operated in "stasis." The city has determined that until the community can offer a truly competitive and quality hotel and convention package, it cannot justify committing extensive resources to a dedicated marketing operation for the convention center, such as a traditional convention and visitor bureau. The convention center's food and beverage operator has been given management control of the building. With other Iowa and regional cities upping the ante in terms of quality, size and new meeting and hotel facilities, the package in Sioux City simply cannot compete.

Based on the analysis and current situation with the Sioux City Hotel, the convention center can only be viable if two critical gaps are filled. First, a quality, branded hotel must be developed either adjacent to or attached to the Sioux City Convention Center with enough rooms to support the size of groups wanting to utilize the center. While there are other quality hotels downtown, they do not offer the size, proximity and room blocks that meeting planners require. These other downtown quality hotels can offer ancillary room blocks, but the convention center needs a hotel with a minimum of 150 rooms (optimally 200 rooms) in close proximity in order to offer the room block size and quality that the market is receiving elsewhere.

Second, the Sioux City Convention Center lacks a ballroom, which hampers its ability to host the types of functions that other competitive destinations are able to host. Convention centers are made up of three room types: exhibit halls, ballrooms and meeting rooms, for a "meet, eat and greet" mix of functions. Without a ballroom, Sioux City will be severely hampered in its efforts. The

new hotel and ballroom recommended in this report can be developed either as separate but connected projects, or as one project. The most likely solution is for the public sector to develop a ballroom at the convention center and a 150-room convention hotel with a compliment of function space and other full-service amenities that is adjacent and connected to the convention center.

Downtown Sioux City has experienced revitalization in the form of new investments, from the new Hard Rock Casino and Hotel, to the impending hospital expansion to new restaurants, bars and cultural activities. However, the lack of constant activity on the east end of town and presence of a downtrodden, large hotel, such as the Sioux City Hotel is an impediment to continued growth and must be mitigated. Meeting planners and attendees want a walkable, fun, active downtown area right outside their hotel and convention location. They are getting such experiences in Coralville, Des Moines, Omaha and Sioux Falls. Other locations in Iowa are also improving their downtowns, such as Davenport, Cedar Rapids and others.

As a result of the hotel and ballroom gaps associated with the convention center, HSP is recommending the City pursue an aggressive strategy to induce the development of a high quality, branded convention hotel of a minimum of 150 rooms. While it is unlikely that the market, city and brands will support a full-service brand (due to high costs and limited market depth), the situation does call for a select-service hotel with some full-service amenities, such as function space, room service and catering/food and beverage options.

While the hotel and convention center could enter into arrangements to share catering services and co-promote space in order to make the expensive food and beverage operation more efficient, these often do not work out in the long term. It is often best for the hotel to manage its operations and for the convention center to responsible for its own operations. The rub, however, is that clients expect both to offer catering and food and beverage options, which becomes more expensive for both to build and operate. HSP's recommendation is for the convention center to develop its own ballroom and for the hotel to minimize the extent of its food and beverage operations (and function space) in order to maximize efficiency and profit. When an event calls for large ballroom usage, it can use the proposed ballroom at the convention center and book rooms at the hotel. The market is just not large enough for the hotel and convention center to have large ballroom and catering operations.

The project should be viewed as an economic development project that will benefit all nearby businesses and help put Sioux City on the map as a place to live, work, stay and play. The project will require an upfront incentive, which should mitigate upfront building costs and ramp-up operations, which are often slow at first. Excellent and experienced management is assumed.

SUMMARY OF CONCLUSIONS FROM CHAPTERS

Local Demographics and Economy

The city of Sioux City has demonstrated a stable economic climate over the past decade. While growth has not been explosive, the region tends to weather economic recessions with much less contraction than other Midwest and even coastal cities. This is due to the large concentration of food processing and agribusiness companies located in the region. The industry does not experience significant growth compared to other industries, but instead has steady incremental growth. This incremental growth in economic opportunity helped spur growth in the Siouxland MSA from the 2000 to 2010 period. The downtown as well has seen some growth and significant economic investment. The historic Fourth Street and Pearl Districts have seen redevelopment of retail, restaurant and office space, into new retail and public uses, including the proposed Children's Museum. The closing of the Argosy Riverboat Casino was offset by the redevelopment of the old battery building into the new Hard Rock Hotel & Casino downtown. The 54-room hotel and 40,000-square foot casino is helping to establish a critical mass of retail and attractions that are attracting visitors downtown.

The continued expansion of local companies, especially Mercy Hospital downtown, will have a positive impact on economic and hotel activity in the region and downtown. Downtown is also beginning to attract residents, which mirrors a nationwide trend of Millennials and empty nesters moving to downtown locations. While the actual number of downtown residents is minimal at this time, the outlook is positive for more investment and migration to the urban core.

Overall, the trends in the market and downtown are favorable for hotel development, based on the growing regional economy, population and the specific improvements in downtown attractiveness for leisure, events and corporate stays.

Meetings and Convention Industry Analysis

Sioux City has been falling behind in its package of meeting and hotel facilities, as is discussed in this report. Based on the trends in the industry, if a community's event package is not improving, the market will leave it behind and it will lose business. Too many other communities are improving and making the hurdles higher.

The convention and conference event industry is diverse and responds well to facilities that can accommodate needs such as assembly space for general sessions and displays, ballroom facilities and numerous breakout-meeting rooms. Supply has been outpacing demand in the convention and meetings industry, even before the economic downturn in 2008. Even in the economic downturn, however, more than 65 percent of convention and meetings facilities expanded, renovated or built new facilities. This hurt pricing power for facilities over the past several years, but as the economy and meetings expand, balance is being restored to the supply/demand mix. For those communities with the right mix of facilities and attractiveness, the return on investment can be quite measurable, in jobs, business activity and tax revenue. Unfortunately for Sioux City, the hotel quality and sizing

did not keep pace with expectations. In addition, without a large ballroom at the Sioux City Convention Center, the facility itself has a tougher time competing for events.

Important factors in the decision-making process of choosing a convention or meeting site include availability of nearby hotel rooms, cost of travel, and meeting space in the facility and hotels. The most important types of meeting space now are the number of breakout meeting rooms and ballrooms. Expo and exhibition space are still important, but less so now than in the past. Higher rated businesses (e.g. corporate, medical, associations that are willing to pay more for better facilities and experiences) need many breakout rooms and high quality ballrooms to conduct their trainings and other meetings. In Sioux City, these are the very things that are lacking, which suggests a long-term challenge until those issues are rectified.

Is investment in this industry worth it? For those that construct and manage the right set of facilities within an attractive market, yes. The market is currently absorbing expansions planned during the past economic expansion. With the economy on the rebound and civic budgets strained, supply increases should be constrained for the next several years while demand should increase. This will mean that for the next five to ten years, the expanding demand will shift the market more toward the seller's advantage. Those that put the right package together: hotels and the right kinds of function space in a walkable environment, will generate new meetings and event business. Enhancing the 'fun' side of the community, such as a nearby downtown or entertainment/restaurant district, will provide the community more to sell against its competitors. Ultimately, those cities with a competitive package will generate a constant flow of group and event business that will support a number of hotels, restaurants and jobs.

For Sioux City the question of how best to penetrate the meetings and conference market is answered by looking at market conditions. As will be shown in the following chapters, there are a number of strong competitors across the Iowa and the region with compelling downtowns, yet with better convention and hotel facility packages. Sioux City needs to consider what changes are necessary to remain competitive and continue to grow their hospitality industry, such as high quality ballroom and meeting space, as well as a quality connected hotel. Throughout the balance of the report, HSP provides its recommendation for how to proceed in the events and hospitality industry.

Convention Headquarter Hotel Trends Analysis

In today's competitive convention/conference market, the market has demanded and received top-quality hotel and convention/conference center packages, usually connected to each other, in most major U.S. cities and now even in second and third-tier cities. As a result, many of these markets, such as Erie, Fort Wayne and Owensboro have opted for hybrid hotel models that include the amenities meeting planners expect but at lower price points via a limited-service brand or a full-service brand with fewer amenities.

The driving force behind these convention center and hotel developments in both small and larger markets is the public-private partnerships that are designed to bridge the gap in financing and make projects feasible that would never be financed without public incentives. In each case

presented, local, county and/or state governments recognized the need for public incentives that made these projects a reality, thereby making their offering packages more attractive to meeting planners. These cities have recognized that neither a convention center nor a nice hotel is compelling enough on its own, but rather the entire package of quality meeting space, a large quality hotel room block and proximity between the two are essential to remain competitive in today's meetings market.

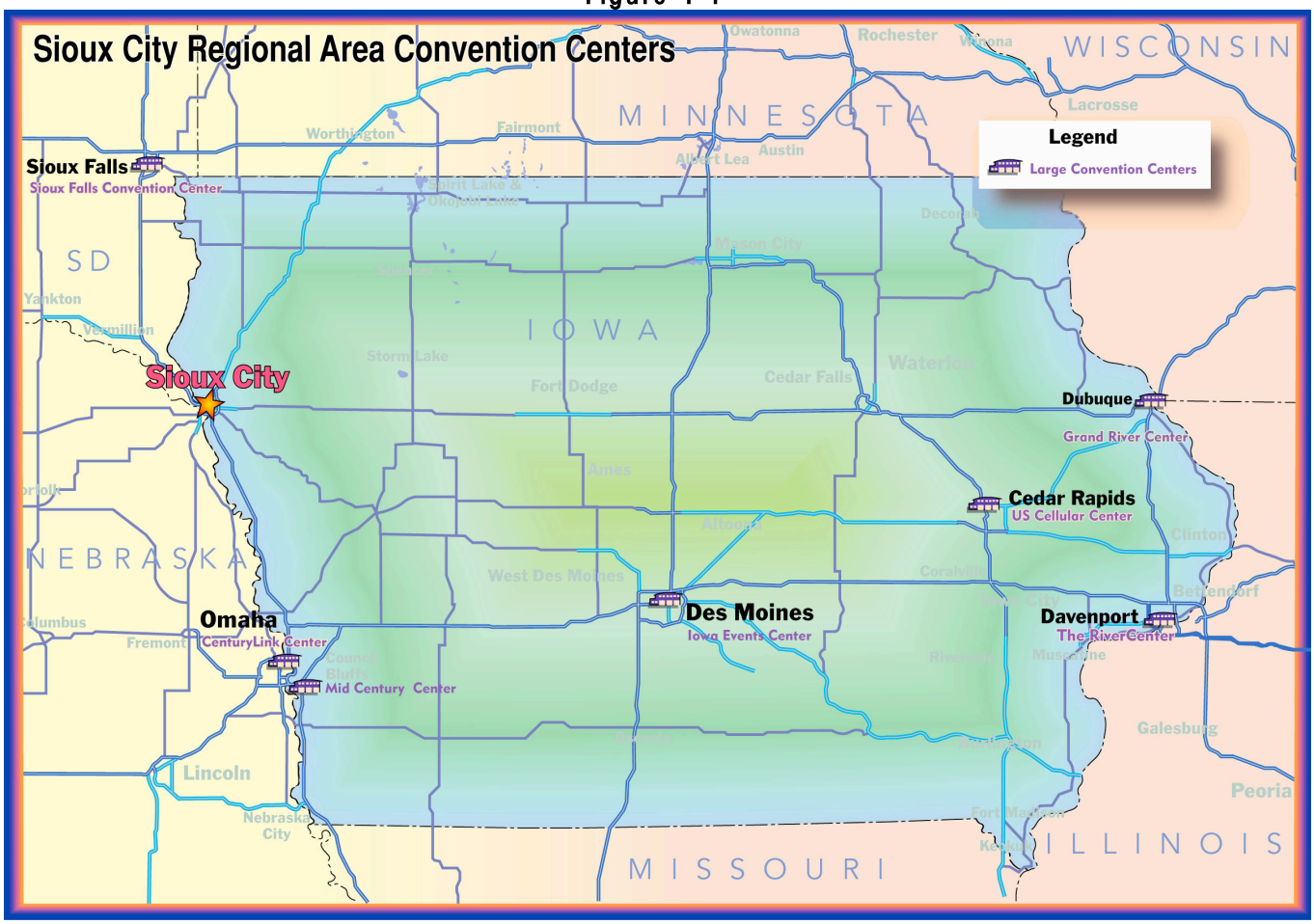
For Sioux City, with some meeting and event space in place, a quality hotel with function space that fills the gap in quality and space type (high quality ballroom and meeting rooms, as well as a boardroom), helps complete the downtown convention package. Given the situation with the Sioux City Hotel, a new hybrid hotel, similar to that developed in Owensboro or Fort Wayne, is likely the only viable option at this point. The Convention Center's quality should also be upgraded to match the quality of the new hotel, so that the whole package is more marketable to groups.

Competitive Meetings Market Analysis

Sioux City's primary competition will come from Iowa convention centers and large hotels with substantial meeting space in the surrounding region. The following cities have been identified as the primary competitive set.

The following map shows these competitors in relation to Sioux City.

Figure 4-1



The following table shows the Iowa and convention facilities that compete with Sioux City for convention and meeting business. It also shows the optimal metric for the number of hotel rooms needed for the convention center, which is 15 per square feet of exhibit space.

Table 1

Competitive Environment - Convention Centers

Facility	City	State	Total Function Space	Exhibit Space	Ballroom Space	Mtg. Room Space	Quality Walkable Hotels	Walkable Rooms	Walkable Hotel Rooms/ 1,000 Sq Ft of Exhibit Space
CenturyLink Center	Omaha	NE	269,106	194,300	41,876	32,930	1	600	3
Iowa Events Center	Des Moines	IA	202,726	146,926	28,800	27,000	1	155	1
Sioux Falls Convention Center	Sioux Falls	SD	60,756	33,600	16,800	10,356	2	393	12
Grand River Center	Dubuque	IA	56,486	30,000	12,416	14,070	1	193	6
US Cellular Center	Cedar Rapids	IA	54,374	28,754	12,517	13,103	1	267	9
Mid-America Center	Council Bluffs	IA	46,286	24,500	0	21,786	2	284	12
The RiverCenter	Davenport	IA	40,375	32,220	0	8,155	2	351	11
Average	**--**	**--**	**104,301**	**70,043**	**16,058**	**18,200**	**1**	**320**	**5**
Optimal Figure									15
Sioux City Convention Center	**Sioux City**	**IA**	**37,305**	**28,633**	**0**	**8,672**	**0**	**0**	**0**
Numer of Quality Rooms to Reach Optimal Level							**429**		15

Source: Various Facilities, Hunden Strategic Partners

As shown, the CenturyLink Center in Omaha, Nebraska has the largest amount of total function space and the most walkable hotel rooms of the regional convention centers in the competitive set. Walkable hotels and hotel rooms, considered to be within 0.25 miles of the property, are vital to any convention center's success. However, it has very few hotel rooms relative to the size of the convention center (just three rooms per 1,000 square feet of exhibit space).

Within the state of Iowa, the Iowa Events Center in Des Moines is the largest convention facility, with over 200,000 square feet of total function space, including approximately 146,000 square feet of exhibit space, 29,000 square feet of ballroom space, and 27,000 square feet of meeting room space. There is significant gap in function space between the Iowa Events Center and the third largest competitive convention center, the Sioux Falls Convention Center. The five remaining convention centers all have between 40,000 and 61,000 square feet of total function space.

Every convention center in the competitive list has either one or two hotels walkable hotels in proximity, with the CenturyLink Center having the most total rooms at 600. The Iowa Events Center in Des Moines has 155 walkable hotel rooms, the lowest in the competitive set, although they are of higher quality than the 188 rooms in Sioux City. At eight walkable rooms per 10,000 square feet of function space, the Iowa Events Center also has the fewest lodging options in comparison to the size of the convention center, however they are planning to add a major hotel in the next few years that will enhance their position. The optimal number of hotel rooms per 1,000 square feet of exhibit space is approximately 15. Davenport, Council Bluffs and Sioux Falls come closest to this goal, while Des Moines, Omaha, Dubuque and Sioux City fall very short of the goal. With zero quality walkable hotels the convention center, Sioux City is in the most dire situation.

Of the convention centers in the competitive set, the Sioux Falls Convention Center and the Mid-America Center in Council Bluffs are the closest facilities to the Sioux City Convention Center in terms of geographic location in the state of Iowa. When one considers the "quality" walkable rooms, Sioux City effectively has zero. Since the city has the skywalk system, some of the other

downtown hotels can be more accessible in the cold months without walking outside, but they still are farther than the 0.25 mile distance that most meeting attendees consider walkable.

In order to reach the optimal level of hotel rooms, a total of 429 rooms would need to be within walking distance of the convention center in Sioux City. If the Sioux City hotel can be renovated to a decent quality, it would certainly help. However, a second, new hotel is still necessary in either case to bring true quality and the ability to block rooms for meeting planners.

HSP does not recommend that one hotel be large enough to handle the optimal room count. Such a hotel would be too large. In any city with a convention center, there is a need for a collection of quality larger hotels to act as the convention room block anchors within walking distance to the convention center. By developing a 150+room hotel onsite and be encouraging the new owners of the Sioux City Hotel to brand it and improve its quality, the number of quality rooms nearby would be as many as 338, which would immediately put Sioux City back in a very competitive position for events.

Sioux City Convention Center

Sioux City, the fourth largest city in the state of Iowa, is located just east of the Missouri River in in the western part of the state. The city is approximately 95 miles north of the Council Bluffs-Omaha Metropolitan area and 90 miles south of Sioux Falls and is accessible off of Interstate 29.

Built in 1988, the Sioux City Convention Center is located in downtown Sioux City, just south of the Mercy Medical Center. The facility features three exhibit division that combine to more than 28,000 square feet. The facility also includes ten meeting rooms that, combined, offer 8,600 square feet of meeting space. The complex does not feature a ballroom, although one was initiall designed, but cut due to cost concerns. Major food functions are now held in exhibit spaces. The center only offers one hotel within walking distance, the Sioux City Hotel, to which it is connected by skywalk system. The independent hotel is a lower-quality independent property that suffers from low rates and occupancy compared to the market. Its low quality condition is the catalyst for this study, as meeting planners will not give Sioux City an opportunity to bid for events without a better quality hotel nearby.

The following table summarizes the Sioux City Convention Center's events by category from 2012 through 2014.

Table 2

Sioux City Convention Center Events by Category 2012-2014

Category	2012	2013	2014	Total
Conference, Seminars, Meetings	67	124	107	**298**
Expos, Trade Shows, Fairs, Sporting Events	26	26	29	**81**
Banquets	32	28	26	**86**
Social Events (Weddings, etc.)	26	33	34	**93**
Conventions	4	2	2	**8**
Political Events	1	0	0	**1**
Concerts	1	2	0	**3**
Total	**157**	**215**	**198**	**570**

Source: Sioux City Convention Center

Conferences, seminars, and meetings are the primary event types that take place at the Sioux City Convention Center, followed by social events, banquets, and expos and trade shows. The number of conferences and meetings increased by 57 from 2012 to 2013, resulting in a sizeable increase in total events. The number of expos, banquets, and social events has remained fairly consistent throughout the last three years. As shown, the facility has not been able to host conventions recently, primarily due to the lack of a quality hotel, yet also due to the lack of a ballroom. However, the hotel is the most critical issue.

The following figure summarizes the attendance by event type from 2012 through 2014. The numbers are based off of the average attendance by event data that was provided by the Sioux City Convention Center.

Table 3

Sioux City Convention Center Attendance by Category 2012-2014

Category	Average Attendance/ Event	2012	2013	2014	Average
Conference, Seminars, Meetings	350	23,450	43,400	37,450	**34,767**
Expos, Trade Shows, Fairs, Sporting Events	7,500	195,000	195,000	217,500	**202,500**
Banquets	700	22,400	19,600	18,200	**20,067**
Social Events (Weddings, etc.)	400	10,400	13,200	13,600	**12,400**
Conventions	800	3,200	1,600	1,600	**2,133**
Political Events	1,500	1,500	0	0	**500**
Concerts	2,000	2,000	4,000	0	**2,000**
Total	**1,893**	**257,950**	**276,800**	**288,350**	**274,367**

Source: Sioux City Convention Center

Expos, trade shows, fairs, and sporting events average approximately 7,500 attendees per event, followed by concerts and political events, which attract 2,000 and 1,500 visitors, respectively. While there were more total events that took place at the Sioux City Convention Center in 2013, there were approximately 12,000 more attendees in 2014 due to the increase in number of expos, trade shows, fairs, and sporting events. Conferences, seminars and meetings are the most

common events that take place at the convention center, but they also attract the least amount of visitors, approximately 350 per event.

The Sioux City Convention Center, which is managed by Centerplate, a national catering company, does not have a true sales team, which greatly hurts their marketing efforts. The center was, at one point, on the rotation for Iowa state association events. The community and convention center had a management and sales team that was very active in the corporate and association market. Many of the events that were hosted are on east, central, and mid-state rotations, and Sioux City competed for some of the western events. However, since the decline in quality of the Sioux City hotel, most such events have stopped considering the convention center and the community for their annual or other events.

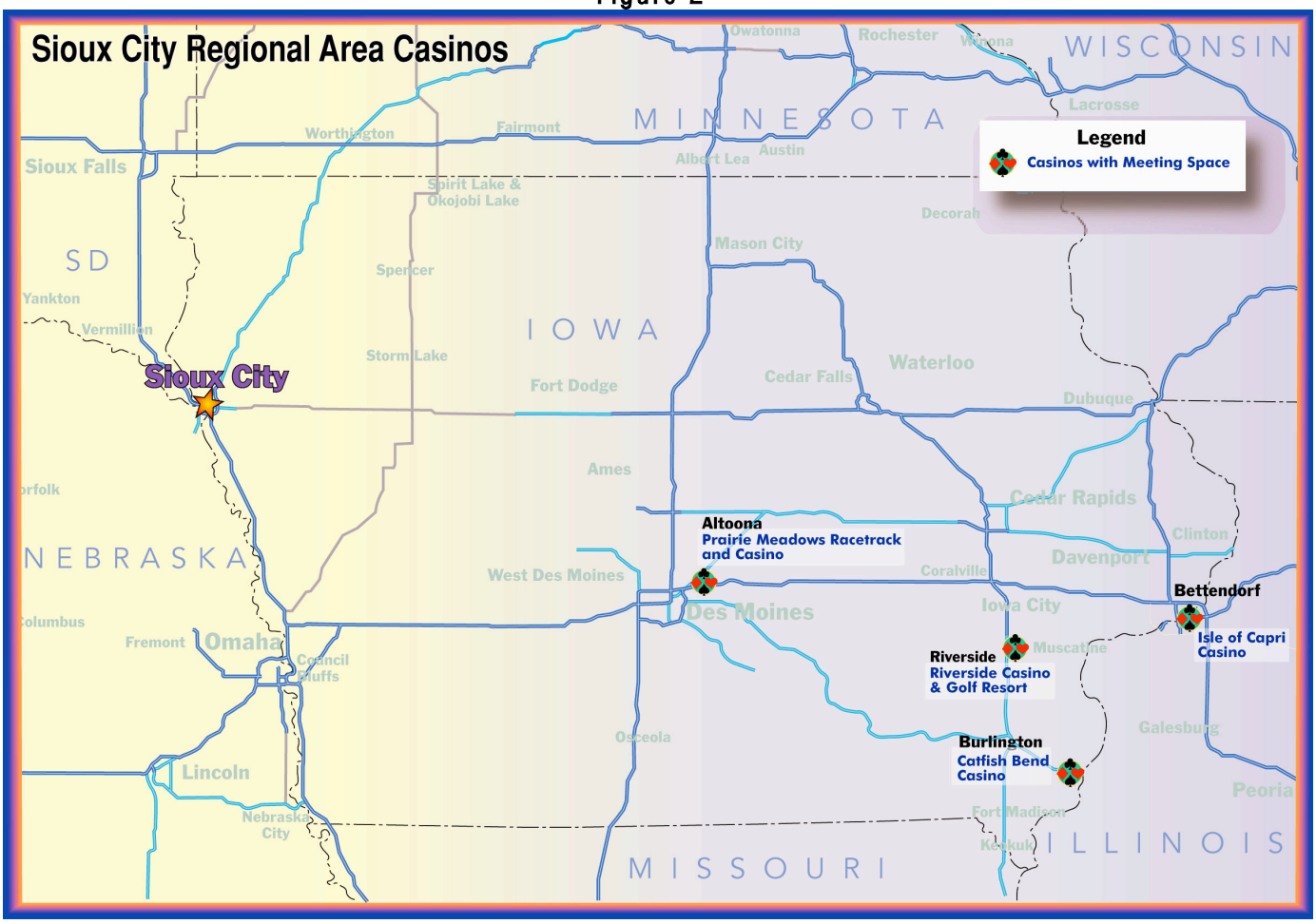
Based on interviews with current and past management and marketing staff of the convention center, the key to competitiveness is the convention hotel situation. Without a high quality hotel with full-service style amenities (and a national brand), most groups and corporations will not consider using the convention center.

Iowa Casino Complexes

The following table shows the Iowa casino complexes facilities that will compete with Sioux City for convention and meeting business. These facilities are unique and competitive not only because of the combination of function space and lodging but the built in entertainment.

The following map shows the location of the Iowa casino complexes that offer more than 9,000 square feet of total function space and 100 on-site hotel rooms. These casinos compete with Sioux City for meeting business.

Figure 2



The following table summarizes the casinos in Iowa with more than 5,000 square feet of total function space. There are several facilities with just 5,000 square feet of space, so those are shown in the table, but not in the map above.

Table 4

Gaming Options

Facility	City	Total Function Space	Exhibit Space	Ballroom Space	Meeting Room Space	Onsite Rooms
Praire Meadows Racetrack & Casino	Altoona	20,200	0	14,000	6,200	168
Isle of Capri	Bettendorf	13,520	0	9,600	3,920	514
Riverside Casino and Golf Resort	Riverside	12,420	0	12,420	0	200
Grand Falls Casino & Golf Resort	Larchwood	12,000	0	12,000	0	97
Catfish Bend Casino	Burlington	9,060	9,060	0	0	185
Lakeside Casino	Osceola	6,450	0	6,450	0	150
Diamond Jo Casino	Dubuque	5,000	0	5,000	0	0
Ameristar Hotel Casino Council Bluffs	Council Bluffs	5,000	0	5,000	0	160
Isle of Capri	Waterloo	5,000	0	5,000	0	195
Diamond Jo Worth	Northwood	5,000	0	5,000	0	102
Mystique Casino	Dubuque	4,099	0	4,099	0	
Average	**--**	**5,750**	**533**	**4,622**	**595**	**139**

Source: Various Facilities, Hunden Strategic Partners

In this competitive set, Prairie Meadows Racetrack and Casino in Altoon provides the most total function space, with more than 20,000 square feet. These facilities have an advantage over conventional meeting and convention centers due to their on-site entertainment. While the Sioux City Convention Center has more total function space than the listed casinos, these gaming facilities provide ballroom space that Sioux City does not. In many cases, the casinos provide on-site rooms that outnumber the amount of hotel rooms within a walkable distance of the large convention centers. Only one casino, Catfish Bend Casino in Osceola, provides what they consider to be exhibit space as part of its function and meeting area, although it is very small. To compete more effectively with these casinos, convention centers would benefit from offering more entertainment, dining, and nightlife options within a walkable distance.

Iowa Hotels

The following table shows the individual hotels in Iowa and the surrounding region that compete with Sioux City for convention, conference and meeting business. Properties highlighted in blue are located in South Dakota and properties highlighted in red are in Nebraska.

Table 5

Competitive Environment - Iowa Hotels

Facility	City	Total Function Space	Exhibit Space	Ballroom Space	Meeting Room Space	Rooms Onsite
Sheraton Sioux Falls & Convention Center	Sioux Falls, SD	64,890	33,600	19,400	11,890	243
Marriott Coralville Hotel and Conference Center	Coralville	57,430	29,596	22,180	5,654	286
Ramada Plaza Omaha Hotel and Convention Center	Omaha, NE	54,158	--	33,052	21,106	364
Best Western PLUS Sioux Falls Ramkota Hotel & Conference Center	Sioux Falls, SD	48,408	29,200	11,000	8,208	228
Ramada Waterloo Hotel and Convention Center	Waterloo	39,307	19,080	12,756	7,471	228
DoubleTree by Hilton Hotel Omaha Downtown	Omaha, NE	30,879	--	14,184	16,695	414
Des Moines Marriott Downtown	Des Moines	28,811	9,800	13,832	5,179	417
Clarion Hotel Conference Center - Davenport	Davenport	27,920	--	11,248	16,672	288
Hilton Omaha	Omaha, NE	27,210	--	16,800	10,410	600
Hotel Fort Des Moines	Des Moines	27,196	6,800	10,400	9,996	235
Holiday Inn Des Moines - Airport Conference Center	Des Moines	22,702	12,000	4,602	6,100	215
Arrowwood Resort & Conference Center	Okoboji	20,941	10,961	--	9,980	100
Sheraton West Des Moines	Des Moines	18,935	--	12,000	6,935	285
Cedar Rapids Marriott	Cedar Rapids	16,628	--	11,248	5,380	220
Embassy Suites Hotel Des Moines Downtown	Des Moines	15,657	--	12,554	3,103	234
Gateway Hotel and Conference Center	Ames	14,735	--	--	14,735	187
Holiday Inn Sioux Falls - City Centre	Sioux Falls, SD	13,972	--	4,225	9,747	290
Holiday Inn Hotel & Suites Des Moines-Northwest	Des Moines	13,545	--	4,500	9,045	198
Embassy Suites Omaha - Downtown/Old Market	Omaha, NE	12,480	--	12,116	364	249
The Lodge Hotel & Conference Center	Bettendorf	12,145	--	5,252	6,893	210
Omaha Marriott	Omaha, NE	12,066	--	7,990	4,076	300
Renaissance Des Moines Savery Hotel	Des Moines	11,851	--	3,293	8,558	212
Adventureland Inn	Altoona	10,980	--	7,140	3,840	185
Holiday Inn Dubuque/Galena	Dubuque	9,798	--	--	9,798	193
West Des Moines Marriott	West Des Moines	9,128	--	7,572	1,556	219
Sheraton Iowa City	Iowa City	9,070	--	7,190	1,880	234
Average	**--**	**24,263**	**18,880**	**11,501**	**8,280**	245
Sioux City Hotel & Conference Center	**Sioux City**	**10,666**	**191**	**9,362**	**1,113**	**191**

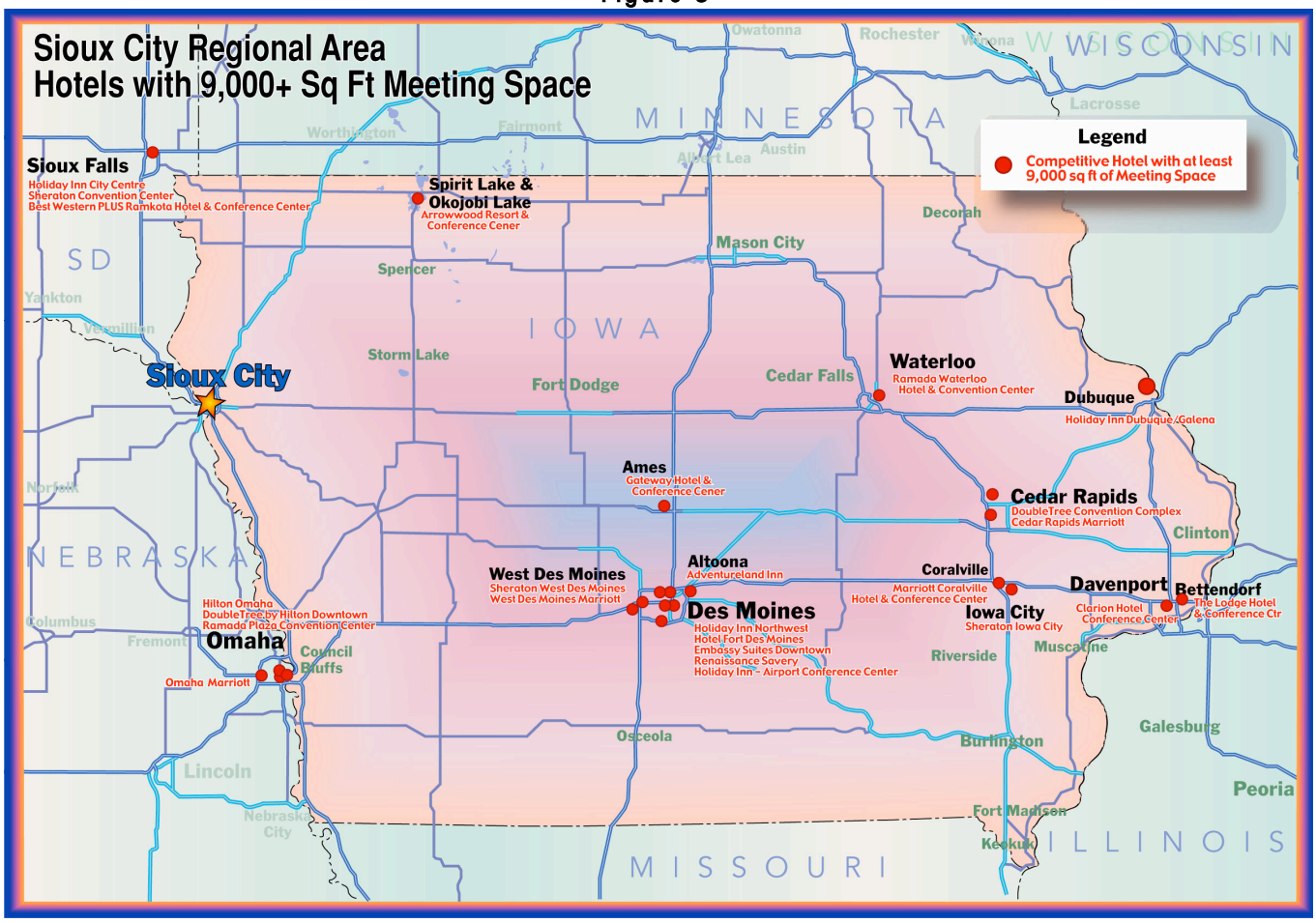
Source: Various Facilities, Cvent, Hunden Strategic Partners

There are 25 hotels within the state of Iowa and the surrounding region that offer more than 9,000 square feet of total function space. The largest convention hotels in the state are Sheraton Sioux Falls and Convention Center in Sioux Falls, South Dakota and the Marriott Coralville Hotel and Conference Center in Coralville, Iowa. Unlike the casinos, these larger hotels offer a significant amount of exhibit space, making them a much more attractive destination for larger conventions and events.

Many of these facilities have an advantage over the Sioux City Convention Center due to their central location in the state and the fact that they offer ballroom space. These properties also provide hotel rooms on-site, which greatly improve convenience for guests.

The following figure shows these competitors in relation to Sioux City.

Figure 3



Often, these hotels offer more function space than small convention centers, so Sioux City will be competing with not only convention centers, but hotel destinations as well.

Conclusion

Relative to the competitive environment, Sioux City is at a serious competitive disadvantage in terms of total function space, ballroom space, walkable hotel rooms, and location within the state. Many of the competitive meeting facilities in the region not only provided more total function space, but also offer entertainment options such a sports arenas, concert venues, and casinos within walking distance. On the most basic level, nearly all competitors boast more and higher quality hotels than Sioux City.

Many Iowa Association events rotate on an east-west-central rotation, which ensures that many of the larger conventions only travel west every fourth year, and Omaha and Sioux Falls are strong competitors for those events. Without a major investment in hotel and other facilities to bring the

package up to the level of the competitors, Sioux City and its convention center will not thrive or even compete for the most basic events.

Hotel Industry Trends

The following table shows selected characteristics of the U.S. lodging industry from 1992 through 2014.

Table 6

National Lodging Industry Annual Summary

Year	Occupancy	Change	Average Daily Rate	Change	Revenue per Available Room	Change
1992	61.9%	--	$59.62	--	$36.90	--
1993	63.1%	1.9%	$61.30	2.8%	$38.68	4.8%
1994	64.7%	2.5%	$64.24	4.8%	$41.56	7.4%
1995	65.1%	0.6%	$67.17	4.6%	$43.73	5.2%
1996	65.0%	-0.2%	$70.81	5.4%	$46.03	5.3%
1997	64.5%	-0.8%	$75.31	6.4%	$48.57	5.5%
1998	63.8%	-1.1%	$78.15	3.8%	$49.86	2.7%
1999	63.1%	-1.1%	$81.29	4.0%	$51.29	2.9%
2000	63.5%	0.6%	$85.24	4.9%	$54.13	5.5%
2001	59.8%	-5.8%	$84.45	-0.9%	$50.50	-6.7%
2002	59.0%	-1.3%	$83.20	-1.5%	$49.09	-2.8%
2003	59.2%	0.3%	$83.28	0.1%	$49.30	0.4%
2004	61.3%	3.5%	$86.70	4.1%	$53.15	7.8%
2005	63.1%	2.9%	$91.29	5.3%	$57.61	8.4%
2006	64.2%	1.7%	$96.77	6.0%	$62.13	7.8%
2007	64.1%	-0.2%	$102.38	5.8%	$65.63	5.6%
2008	60.4%	-5.8%	$106.55	4.1%	$65.61	0.0%
2009	54.5%	-9.8%	$98.20	-7.8%	$53.55	-18.4%
2010	57.6%	5.7%	$98.08	-0.1%	$56.47	5.5%
2011	60.1%	4.3%	$101.64	3.6%	$61.06	8.1%
2012	61.4%	2.2%	$106.10	4.4%	$65.17	6.7%
2013	62.3%	1.5%	$110.35	4.0%	$68.69	5.4%
2014E	65.0%	4.3%	$115.26	4.4%	$75.66	10.1%
Avg. Annual Growth Rate		***0.29%***		***3.09%***		***3.52%***

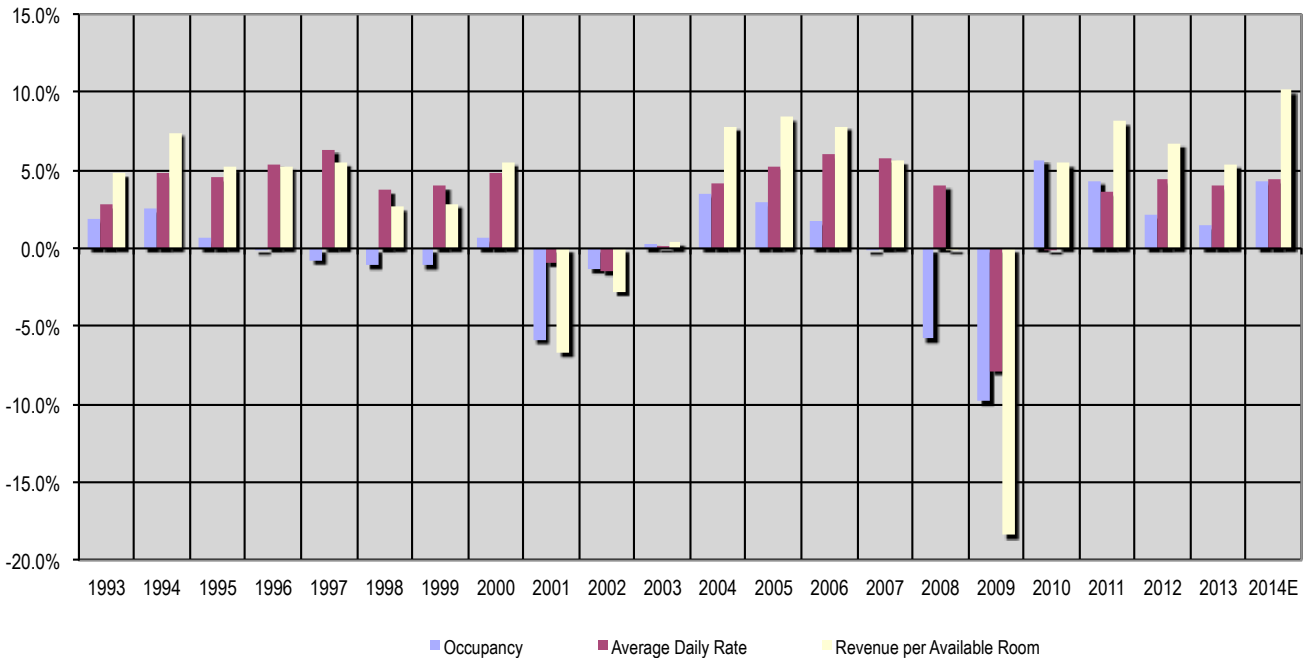
Source: Smith Travel Research, HSP

Occupancy peaked at an all-time high of 65.1 percent in 1995, then steadily decreased to 59.0 percent following 9/11 and then rose again to peak at 64.2 percent in 2006. The latest recession is the most severe recorded in the hotel industry post-depression. Occupancy decreased to 54.5 percent, a 15 percent decline. Average daily rate peaked at $106 in 2008 and bottomed out in 2010 at slightly more than $98. Occupancy increased in 2011 and rates began to increase as well.

Performance since 2010 has been improving in all categories. Occupancy may reach or exceed the all-time high, ADR will hit a record high for the second year in a row and the estimated RevPAR gain of ten percent in 2014 is the biggest increase recorded. All signs show a the healthiest national hotel market in memory, although individual markets and conditions are drastically different.

The figure below shows the above data in graph form, highlighting the annual change in performance.

Figure 4



Source: Smith Travel Research, HSP

Performance in 2014 improved in both occupancy and rate at equal levels, whereas in the past few years, occupancy gains were minimal. This speaks to the concept of maximum practical occupancy. At a certain average occupancy, there are enough "sold-out" dates and demand pressure to raise prices. With occupancy at an all-time high, it is likely that more supply will be financed as developers seek these profits.

Local Hotel Market Analysis

The following table shows the lodging summary of the local market.

Table 7

Sioux City Hotel Summary

Market Class	Rooms	Hotels	Avg. Years Old	% of Total Rooms
Luxury	0	0	n/a	0%
Upper Upscale	54	1	0	2%
Upscale	465	3	19	19%
Upper Midscale	464	6	21	19%
Midscale	315	4	31	13%
Economy Chain	705	5	33	29%
Economy Independent	416	11	37	17%
Total/Average	2,419	30	34	100%

Source: Smith Travel Research

The market in total includes 2,419 rooms. Approximately 46 percent of the rooms available are economy class, which is the lowest class of rooms. The average age of these room is 35 years old, which is about the average for the total hotel group. There are no luxury hotels and only one upper upscale hotel, the new 54-room Hard Rock Hotel at the Hard Rock Casino. There are only three upscale hotels, which include the Hilton Garden Inn, Stoney Creek Inn and Marina Inn Conference Center. In terms of the types of hotels that convention and conference attendees prefer to stay in, there are only those four hotels at the upper end of the market. There are no full-service branded hotels, like a Hilton, Marriott or Sheraton. There are ten midscale or upper midscale hotels, representing approximately 775 rooms. These are generally decent quality hotels with no services or amenities, all branded.

HSP chose a set of primary competitive and relevant hotels that impact the market to profile and analyze within the Sioux City market area. The primary factors considered were location, function space, quality, amenities, size, brand and market demand mix. In order to determine the hotels that represent the best performing and highest quality hotels that any new hotel would compete with, HSP interviewed local hotel owners and managers, as well as other stakeholders. HSP also investigated the performance, location and age of hotels. The analysis resulted in ten hotels that any new convention hotel would compete with. Not all of the hotels in the competitive set are competitive because of their quality, however. One, the previous convention hotel (Sioux City Hotel), is large and well located, however its quality is poor. Yet because of its location, it will continue to compete at some level for business with any new downtown convention hotel.

The following table shows a summary of the hotels in the Sioux City competitive set.

Table 8

Sioux City Competitive Set Hotels

Hotel	Rooms	Date Opened	*Chain Scale
Sioux City Hotel & Conference Center	188	Jun-76	Economy
Marina Inn Conference Center	181	Jun-68	Upper Midscale
Stoney Creek Inn & Conf Center	161	Jun-09	Upscale
Hilton Garden Inn Sioux City Riverfront	123	Jul-08	Upscale
Holiday Inn Sioux City	114	Jun-74	Upper Midscale
Candlewood Suites Sioux City Southern Hills	87	May-14	Midscale
Holiday Inn Express & Suites Sioux City Southern Hills	85	Jun-07	Upper Midscale
Hampton Inn North Sioux City	65	Mar-99	Upper Midscale
Fairfield Inn Sioux City	62	Jul-91	Upper Midscale
Hard Rock Hotel & Casino Sioux City	54	Aug-14	Upper Upscale
Average	***112***	***May-96***	**--**
Total	**1,120**		

*A means of categorizing hotels by brand

Source: Smith Travel Research

There are ten hotels in the Sioux City competitive set, totaling 1,120 rooms. The newest property is the 54-room Hard Rock Hotel & Casino Sioux City, which was built in August of 2014. The two largest hotels are the Sioux City Hotel & Conference Center and the Marina Inn & Conference, which have 188 and 181 rooms, respectively. The average age of the competitive set is approximately 19 years, with only two properties being built in the last five years, There are three properties that are more than 30 years old. The average size of the listed properties is 112 rooms.

The following figure shows a map of the Sioux City competitive set.

Figure 5

All of the hotels in the competitive set are within a seven-mile radius of the Sioux City Convention Center. Six of the Hotels are located in the downtown Sioux City area, while three of the hotels are located approximately six miles southeast of the city near the Southern Hills Shopping Center. Most of the properties are located off Interstate 29. The Marina Inn Hotel and Conference Center is the only hotel in the competitive set that is west of the Missouri River, located just 1.5 miles south of the Sioux City Convention Center.

Accommodated Demand and Competitive Set Performance

HSP used Smith Travel Research data to analyze the competitive hotel set. The following table shows the performance data for the Sioux City competitive set of hotels from 2008 through September of 2014.

Table 9

Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels

Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2008	762	278,132	--	145,558	--	52.3%	--	$78.81	--	$41.25	--
2009	917	334,849	20.4%	158,183	8.7%	47.2%	-9.7%	$78.63	-0.2%	$37.15	-9.9%
2010	984	359,160	7.3%	175,709	11.1%	48.9%	3.6%	$77.72	-1.2%	$38.02	2.4%
2011	984	359,160	0.0%	184,101	4.8%	51.3%	4.8%	$80.60	3.7%	$41.31	8.7%
2012	978	356,842	-0.6%	184,492	0.2%	51.7%	0.9%	$86.07	6.8%	$44.50	7.7%
2013	973	355,221	-0.5%	197,562	7.1%	55.6%	7.6%	$92.37	7.3%	$51.37	15.5%
2014 YTD (September)	1,040	283,872	7.1%	177,383	18.8%	62.5%	11.0%	$94.09	2.0%	$58.79	13.3%
Projected 2014	1,077	393,105	10.7%	233,123	18.0%	59.3%	6.6%	$94.13	1.9%	$55.82	8.7%
CAGR* (2008-2013)	5.5%	5.5%	--	7.1%	--	1.3%	--	3.4%	--	4.9%	--

*Compound Annual Growth Rate

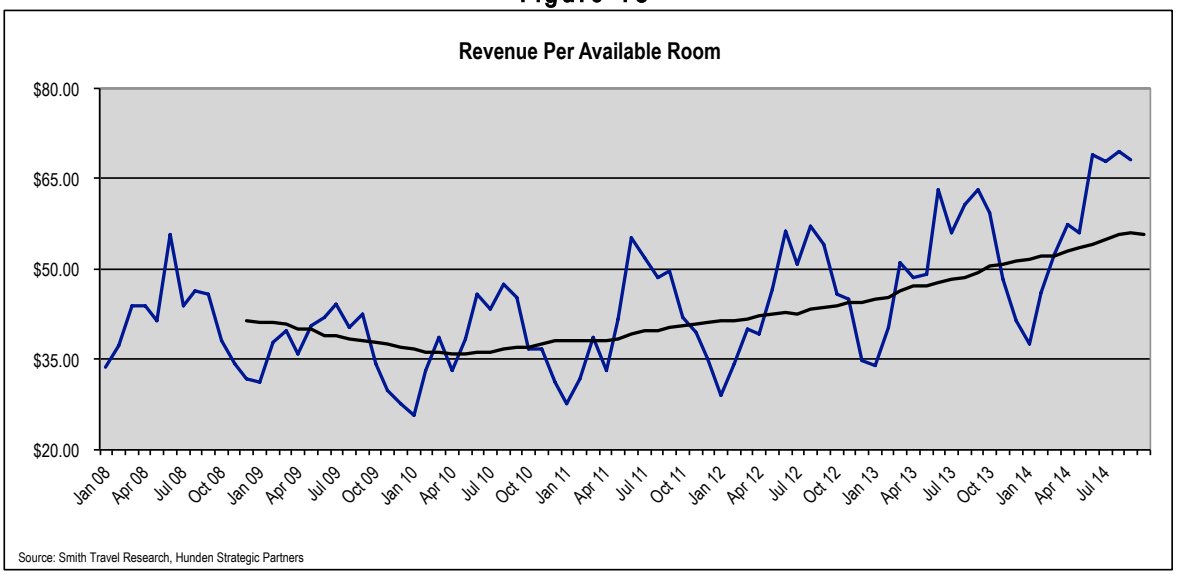
Sources: Smith Travel Research, Hunden Strategic Partners

Demand for room nights in the competitive hotel set increased between 2008 and 2013 by 52,004 room nights. The room nights sold increased each year, reaching 11 percent growth in 2010 and nearly 19 percent growth in through September of 2014. ADR decreased slightly to $77.72 between 2008 and 2010. However, ADR has increased to more than $92 in 2013 and is expected to reach $94 in 2014. After experiencing an overall occupancy rate of 52.3 percent in 2008, the occupancy decreased below 50 percent in 2009 and 2010. The rate has increased to 55.6 percent in 2013, and is expected to increase to nearly 60 percent by the end of 2014. As expected, ADR has continued to increase as demand has steadily grown. This is a positive sign as well, especially given the increase in supply as well as the recession.

It should be noted that the competitive set's statistics are reduced significantly by the presence of the Sioux City Hotel, which accounts for approximately one fifth of rooms, but has such low occupancy and rate that it pulls the average for the set down.

The following figure shows the Revenue Per Available Room (RevPAR), which is the product of occupancy and rate.

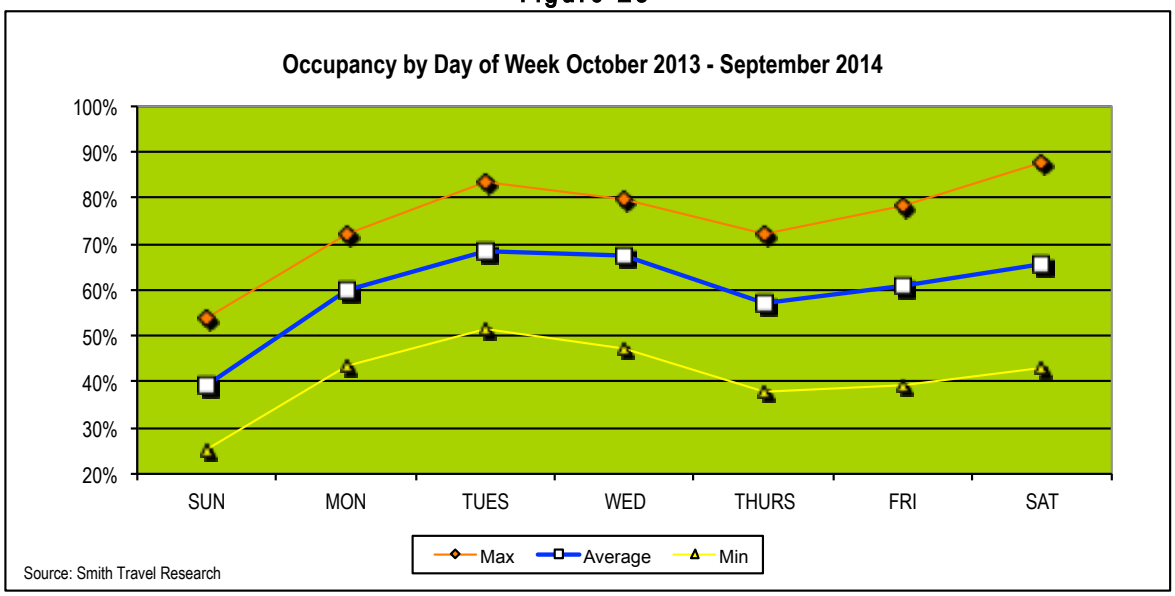
Figure 16



The black line above shows the 12-month moving average. The figure above shows RevPAR fluctuating seasonally between January of 2008 and July of 2014. As shown, the 12-month moving average has fluctuated primarily between $35 and $55. The trend has improved in recent months, with RevPar surpassing $65 in June of 2014. RevPAR has increased as new hotels have entered the market, suggesting a flight to quality.

The following figure shows the occupancy by day of the week during the 12 months ending September 2014.

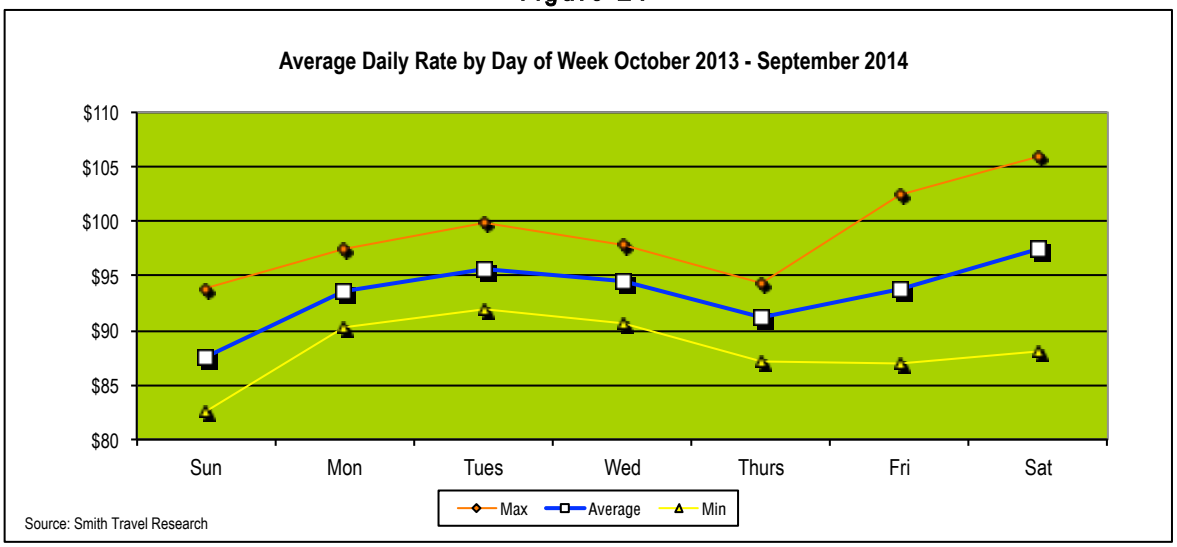
Figure 20



Occupancy is highest Tuesday and Wednesday, suggesting strong corporate market demand. Weekend occupancy, however, is strong as well, signifying significant leisure visitation. Occupancy is lowest on Sunday nights, which is typical for all markets. The best night of the week is Tuesday, driven by commercial demand.

The following figure shows the average daily rate by day of week.

Figure 21



Rates are lower on Sunday and Thursday, with Sunday averaging the lowest of the week at approximately $87. Monday through Wednesday and weekend rates are higher peaking on Saturday at approximately $97. This suggests that the leisure demand is willing and able to pay higher rates than the corporate traveler, due to strong performance on weekends. This is fairly unusual and positive in many respects. While hotels generally make their money during the week, which is fairly strong in Sioux City, the weekends are even stronger for ADR.

Unaccommodated Demand

Unaccommodated demand is defined as demand that would have been captured by the market but for a lack of available or quality rooms. This demand is therefore deferred to later dates, accepts lesser-preferred accommodations, moves just outside the competitive set, moves its business to another area, or cancels plans altogether. Therefore, as new properties are added to the market, it is expected that this demand will be accommodated by the new supply, suggesting that when new hotels are added, they do not cannibalize existing market demand, but accommodate previously unaccommodated demand.

The following table shows the occupancy by day of the week per month for the twelve months following September 2013. Days of the week with occupancy between 75 and 80 percent are shown in yellow, suggesting mild displacement and unaccommodated demand, while orange

shows days with 80 to 90 percent occupancy, suggesting very likely displacement. Days in red are for times when occupancy was beyond 90 percent for the set, suggesting near-certain displacement.

Table 10

Occupancy Percent by Day of Week by Month - October 2013 - September 2014

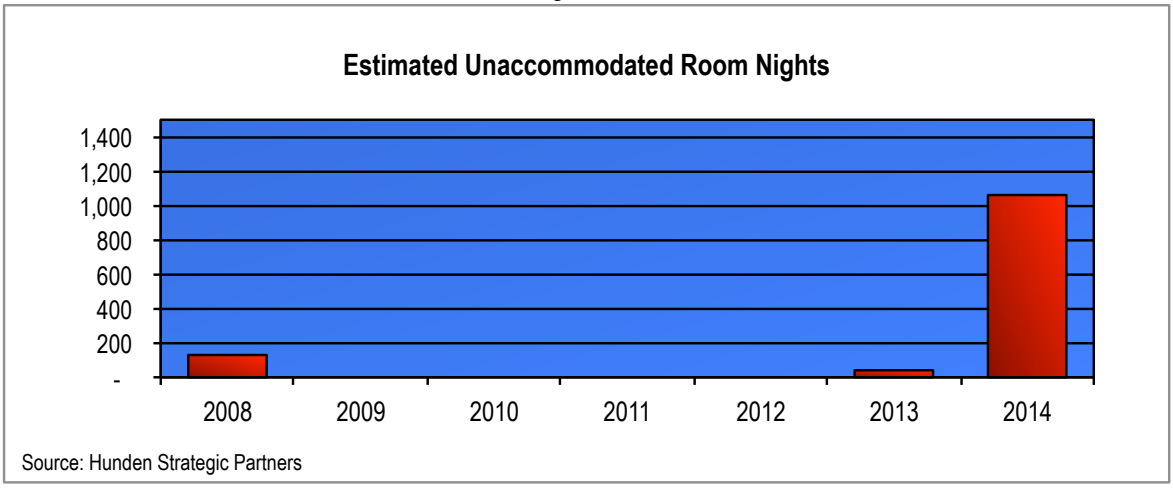
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Oct - 13	40.7%	65.4%	69.0%	70.9%	59.2%	64.2%	68.4%	62.9%
Nov - 13	34.2%	55.4%	62.0%	61.5%	51.3%	56.4%	52.9%	53.5%
Dec - 13	26.8%	43.7%	57.9%	52.1%	44.8%	39.8%	46.9%	44.4%
Jan - 14	25.3%	45.4%	51.7%	47.5%	37.8%	39.2%	42.9%	41.4%
Feb - 14	27.2%	54.6%	60.2%	59.7%	43.2%	47.6%	57.1%	49.9%
Mar - 14	33.2%	58.5%	66.9%	69.1%	56.8%	55.0%	58.2%	56.2%
Apr - 14	40.8%	65.0%	74.2%	71.7%	63.8%	65.1%	62.8%	64.0%
May - 14	42.5%	57.4%	66.8%	69.7%	58.9%	62.8%	71.1%	61.6%
Jun - 14	49.1%	67.9%	77.8%	76.6%	67.3%	78.5%	82.6%	70.5%
Jul - 14	50.0%	71.2%	77.3%	74.7%	66.6%	74.4%	88.0%	71.9%
Aug - 14	53.9%	72.2%	83.4%	79.0%	64.8%	72.9%	78.9%	71.8%
Sep - 14	47.7%	65.2%	73.9%	79.8%	72.5%	75.3%	79.8%	70.5%
Average	**39.9%**	**60.4%**	**69.0%**	**68.0%**	**57.5%**	**61.2%**	**66.4%**	

Sources: Smith Travel Research

As shown, Saturday occupancy during June 2014 through September 2014 was consistently high, with the majority of those days over 79 percent occupancy. During June, Tuesday, Wednesday, Friday, and Saturday occupancy was above 75 percent. Wednesdays in June through September showed some moderate strength with only July decreasing below 75 percent. Tuesdays in June through August were consistently above 75 percent occupancy, reaching 83.4 percent in August of 2014. These high rates of occupancy suggest significant displacement of room nights during the summer and early fall.

The following figure shows the estimate of unaccommodated room nights over the past several years.

Figure 6



As previously mentioned, an unaccommodated room night is a night when a traveler seeking accommodations within the market must either cancel their stay or settle for accommodations of lesser quality because the desired facilities have no vacancies. The number of estimated unaccommodated room nights is determined in any month when occupancy is higher than 66 percent. Based on the prior table, there are sellouts at hotels during the week and over select weekends during the summer months. When rooms sell out or nearly do so, rates can be increased and the viability of new hotels is more likely.

Based on HSP estimates, unaccommodated room night demand for the competitive set has increased from almost none to more than 1,000 rooms nights. Knowing how much of a negative impact the Sioux City Hotel has on the market, the unaccommodated demand is likely much higher than shown above.

Sioux City Hotel Market Conclusions

The Sioux City hotel market is primarily composed of smaller, midscale hotels that are fairly dated, however there are some better performing upscale hotels with amenities. In general, the better quality the hotel (and newer), the better it performs. There has been a flight to quality, while there has been a flight from the lesser hotels, like the Sioux City Hotel. Unfortunately, there are no quality hotels within easy walking distance of the convention center and this is the primary issue facing the convention center's future. Without a package of quality, walkable rooms (suggested to total more than 400 rooms within walking distance), the city's investment in the convention center is at serious risk. With the new owners of the Sioux City hotel not planning a major renovation or switching the hotel to a strong brand, the competitive set does not offer what meeting planners want for their conferences or conventions.

However, there are enough quality hotels downtown, and the market is strong enough, that there is an opportunity for a successful convention package, if a headquarters hotel is developed adjacent to the convention center. Occupancy, rate and overall performance of hotels has improved to the

point where developers are very interested in building new quality hotel product. The city has the opportunity to seize this market situation and lure a hotel development that will create a viable product for meetings, conventions and events.

SWOT Analysis

HSP considered the market realities and provided a discussion of strengths, weaknesses and opportunities, threats and implications for Sioux City's goal for a convention center and hotel package that will help it regain its ability to attract group and convention business.

Strengths

- **Rapidly Improving Hotel Market.** The hotel market in Sioux City is rapidly improving from one hurt by the recession, to one where new hotel developments are needed due to high occupancy rates and unaccommodated demand. Various economic development projects, corporate expansions, leisure travel expansion and other general economic improvements have led to a recent significant increase in occupancy, rate and overall hotel performance. This has led to the development of the Candlewood Suites in May of 2014. It also suggests why local hoteliers purchased the Sioux City Hotel, hoping to capture some of the increasing downtown demand with a remodel of that tired property. The development of the Hard Rock Casino & Hotel also gave downtown and the hotel market a major boost in 2014. All signs in the market suggest that more hotels will be developed. The city has a chance to capture some of that pent up demand with a new convention hotel.
- **Road Access.** Sioux City is easily accessible by car from the north and south on I-29 and is also fairly accessible from east or west on several routes. While not a major market with significant air access, it is generally easy to get to and is in the middle of the U.S.
- **Committed Community Leadership.** The City's leadership has demonstrated a commitment to stimulating redevelopment and reinvestment in the city, in downtown and other areas. The fact that this study was completed suggests how much local leadership is interested in the success of the downtown and convention center.
- **Walkable Downtown.** The downtown is extremely easy to get around by foot or car. Nearly all of the downtown's assets are located within a small area and many buildings are connected by skyway, making winter or inclement weather a non-issue.
- **Downtown Redevelopment & Recent Successes.** The development of the Hard Rock Casino & Hotel is only one of many recent downtown development successes. There has been redevelopment of historic buildings, investments in arts and culture, focus on 4th Street, development of residential opportunities, expansion of Mercy Hospital and others that suggest that downtown Sioux City remains the heart of the region.
- **Existing Convention Center and Past Success Hosting Events.** When the Sioux City Hotel was operating as a Hilton, it made an excellent headquarter hotel for

the convention center and the city was able to host numerous state association conferences and conventions, as well as major corporate functions for Gateway and others.

Weaknesses

- **Lack of Quality Hotel near Convention Center.** With the serious deterioration of the Sioux City Hotel, the prior Hilton of 188 rooms connected to the convention center, there is no quality hotel within easy walking distance of the convention center. This deterioration to an independent, low quality hotel has caused the convention center to be non-competitive for many types of events, especially the most impactful events that generate out of town room nights. While there are other hotels downtown, they are farther from the convention center and are not large enough to create the room blocks that meeting planners require and receive at other locations.
- **Small Market.** The Sioux City market is small enough that many major developers and brands are reticent to consider investing in the market. There is a concern that the depth of the market is too shallow to support a truly full-service hotel, given the costs involved in developing such a project. Without a significant amount of consistent customers willing to pay $150 or more per night for full service accommodations, the viability of a full-service hotel (or even select service hotel with full-service amenities) is limited.
- **Location and Lack of Access.** Sioux City has limited air service and is not centrally located within the state of Iowa. This fact limits the amount of group business that will be willing to come to Sioux City, no matter the package it builds for groups. Therefore, the community should develop a convention package that is appropriately sized for the market.

Opportunities

- **Flight to Quality.** There is a flight to quality that occurs when new, well-located hotels open with the services and amenities customers expect.
- **Lack of an Existing Upscale Hotel.** There is no direct competitor for an upscale, fuller-service branded hotel in the market, suggesting it would own its place in the market and should not displace much existing demand as current local hotels. Based on the limited number of existing quality hotels larger than 100 rooms, a new upscale hotel should continue to improve the reputation of Sioux City and attract more groups, leisure travelers and corporate travelers. Those who have a choice about where to stay may often stay in Omaha or Sioux Falls where there are better hotels. However, when there is a quality, branded hotel in downtown Sioux City, the market will retain those who are coming to town anyway. This is considered recaptured demand.
- **Growing Market Base.** As the market has been rebounding and improving, it has been attracting more investment and demand. There is more demand for the market and with better hotel product, this demand will be further enhanced.

- **Economic, Fiscal and Employment Benefits.** The hotel will entice visitors to visit Sioux City businesses, restaurants and entertainment facilities. These visits result in increased downtown spending, and in turn, an improved local business environment, additional tax collections and an increased number of employment opportunities. The visibility that visitors will have of the downtown from the new hotel will show off the community to a new population that may consider visiting again or even moving to the community.

Recommendations

Based on the current and expected conditions, HSP provides the following recommendations for the Sioux City's convention center and convention hotel challenge.

- **Develop a "Select-Service Branded Hotel with Full-Service Amenities of 150 Rooms.** A branded, select service hotel of 150 rooms within a major brand family of either Marriott, Hilton, Hyatt or Starwood with full service amenities like a small ballroom, meeting rooms, room service and a restaurant. Such hotels have been developed for convention centers in Fort Wayne, Indiana, Owensboro, Kentucky and Erie, Pennsylvania, among others. Recommended brands include:
  - Courtyard by Marriott
  - Hyatt Place
  - Doubletree by Hilton
- **Site**. The best site for a convention hotel is adjacent to or connected to the convention center. There is a site, currently used for surface parking, located to the east of the convention center. The farther the hotel is from the convention center, the less competitive it will be when the city is bidding for events. Any hotel site beyond three blocks should likely not be considered for a convention hotel. Even a site beyond one block away is a stretch in today's competitive environment.
- **Convention Center Ballroom.** The Sioux City Convention Center does not feature a dedicated ballroom, which most conferences and conventions require within the host facility. While such a large ballroom would not be feasible to develop within the hotel to share with the convention center (the hotel requires its own smaller amount of ballroom and meeting rooms), the Sioux City Convention Center should have its own ballroom. Significant catering income can be generated from new business lured to the city with such an addition. This will also allow the exhibit space to be utilized as exhibit space instead of as ballroom space. HSP recommends a ballroom of 9,000 – 12,000 square feet. It should be divisible into at least six sections. This will substantially enhance the flexibility and offerings of convention center.

The table below shows the detail of the recommended facilities, as well as the estimated costs.

Table 11

Recommended Sioux City Convention Package

	New Convention Hotel
Rooms	150
Ballroom (Square Feet)	6,000
Meeting Rooms (Square Feet)	2,500
Boardroom (Square Feet)	500
Total Meeting Space	9,000
Square Feet of Function Space/Room	60
Hard Cost	$20,250,000
Soft Cost	$3,645,000
Total	$23,895,000
Land Cost*	$0
Total Preliminary Development Cost	**$23,895,000**
Cost per Key (Rounded)	**$159,000**

	Convention Center Expansion
Ballroom (Square Feet)	9,000 - 12,000
Estimated Development Cost	$2.5 - $4 million

* Assumes site is east of Convention Center and owned by the City
Source: Hunden Strategic Partners

The expected cost of the full-service convention hotel with select service name brand is nearly $24 million, or approximately $159,000 per room. The expected cost of the ballroom expansion at the convention center could range from $2.5 to $4 million, depending on the quality and size and other renovations that would be necessary to match up the existing and new portions.

By enacting these recommendations, HSP believes the hotel will be a long-term success in Sioux City. However, to get through the first several years, the hotel will likely need public support in the form of development financing assistance, as will be discussed in the following chapter.

Projection of Performance

For this analysis, HSP projected the performance of the recommended 150-room convention hotel. This model assumes the hotel is located adjacent to the convention center and also assumes that the convention center has added its own ballroom, as recommended in the previous chapter.

The next table shows the summary of resulting occupancy, rate and RevPAR for the proposed hotel.

Table 12

Performance Projections - 150 Rooms

Year	Average Daily Rate	Occupancy	Revenue per Available Room	Annual Increase
2018	$119	54%	$64	--
2019	$120	59%	$71	10.5%
2020	$121	64%	$78	9.2%
2021	$125	65%	$81	4.5%
2022	$129	66%	$85	3.8%
2023	$132	66%	$87	3.0%
2024	$136	66%	$90	3.0%
2025	$140	66%	$92	3.0%
2026	$145	66%	$95	3.0%
2027	$149	66%	$98	3.0%

Source: Hunden Strategic Partners

Average daily rate is expected to increase from $119 to $149 over the period, while occupancy is expected to begin at 54 percent and increase to 66 percent (or better), leading to RevPAR of $64 in the first year, increasing to $95 by 2027. As mentioned, HSP believes the occupancy level could be as high as 70 percent if managed and marketed well. Other branded hotels in the market are performing at 70 percent or greater.

Financial Performance

Understanding how the hotel will perform internally is as important to the feasibility as the external occupancy and rate projections. The next table shows the performance of the proposed hotel based on a number of assumptions about the property.

The figures are shown as earned (cash basis) and in nominal amounts, not discounted. PAR stands for “per available room” and are shown on an annual basis and POR stands for “per occupied room” and are shown on a per night basis.

Table 13

Projection of Income & Expense: 150-Room Hotel - (in $000, inflated)

	Year 1				Year 2	Year 3	Year 4	Year 5		Year 10
Room Count	150				150	150	150	150		150
Available Room Nights	54,750				54,750	54,750	54,750	54,750		54,750
Occupancy Rates	54%				59%	64%	65%	66%		66%
Occupied Room Nights	29,625				32,500	35,104	35,679	36,001		36,001
Average Daily Rate	$119				$120	$121	$125	$129		$149
RevPAR	$64				$71	$78	$81	$85		$98
Percent of Change from Prior Year	--				10.5%	9.2%	4.5%	3.8%		3.0%
	$	%	PAR	POR	$	$	$	$	%	
REVENUE										
Rooms	$3,531	*68.2%*	*$23,537*	*$119*	$3,903	$4,263	$4,456	$4,627	*68.0%*	$5,363
Hotel Food and Beverage	1,390	*26.8%*	*$9,264*	*$47*	1,541	1,688	1,769	1,837	*27.0%*	2,130
Telephone	5	*0.1%*	*$34*	*$0*	6	6	7	7	*0.1%*	8
Other Operated Departments	154	*3.0%*	*$1,029*	*$5*	171	188	197	204	*3.0%*	237
Parking & Transportation	0	0.0%	$0	$0	0	0	0	0	*0.0%*	0
Rentals and Other Income	98	*1.9%*	*$652*	*$3*	108	119	124	129	*1.9%*	218
Total Revenue	$5,178	*100.0%*	*$34,517*	*$175*	$5,729	$6,263	$6,552	$6,804	*100.0%*	$7,955
DEPARTMENTAL EXPENSES										
Rooms	$1,020	*28.9%*	*$6,802*	*$34*	$1,050	$1,108	$1,158	$1,203	*26.0%*	$1,394
Hotel Food and Beverage	1,001	*72.0%*	*$6,670*	*$34*	1,094	1,198	1,238	1,286	*70.0%*	1,491
Telephone	57	*1100.0%*	*$377*	*$2*	63	69	72	75	*1100.0%*	87
Other Operated Departments	9	*6.0%*	*$62*	*$0*	9	9	10	10	*5.0%*	12
Parking & Transportation	0	*2.0%*	*$0*	*$0*	0	0	0	0	*0.0%*	0
Rent and Other Income	2	*2.0%*	*$13*	*$0*	1	1	1	6	*5.0%*	11
Total Departmental Expenses	$2,089	*40.3%*	*$13,925*	*$71*	$2,216	$2,386	$2,480	$2,580	*37.9%*	$2,995
Gross Operating Income	$3,089	*60.3%*	*$20,592*	*$104*	$3,513	$3,877	$4,072	$4,223	*62.1%*	$4,961
UNDISTRIBUTED OPERATING EXPENSES										
Administrative and General	$497	*9.6%*	*$3,314*	*$17*	$521	$539	$557	$578	*8.5%*	$676
Marketing	$352	*6.8%*	*$2,347*	*$12*	$361	$376	$387	$401	*5.9%*	$469
Utility Costs	$269	*5.2%*	*$1,795*	*$9*	$269	$276	$288	$299	*4.4%*	$350
Property Operations and Maintenance	$269	*5.2%*	*$1,795*	*$9*	$269	$276	$288	$299	*4.4%*	$350
Total Undistributed Expenses	$1,388	*26.8%*	*$9,251*	*$47*	$1,421	$1,466	$1,520	$1,578	*23.2%*	$1,846
Gross Operating Profit	$1,701	*32.9%*	*$11,342*	*$57*	$2,092	$2,412	$2,552	$2,645	*38.9%*	$3,115
Franchise Fees	$207	*4.0%*	*$1,381*	*$7*	$229	$251	$262	$272	*4.0%*	$318
FIXED EXPENSES										
Property Taxes	$150	*2.9%*	*$1,000*	*$5*	175	223	255	252	*3.7%*	301
Insurance	78	*1.5%*	*$518*	*$3*	80	81	85	88	*1.3%*	103
Management Fee	166	*3.2%*	*$1,105*	*$6*	183	200	210	218	*3.2%*	255
Reserve for Replacement	$52	*1.0%*	*$345*	*$2*	$86	$125	$229	$238	*3.5%*	$278
Total Fixed Expenses	$445	*8.6%*	*$2,967*	*$15*	$524	$630	$779	$796	*11.7%*	$937
Cash Flow from Operations	$1,049	*20.3%*	*$6,994*	*$35*	$1,338	$1,531	$1,511	$1,577	*23.2%*	$1,859
Gross 5% Sales Tax Generated	$177				$195	$213	$223	$231		$268
Sales Tax Avaialble for Incentive (4%)	$141				$156	$171	$178	$185		$215

Source: Hunden Strategic Partners

The property is projected to generate a total of $5.2 million in gross revenue in the first year, increasing to $6.8 million in the fifth year. Approximately $1 million would be available to satisfy debt and equity requirements in the first year (20.3 percent of gross revenue), increasing to nearly $1.6 million in the fifth year (23.2 percent of gross revenue).

In terms of the 5 percent sales tax generated, it is expected to total $2.3 million over the first ten years. There is the possibility of using 4.0 percent of the 5.0 percent for an incentive and that totals $1.8 million over the first ten years.

Supportable Equity and Debt

The cash flows of a hotel are used to repay bank loans and investor equity. Banks have a variety of rules or guidelines for providing loans for hotels and these vary from year to year, from cycle to cycle. Currently, these guidelines are slowly becoming less stringent than they were over the past few years. Many banks had bad hotel loans on their books and so were not anxious to repeat history with new, risky loans. As such, the loan-to-value amounts were reduced, coverage ratios increased and required equity increased. The hotels must be branded in order to receive a loan.

The model used by HSP assumes the following:

- 1.4x minimum debt service coverage in every year beginning in Year 2.
- No more than 70 percent loan to cost.
- Loan interest rate of 5.5 percent.
- Loans are full recourse.
- Refinance after stabilization.
- Construction mini-perm upfront, which funds construction for up to two years and the first three years of operations (construction should take no more than 12 months for either hotel).
- Equity required return of 18 percent averaged over ten years.

The supportable equity and debt is shown for below.

Table 14

Financing - 150-Room Hotel

	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	$0	$0	$1,049	$1,338	$1,531	$1,511	$1,577	$1,661	$1,704	$1,755	$1,806	$1,859
Interest and Debt Reserve W/D	$158	$474	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$158	$474	$1,049	$1,338	$1,531	$1,511	$1,577	$1,661	$1,704	$1,755	$1,806	$1,859
Debt Service Payment	($158)	($474)	($962)	($962)	($962)	($839)	($839)	($839)	($839)	($839)	($839)	($839)
Net Income to Repay Equity	$0	$0	$87	$376	$569	$671	$737	$822	$864	$915	$967	$1,020
Princ. Amount***	$2,875	$8,625	$11,500	$11,170	$10,822	$10,460	$10,144	$9,812	$9,463	$9,097	$8,712	$8,308
Interest	$158	$474	$633	$614	$595	$523	$507	$491	$473	$455	$436	$415
Less Payment	($158)	($474)	($962)	($962)	($962)	($839)	($839)	($839)	($839)	($839)	($839)	($839)
Loan Balance	$2,875	$8,625	$11,170	$10,822	$10,455	$10,144	$9,812	$9,463	$9,097	$8,712	$8,308	$7,884
Assumptions						**Refi**						
Loan Amount ($000's)	$11,500					$10,460						
Amortization Period (Years)	20					20						
Loan Interest Rate	5.5%					5.0%						
Annual Debt Service Payment ($000's)	($962)					($839)						
Equity:												
Developer's Equity ($000's)	$3,900	16%										
Private Debt	11,500	48%										
Total Private Financing	$15,400	64%	$102,667	per room								
Gap	$8,495	36%										
Project Amount ($000's)	$23,895	100%	$159,300	per room								
Debt (Private) Coverage Ratio			1.09	1.39	1.59	1.80	1.88	1.98	2.03	2.09	2.15	2.22
Return on Private Equity*			2.2%	9.6%	14.6%	17.2%	18.9%	21.1%	22.2%	23.5%	24.8%	26.2%
Return on Assets**			4.4%	5.6%	6.4%	6.3%	6.6%	7.0%	7.1%	7.3%	7.6%	7.8%

**On developer's equity only.*

***On project cost.*

****Assumes 50% draw in Construction Year 1; 75% average during Construction Year 2*

Source: Hunden Strategic Partners

In this model, the total estimated project cost is $159,300 per room or approximately $23.9 million. Supportable debt is $11.5 million, or 48 percent of project cost. Supportable equity is $3.9 million, unless the developer is willing to take less than an 18 percent return. The resulting gap is $8.5 million, suggesting that even this hotel is not currently feasible without some assistance to bridge the gap.

Combined with the recommended ballroom, the community should expect to create a package of funding or rebates that total approximately $8.5 million for the hotel and up to $3.5 million for the ballroom expansion at the convention center, or $12 million in total development assistance.

Conclusion

The proposed hotel project and expansion of the convention center is an economic development project for the city and will induce group and event activity to the community (as well as their spending) that does not exist today. It will also recapture lost corporate, leisure and group business that is currently avoiding the market due to lack of appropriate accommodations.

Report Layout

- Executive Summary
- Chapter 1 Economic and Demographic Analysis
- Chapter 2 Conventions & Meetings Market Trends
- Chapter 3 Convention Headquarter Hotel Trends
- Chapter 4 Competitive Meetings Market Analysis
- Chapter 5 Hotel Market Analysis
- Chapter 6 Recommendations
- Chapter 7 Demand and Financial Projections

About Hunden Strategic Partners

Hunden Strategic Partners is a full service real estate development advisory practice specializing in destination assets. With professionals in Chicago, Minneapolis and Indiana, Hunden Strategic Partners provides a variety of services for all stages of destination development in the following primary areas:

- Real estate market and financial feasibility and financial consulting
- Owner's representation and operating consulting
- Strategy and master planning
- Public incentive analysis
- Economic, fiscal, and employment impact analysis (cost/benefit)
- Economic and tourism policy/legislation consulting
- Organizational development
- Research and statistical analysis
- Developer solicitation and selection; Private management company solicitation and selection

Hunden Strategic Partners professionals have provided all of the above services for hundreds of client projects worldwide for the public, non-profit and private sectors. In addition, our professionals have prior professional career experience in municipal and state government, economic and real estate development, real estate law, hotel operations and non-profit management. Over 70 percent of our clients are public entities, such as municipalities, counties, states, convention bureaus, authorities and other quasi-government entities empowered to conduct real estate, economic development and tourism activities.

Limiting Conditions

HSP relied on primary and secondary sources of information for the assumptions made in this report and assumes these sources to be accurate. Assumptions created for the analysis were based on the data available to HSP during the study period as well as professional judgment.

The Project is assumed to be owned and operated in a first-class manner by the parties who have operated similar facilities.

No responsibility is taken for unforeseen events occurring after the date of the analysis, including war and terror attacks, natural disasters and major economic recessions.

This report is intended to be used as a tool for decision-making by the contracting parties related to this Project and for no other purpose.

TABLE OF CONTENTS

----------	Executive Summary
Chapter 1	**Economic and Demographic Analysis**
Chapter 2	Conventions & Meetings Market Trends
Chapter 3	Convention Headquarter Hotel Trends
Chapter 4	Competitive Meetings Market Analysis
Chapter 5	Hotel Market Analysis
Chapter 6	Recommendations
Chapter 7	Demand and Financial Projections

Economic & Demographic Analysis

Local market area characteristics such as population, demographics, a diversified economy, access, quality of downtown and tourist attractions influence the potential demand for a convention center and subsequently, a convention center hotel, as well as the overall attractiveness of a city to any potential organization or user group. This section profiles the City of Sioux City and the surrounding area, including an overview of the economic characteristics of the market and the area, as well as a description of downtown.

Overview

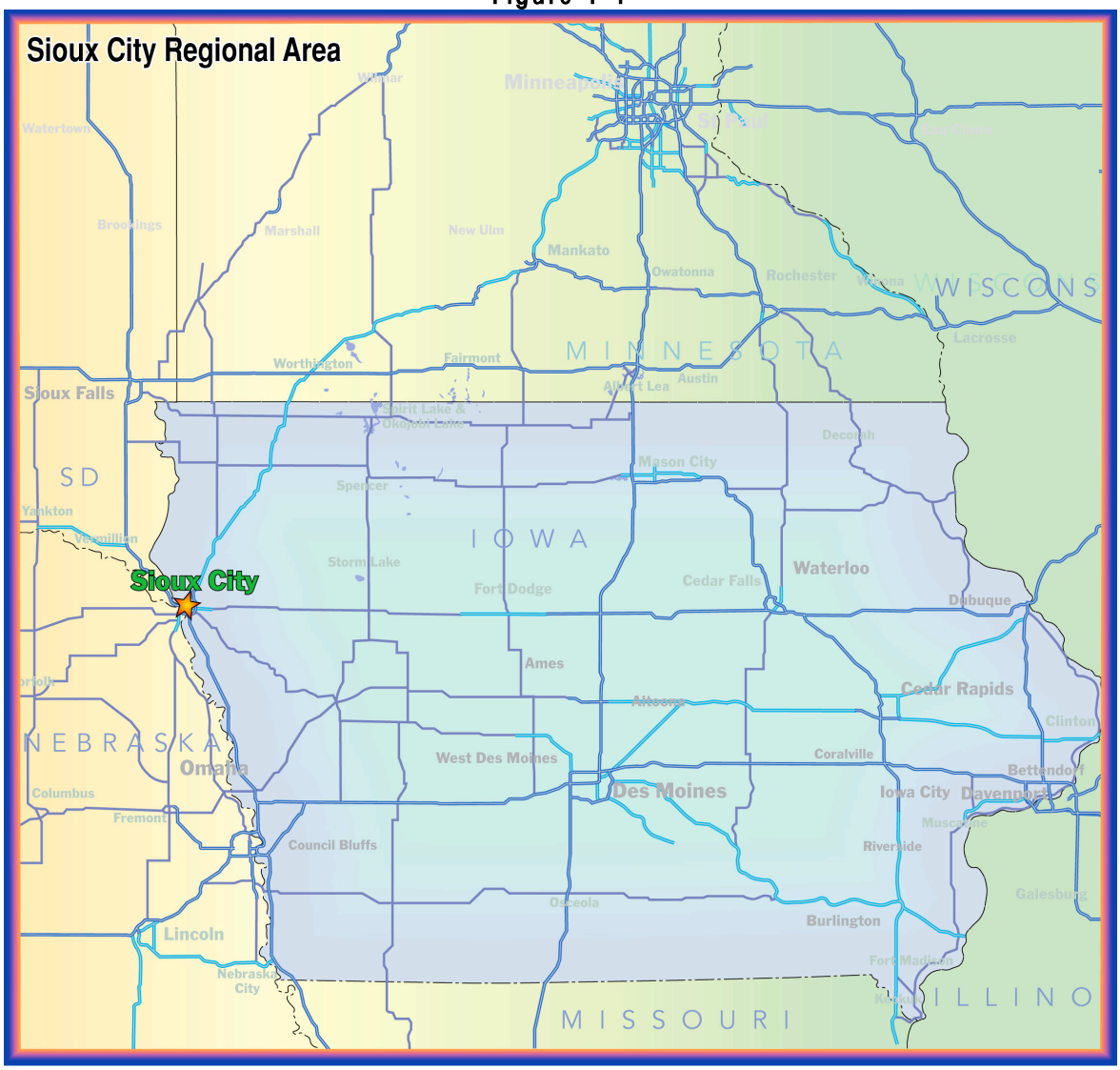
Sioux City is located in northwestern Iowa, on the Missouri River, which serves as the border between Iowa and Nebraska. The bulk of the city is in Woodbury County, of which it is the county seat, though a small portion is in Plymouth County.

Sioux City is located nearly equidistant between two larger markets, Sioux Falls, South Dakota and Omaha, Nebraska. Sioux Falls is approximately 87 miles north of Sioux City and Omaha is 97 miles south. In addition, Sioux City is approximately 178 miles northwest of Des Moines, Iowa and 265 miles southwest of Minneapolis, Minnesota.

The Sioux City MSA (Siouxland) had a 2010 census population of 143,577. According to 2013 population estimates, the MSA has grown to 167,714. Siouxland is a tri-state community, consisting of Woodbury and Plymouth County, Iowa, Dakota and Dixon County, Nebraska and Union County, South Dakota. The area is a regional hub for agribusiness, defense and education companies.

The following figure shows a map of the regional area beyond the immediate metropolitan area.

Figure 1-1

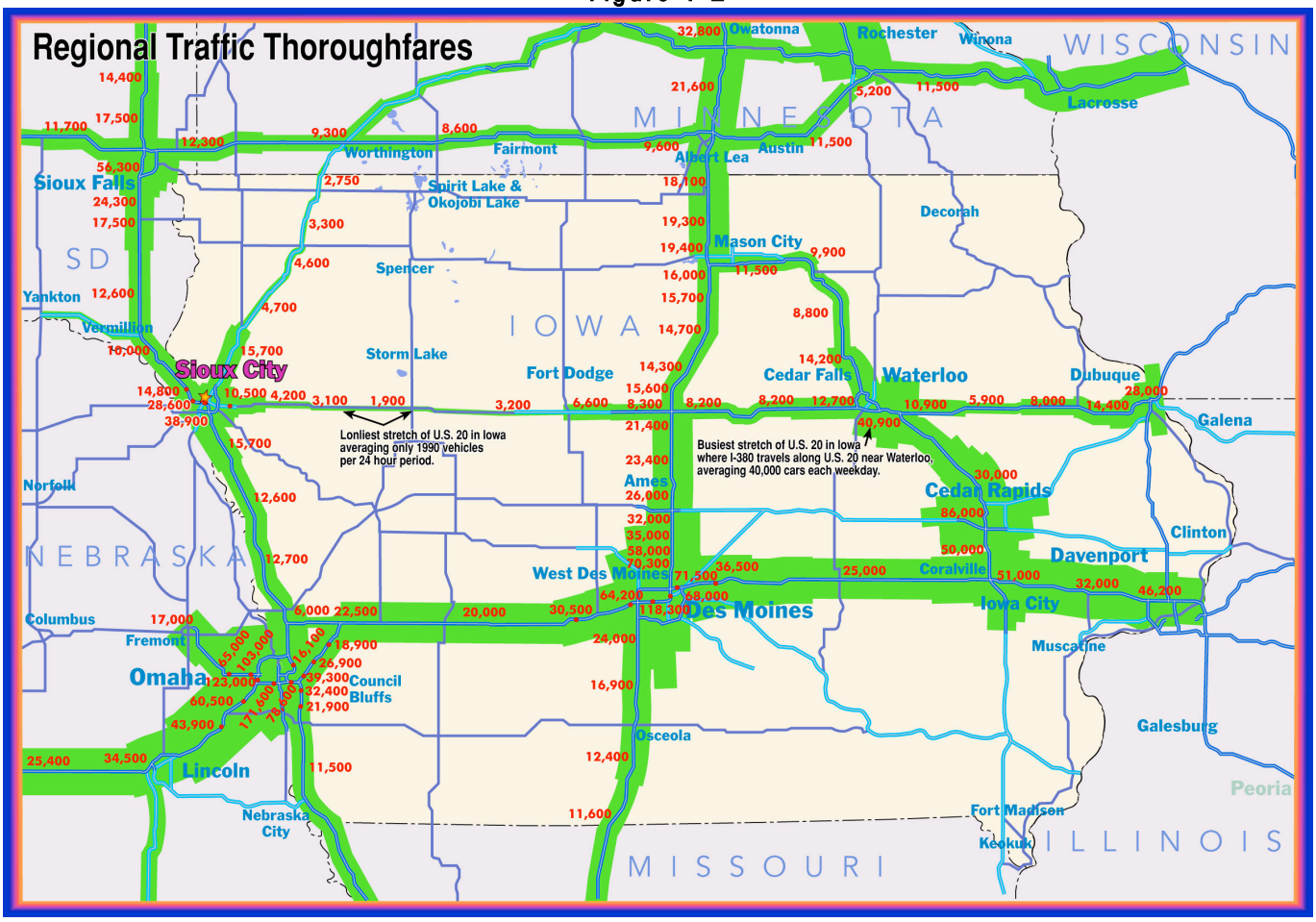


Regional Access

The city acts as an eastern front of the Great Plains Region. The city is not easily accessible to a significant portion of the country's population due to limited interstate access. The only major travel routes through the area are north-and-south-bound I-29 and U.S. 75 northeast to Minneapolis. U.S. 20 is a major trucking route to the east of Sioux City, and beginning about 50 miles to the east, it is a four-lane divided expressway. Once the bypass around Galena, IL, is completed, it will be a direct high-speed link to Chicago. However, between U.S. 71 near Early and Moville, IA, U.S 20 is still a 42-mile length of narrow two-lane roadway that the state will (eventually) upgrade to an expressway. It is not expected to be finished in this decade. Once the upgrade is finished, the city can expect a 40-to-50 percent increase in U.S. 20's traffic, however, its

appeal is limited because there is no population center or destination or west of Sioux City. Because of this, Sioux City is the end of any significant west-bound traffic. The following map shows the relative auto traffic in and around Iowa.

Figure 1-2



As shown in the map, Sioux City lies between two much busier cross-country routes, Interstate 80 running through Omaha and 90 near Sioux Falls. The thickness of the green lines reflects the average daily traffic (ADT), and clearly shows the lack of east-west traffic near Sioux City, which can hinder interest and desire for people in Iowa to travel to and from Sioux City for conventions. The completion of converting U.S. 20 to an expressway will greatly help this current sense of isolation from the eastern parts of the state.

The region's busiest main highway, Interstate 29, runs through the city and intersects with Interstate 90 to the north in Sioux Falls and Interstate 680 to the south near Omaha. Interstate 29 travels north to south from Kansas City, Missouri to Winnipeg, Manitoba in the north via North Dakota. State Highway 60 (a portion of which is also U.S. 75) makes Minneapolis, MN, accessible within four hours.

There are no Amtrak stations within 30 miles of Sioux City, making accessibility via rail difficult.

The city has one Greyhound bus station located at 501 Nebraska Street.

Airport Access

The Sioux Gateway Airport (SUX) is located 8.6 miles south of the downtown area and handles approximately 20,805 aircraft operations per year. The airport is home to the 185th Air Refueling Wing as well as the Sioux City Air National Guard Base. Sixteen percent of daily aircraft operations are military related. The airport is serviced only by American Airlines. American Airlines offers direct flights from Chicago to Sioux City twice daily. The airport is owned and operated by Sioux City. There is direct access via interstate 29 to SUX, which makes easy travel to and from the airport.

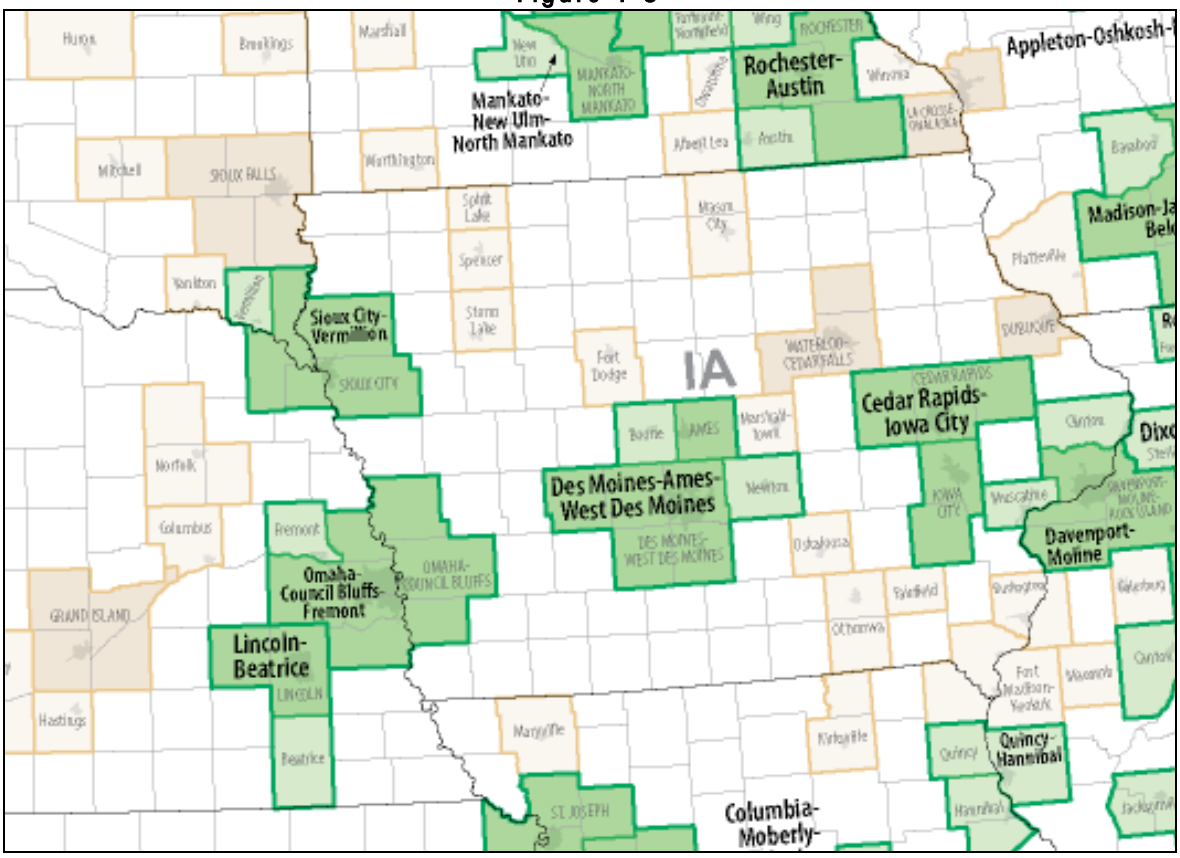
Overall, the lack of air connectivity is a hindrance for large event and convention travel and limits the potential of a meetings and hotel facility in the area.

Population

In general, the size of a local population base can help determine the potential demand for many types of developments, including hotels and convention centers.

The map below shows the metropolitan and micropolitan areas in Iowa as defined by the US Census Bureau.

Figure 1-3



The table below shows population changes in the United States, the State of Iowa, the Sioux City MSA, Woodbury County and the City of Sioux City. Plymouth County was recently added to the MSA, with its additional 25,000 residents. That table is shown with Plymouth County in the MSA for all time periods, for consistency.

Table 1-1

Population and Growth Rates

	Population				Percent Change
	1990	2000	2010	2013 Estimate	*2000-2010*
United States	248,709,873	281,421,906	308,745,538	316,128,839	9.7%
Iowa	2,776,831	2,929,067	3,046,355	3,090,416	4.0%
Sioux City MSA (Siouxland)	139,018	148,630	168,563	168,714	13.4%
Woodbury County	98,276	103,876	102,172	102,130	-1.6%
City of Sioux City	**80,682**	**85,092**	**82,684**	**82,459**	**-2.8%**
City Pop. As % of MSA	*58.0%*	*57.3%*	*49.1%*	*48.9%*	--

Source: U.S. Census Bureau, HSP

The U.S. population grew by 9.7 percent from 2000 to 2010, while the Sioux City MSA experienced a population increase of 13.4 percent. During the same period, Iowa's population increased by 4.0 percent. However, the City of Sioux City experienced a slight population decline of 2.8 percent from 2000 to 2010 and Woodbury County also had a population decline of 1.7 percent. Sioux City's population as a percentage of the MSA has declined from 58 percent to 48.9 percent. This suggests that population increased in areas of the MSA outside of the city limits and that there was also some shift of population from the city to other areas. The growth of the MSA is a positive sign for Sioux City, however, as it acts as the center, core and heart of the region and provides its major health, cultural, government and other facilities. The MSA's growth rate of nearly 16 percent in the past census is an excellent sign for the future of the region.

Diversified Economy

A healthy and diversified economy provides not only employment and disposable income for a market's residents, but it also helps to insulate an area from economic downturns. Markets that have historically relied on one sector have often had difficulty recovering from market shifts to other sectors, which leads to an overall loss of local income and employment. This situation will often lead to declining population trends, as has been the case in many industrial cities, as residents move to other areas with better opportunities. Markets with diversified employment can often withstand economic downturns better than those reliant on one industry.

The following table shows the 2012 earnings by sector for Woodbury County.

Table 1-2

Woodbury County Income by Industry - 2013 (000s)

Descrpition	Income	% of Total
Nonfarm earnings	$2,731,536	100.0%
Private nonfarm earnings	**$2,306,669**	**84.4%**
Health care and social assistance	$449,810	16.5%
Manufacturing	$318,880	11.7%
Construction	$286,565	10.5%
Retail trade	$240,990	8.8%
Wholesale trade	$165,549	6.1%
Administrative and waste management services	$111,238	4.1%
Other services, except public administration	$109,912	4.0%
Finance and insurance	$106,628	3.9%
Professional, scientific, and technical services	$90,906	3.3%
Accommodation and food services	$83,100	3.0%
Educational services	$45,423	1.7%
Management of companies and enterprises	$44,721	1.6%
Information	$40,757	1.5%
Arts, entertainment, and recreation	$27,977	1.0%
Real estate and rental and leasing	$25,540	0.9%
Government and government enterprises	**$424,867**	**15.6%**
State and local	$349,230	12.8%
State government	$32,969	1.2%
Local government	$316,261	11.6%
Federal, civilian	$62,301	2.3%
Military	$13,336	0.5%

Source: Bureau of Economic Analysis

Healthcare and social assistance is the top industry by earnings, accounting for 16.5 percent of total earnings. The second and third major industries by income are manufacturing and construction. Government, particularly local government, is one of the highest earning employment sectors in Sioux City, at approximately 11.6 percent.

The following table provides a breakdown of the number of employees in each industry.

Table 1-3

Woodbury County Private Employment by Industry - 2012

Description	Number Employed	% of Total
Total employment	108,268	100%
By industry		
Farm employment	3,885	3.6%
Nonfarm employment	104,383	96.4%
Private nonfarm employment	**92,716**	**85.6%**
Manufacturing	13,980	12.9%
Retail trade	12,562	11.6%
Health care and social assistance	12,311	11.4%
Accommodation and food services	7,048	6.5%
Administrative and waste management services	6,613	6.1%
Other services, except public administration	5,915	5.5%
Construction	5,493	5.1%
Finance and insurance	5,295	4.9%
Wholesale trade	3,796	3.5%
Professional, scientific, and technical services	2,577	2.4%
Real estate and rental and leasing	2,509	2.3%
Educational services	1,969	1.8%
Arts, entertainment, and recreation	1,834	1.7%
Information	1,077	1.0%
Government and government enterprises	**11,667**	**10.8%**
State and local	10,036	9.3%
State government	667	0.6%
Local government	9,369	8.7%
Federal, civilian	904	0.8%
Military	727	0.7%

(D) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.

Source: Bureau of Economic Analysis

As shown, employment in Woodbury County consists of three primary industries in the private sector. Manufacturing is the top industry by employment, accounting for nearly 13 percent of total employment, followed retail trade with 11.6 percent and by heath care and social assistance with 11.4 percent. The area is not dominated by one particular industry or sector. However, much of the manufacturing business is related to agribusiness and the food processing industries. This is due to Sioux City's proximity to fertile land and abundant water resources. The food processing and agricultural industries tend to be more insulated from economic downturn than most job sectors. This provides more economic stability to the area than many markets with more volatile industries.

Income and Housing

The depth and strength of a market's employment base and income levels is a strong indicator of its ability to support meeting and event facilities. Indicators of a market's overall wealth growth can include trends in its income and employment.

The following table provides data on home ownership, income and retail sales, based on the latest data from the US Census Bureau.

Table 1-4

Income, Spending and Other Demographic Data

Category	United States	Iowa	Woodbury County	Sioux City
Homeownership rate, 2008-2012	65.5%	72.6%	67.9%	64.2%
Median value of owner-occupied housing units, 2008-2012	$181,400	$123,000	$97,400	$93,700
Persons per household, 2008-2012	2.61	2.41	2.56	2.55
Median household income, 2008-2012	$53,046	$51,129	$45,289	$42,845
Persons below poverty level, percent, 2008-2012	14.9%	12.2%	15.2%	17.3%
Private nonfarm employment, 2012	115,938,468	1,293,694	45,076	--
Private nonfarm employment, percent change, 2011-2012	2.2%	2.4%	-1.1%	--
Retail sales per capita, 2007	$12,990	$13,172	$14,913	$17,403

Source: U.S. Census Bureau, HSP

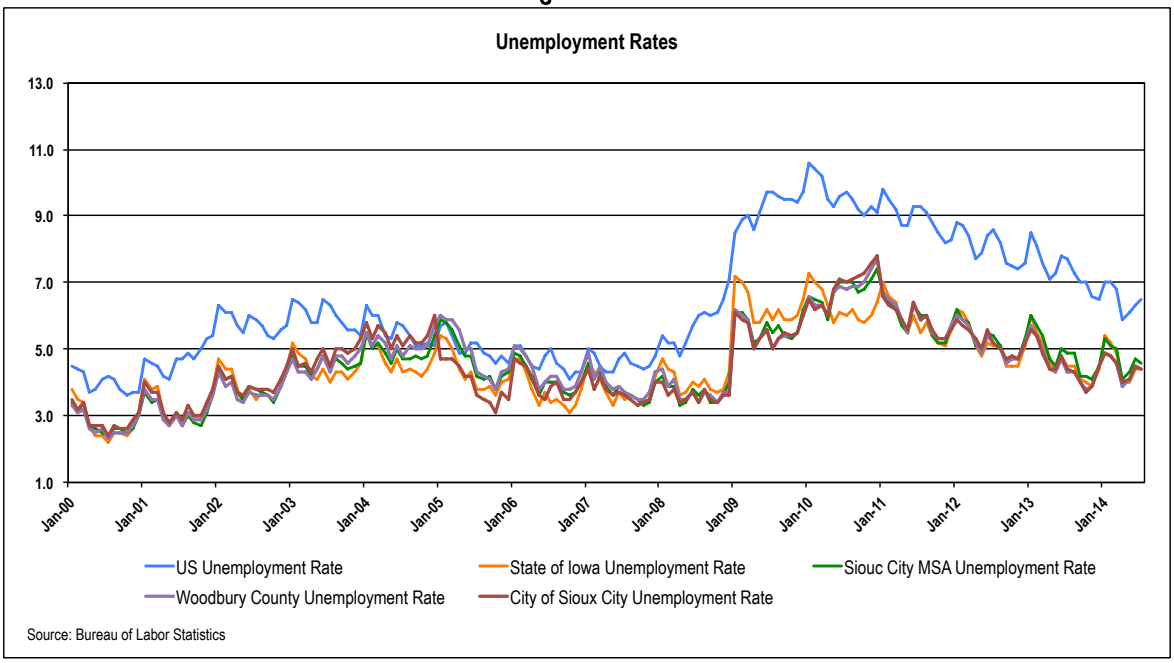
The home ownership rate is slightly lower in Sioux City than in the county, state, and the country, however, it is still relatively high and home ownership rates are expected to be lower in urban areas, as real estate prices are higher and more of the population tends to rent. The median value of owner-occupied homes is nearly half the value of the national average in the city and county, while Iowa's values are nearly $60,000 less than the national average. Real estate values are determined by a combination of factors, including density, demand, income levels and school district strength. Sioux City's housing costs are lower than a larger city or metro area. The income per household and persons per household are also lower than the national average. This is normal for communities that are located in rural areas of the country.

While the income and cost of living is lower in the city and county than the national average, retail sales per capital are significantly higher in Sioux City and Woodbury County at $17,403 and $14,913, respectively. This indicates that Sioux City in particular is home to many of the stores that regional residents come to for their shopping needs. This reinforces Sioux City's position as an economic center of activity.

Unemployment

The level of employment, as well as unemployment, offers additional insight into the strength of the local economy. The following figure shows the unemployment rate in the Sioux City MSA, Iowa and the U.S. for 2000 through September 2014.

Figure 1-2



Sioux City's unemployment rate was consistently lower than the U.S. and approximately equal to the State of Iowa over the 14-year span. As previously mentioned, Iowa and the Sioux City MSA in specific are heavily dominated by the agricultural and food processing industries. While these industries tend to see lower growth rates than other industries, they do not suffer as greatly from economic recessions and periods of decline, as they are essentially considered "consumer staples", items that are consistently in demand. This helps keep unemployment in the Sioux City MSA in the three to five percent range.

Corporate Presence

In general, a market's corporations provide stability to a market and generally consistent employment. They also provide demand for various real estate developments, especially hotel facilities. While the area's economy is not dependent on one or two major industries, several individual organizations support a large percentage of the MSA's workforce.

The following table shows the largest employers in the Sioux City MSA, by number of full-time employees.

Table 1-5

Largest Employers in Sioux City MSA

Name	Industry	# of Employees
Alorica Inc.	Call Center	>1000
Mercy Medical Center	Health Care	>1000
Sioux City Community Schools	Education	>1000
UnityPoint - St Luke's	Health Care	>1000
Tyson Fresh Meats	Food Processing	>1000
Wells Dairy Inc.	Food Processing	500-999
185th Air Refueling Wing/Iowa ANG	Government	500-999
City of Sioux City	Government	500-999
Curly's Foods Inc.	Food Processing	500-999
Goodwill of the Great Plains	Retail	500-999
Interbake Foods LLC	Food Processing	500-999
Mid-American Energy Company	Energy	500-999
Stream	Customer Service	500-999
Tur-Pak Foods Inc.	Food Processing	500-999
Western Iowa Tech Community College	Education	500-999

Source: Siouxland Chamber of Commerce, HSP

Alorica Inc., Mercy Medical Center and UnityPoint – St Luke's are the three largest health care companies in the MSA. Each employs more than 1,000 employees. Sioux Community schools also ranks in the top five largest employers with more than 1,000 employees as well. Tyson Foods is the fifth local employer with more than 1,000 employees and the largest with more than 4,200 workers. It is also the only employer that is a Fortune 500 company. Tyson Foods was founded in 1935 and is headquartered in Springdale, Arkansas. The company is the world's largest marketer of chicken, beef and pork, as well as prepared foods and the second largest food production company. The company provides products and services throughout the United States and in more than 90 countries. Iowa is home to much of the company's pork production. The Tyson Fresh Meats plant in Dakota City is currently the world's largest beef plant. Tyson just completed a $90 million expansion of the plant in fall of 2013, which added an additional 200 jobs. Before the expansion of the plant Tyson already provided the metro Sioux City was an annual payroll of more than $140 million. The plant also received an $80 million investment seven years ago. The Dakota City plant bought more than $1.7 billion worth of cattle in 2011 and most producers who supply cattle live within a 100-mile radius of the plant.

There are three other major local employers expanding, including Sabre, which manufactures cell towers. They are expanding from 200 to 500 employees. The second is CF industries, a fertilizer manufacturer, which is expanding employment by up to 500 employees. Anytime a manufacturer expands, there is a direct impact on hotel room nights, as engineers, consultants and others must come to town to work on the project. The third and perhaps most important expansion is by Mercy Hospital. This large regional medical complex is located downtown and is expanding its facilities and staffing, which will impact downtown room night demand and overall economic activity.

Of the 15 largest employers in the Sioux City MSA, five are in the food processing industry. There is also a number of military and government jobs as the Sioux Gateway Airport is home to the 185th Air Refueling Wing. Retail, energy and customer service management companies comprise the rest of the top employers list.

Higher Education

The presence of colleges, universities and educational institutions can serve as a major demand base for hotel facilities.

The following table shows colleges and universities in the Sioux City area.

Table 1-6

Higher Education in the Region

Institution	Location	Distance from 51101	Highest Degree Offered	Total Enrollment
Western Iowa Tech Community College	Sioux City	5.9 miles	Associates	6,331
Morningside College	Sioux City	2.5 miles	Masters	1,305
Briar Cliff University	Sioux City	2.1 miles	Doctorate	1,042
St Luke's College	Sioux City	2.1 miles	Bachelors	184
Little Priest Tribal College	Sioux City	18.2 miles	Associates	144
Total Enrollment				***9,006***

Source: National Center for Education Statistics, HSP

There is one university and four smaller colleges within 25 miles of downtown Sioux City. Together, there are more than 9,000 students in the Siouxland region. The largest school is Western Iowa Tech Community College, with approximately 6,331 students. The two-year public university offers associates programs in business, arts, sciences, sociology, psychology, medicine and education. The enrollment of the other smaller institutions includes 1,305 at the Morningside College, 1,042 at Briar Cliff University, 184 at St Luke College and 144 at Little Priest Tribal College. Overall higher education student enrollment figures are not high enough to make this a major player or demand generator for hotel room nights and events.

Educational Attainment

The education level of a community's residents is indicative of employment, income levels and long-term economic growth. Highly educated people have more choices in their decision to locate themselves and their families. The higher the education level, the stronger the labor market and the more disposable income that is available for spending.

The following table shows the educational attainment of adults in Sioux City.

Table 1-7

Educational Attainment

Age 25+ Population	Sioux City	Iowa	United States
Did Not Complete High School	9.5%	5.3%	7.6%
Completed High School	36.3%	32.7%	27.8%
Some College	20.1%	21.4%	21.1%
Completed Associate Degree	9.0%	11.1%	8.1%
Completed Bachelors Degree	13.3%	18.1%	18.4%
Completed Graduate Degree	5.5%	8.4%	11.2%

Source: US Cenus Bureau: American Community Survey

Sioux City has a higher percentage of residents with high school diplomas than the United States, but has a lower percentage of residents with any post-secondary and advanced degrees. This suggests an economy that may be dominated by the middle class and industries that utilize such an employment base, but will have difficulty supporting many companies with higher education requirements and the resulting higher incomes.

Downtown Sioux City

A number of local and regional facilities offer arts, culture, recreation and entertainment opportunities that bring visitors to downtown Sioux City. The following section identifies the demand generators that define the downtown area. Downtown Sioux City is defined as the area north of the Missouri River to Eighth Street, west to Wesley Parkway and east to Floyd Boulevard.

The town's location on the Missouri River helped it establish it as a prominent center of trade. The downtown developed around the mouth of Perry Creek and the Missouri River. The advent of steamboats helped make Sioux City a retail and wholesale center for the region. Sioux City was home to several major manufacturing companies in the late 1800's and early 1900's including but not limited to; the American Popcorn Company, Aalfs Manufacturing Company, Sioux City Brick and Tile Company and the Palmer Candy Company. The 1880's and 1890's were a boom period for the city, but the Panic of 1893 slowed the city's growth. However, the city became the economic and agricultural center for the tri-state region. To this day Sioux City boasts the highest concentration of agribusiness and food processing companies in the region.

The downtown has undergone significant economic development and features several attractions in the immediate downtown area.

The following figure shows a layout of the downtown area.

Figure 1-3

The following highlights a few of the downtown development and attractions.

Sioux City Convention Center

The Convention Center is a 54,000-square foot venue located in the heart of downtown on 4th Street. The two-story building features a 50,000-square foot exhibit space and 10,000 square feet of meeting space divisible into ten rooms. The convention center hosts concerts, conventions, seminars, family shows, fine arts shows and area meetings. The Convention Center is directly

connected to the Sioux City Hotel, which was recently sold by its lender and then closed. In March 2014, the Sioux City Council voted unanimously to allow Centerplate, the city's caterer, to manage the daily operations of the convention center. The convention center will be profiled in more detail in Chapter 4.

Tyson Events Center

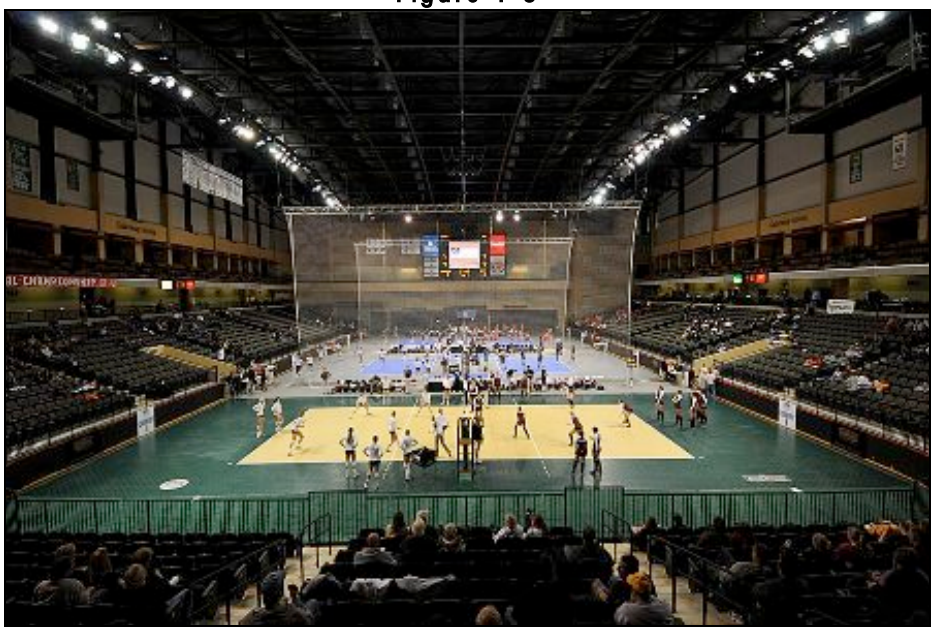
Opened in 2003 at a cost of $52 million, the Tyson Events Center is located at 401 Gordon Drive (Exit 149 off of I-29) with 1,023 parking spaces available on site. Tyson Foods and Gateway, Inc. sponsor the center. The City of Sioux City owns and operates the facility. The Tyson Events Center houses the Gateway Arena. The official capacity of the arena is 10,000 spectators. The arena is home to the Sioux City Musketeers, United States Hockey League Team, and the Sioux City Bandits, Professional Indoor Football League (CPIFL). The Musketeers play approximately 21 home games at the arena each season. Notable events held at the Tyson Events Center include WWE, Aerosmith, Alan Jackson, Carrie Underwood, Ozzy Osbourne, Creed, Britney Spears and Taylor Swift. The venue also hosted President George W. Bush during his 2004 reelection campaign.

The following figure shows the exterior of the Tyson Events Center and the Gateway Arena.

Figure 1-4

The following figure shows the Gateway Arena configured for an indoor volleyball event.

Figure 1-5



The facility hosts events that generate room night demand. However, a newer arena was recently opened in Sioux Falls, South Dakota, which impacts the events that will be held locally in Sioux City. There is local conversation about a renovation of the arena to better enable it to compete for events.

Flight 232 Memorial

Commemorating the heroic rescue efforts by the Sioux City community after the crash of United Flight 232 in 1989, the statue depicts Air National Guard Colonel Dennis Nielson carrying a young child to safety. The memorial is located adjacent to the Spirit of Siouxland Statue and the Anderson Dance Pavilion in Larson Park, which extends along the Missouri River.

The picture below shows the Flight 232 memorial.

Figure 1-6

Historic Fourth Street District

"Historic" or "Lower" Fourth Street refers to the two city blocks between Virginia and Iowa Streets in downtown Sioux City that contain fifteen structures dating from 1889 to 1915. Several of these are notable for their distinctive Richardsonian Romanesque style of architecture. Popular in the late 1890s, Richardsonian Romanesque is characterized by heavy, rough-cut stonewalls, round arches, squat columns, and deeply recessed windows. Today the Fourth Street is home to fine dining and a vibrant nightlife.

The following figure shows the entrance to the historic Fourth Street District.

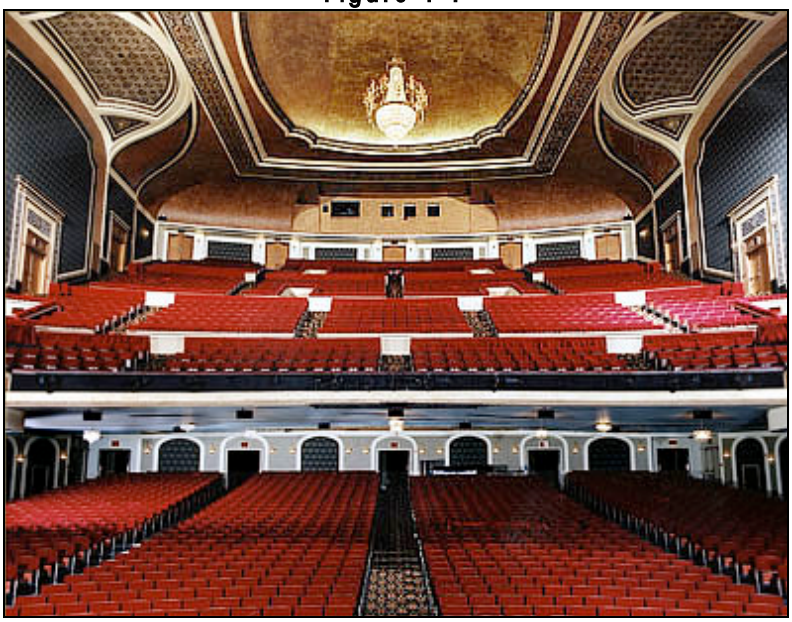
Figure 1-6

Orpheum Theatre

Constructed in 1927, the Orpheum Theatre was designed by the Chicago firm of Rapp & Rapp and was part of the Orpheum Circuit. After transformation into a two-screen theatre, the Orpheum Theatre closed in 1992. However, in 1989 a nonprofit organization raised money to restore the theatre to its original state. The $12 million project began in 1999 and was completed in 2001. Since reopening, the theatre has hosted performances by Sheryl Crow, BB King, Bob Dylan, Wynton Marsalis, David Copperfield, Willie Nelson, Jewel, Alison Kraus, and Jerry Seinfeld. In addition, thousands have witnessed Broadway shows and attended the Sioux City Symphony at the theater.

The following figure shows a view of the Orpheum Theatre from the stage.

Figure 1-7



Historic Pearl District

The Historic Pearl District encompasses approximately ten city blocks on the west side of downtown Sioux City and is home to what is widely considered the first commercial area in Sioux City. The district features several small businesses from an Irish Pub to automotive stores. The district will also be home to the Children's Museum of Siouxland. The $6 million museum is proposed to feature nine permanent interactive exhibit and four traveling exhibits. The project is scheduled to open in the summer of 2015.

Roth Fountain

The fountain mirrors in its tripartite facade the historical 1915 Livestock Exchange Building formerly located in the Sioux City Stockyards. The fountain's four over-flow basins and the hexagon shape of the outer pool are taken from elements found in the Woodbury County Courthouse.

The figure below shows the fountain.

Figure 1-8

Sioux City Public Museum

Located at 607 4th Street, in the heart of downtown, the Sioux City Public Museum features large, colorful exhibits, interactive displays, and more. Admission is free. Exhibits include but are not limited to:

- The "Spirit of Sioux City" through a lively 12-minute orientation film in the ornate "corn palace theatre."
- Corn Palace replica mural
- The award-winning "Innovation I-Wall"
- "The Big Dig," which replicates an active fossil dig site
- Permanent exhibits on local history, featuring artifacts from museum collections or private collections
- Temporary Exhibits
- Research Center and Archives
- Museum Store

The following photo shows the exterior of the museum.

Figure 1-9

The museum also offers classrooms and meetings for rent to the public. The three rooms can accommodate up to 25, 120 and 12 people, respectively. The museum also has a kitchen available for catered events.

Sioux City Arts Center

Located at 225 Nebraska Street, the Sioux City Art Center is a free museum that serves as a cultural hub in the community. In 1937, the Art Center Association of Sioux City, along with the Sioux City Junior League and other community supporters petitioned the United States Government to establish a WPA Art Center in Sioux City. The Sioux City Art Center opened on February 20, 1938 and has remained open ever since, with new and expanded facilities over time.

The following image shows the exterior of the current Arts Center.

Figure 1-10

The museum boasts collections of pre-modern, modern, tonalism, regionalism, conceptual, site-specific, post-modern and contemporary art. Currently, the center features the following exhibits:

- Local, national and international artists
- Jackson Pollock: Mural
- Mid-Century Mix: Art from the 1950s
- Grant Wood's Corn Room Mural
- The Sioux City Art Center permanent collection

The art center also hosts classes for all ages in the following subjects:

- Painting
- Sculpture
- Ceramic
- Glass
- Photography
- Youth Art
- Workshops

Woodbury County Courthouse

The historic Woodbury County Courthouse was built in 1918. To this day the courthouse is the largest Prairie Style building in the world. The Courthouse represents an American statement in architecture, which originated within the Chicago, Illinois offices of Louis Sullivan. The style, developed in the 1890's and referred to as the Prairie School, came to reflect the midwestern sense of design, color and landscape while providing an economical and practical utilization of space. The building features exterior sculptures by Alfonso Ianelli and interior murals by Chicago painter John W. Norton.

The following figure shows the Woodbury County Courthouse.

Figure 1-11

Casino

Hard Rock Hotel & Casino Sioux City

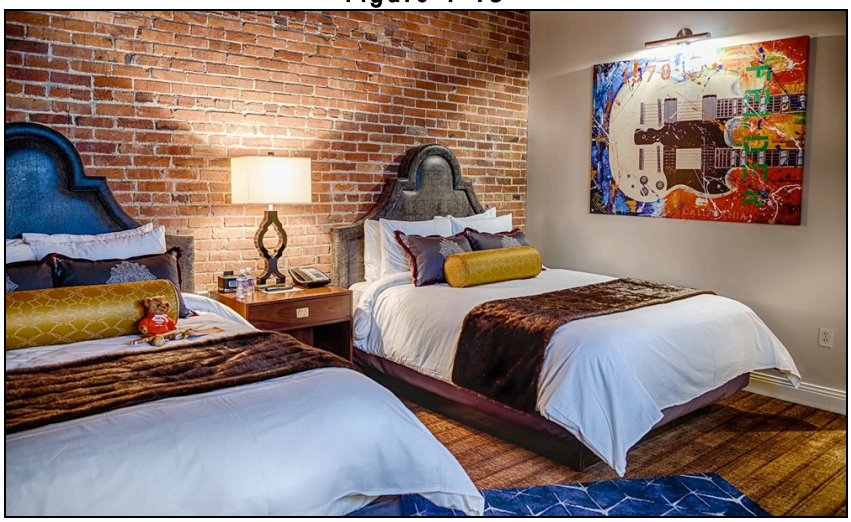
The Hard Rock Hotel & Casino Sioux City is located at 111 3rd Street. The casino opened on August 1, 2014. The casino was opened in a renovated historic building downtown. The old battery building was transformed into a 54-room boutique hotel. In addition, the property has a 40,000-square foot casino with 25 table games and 839 slot machines. The hotel casino also features three unique dining options and four nightlife venues. Several bars and restaurants across the street have also seen new life from the development. Overall, the project has reinvigorated west downtown Sioux City.

The following figures show the new Hard Rock Hotel & Casino.

Figure 1-12

The following figure shows the inside of a hotel room.

Figure 1-13



Other Area Attractions

There are several other area attractions located just outside downtown or near the riverfront. The following are select profiles of the more prominent attractions.

Sergeant Floyd River Museum and Welcome Center

Located on Sioux City's riverfront, the Sergeant Floyd River Museum and Welcome Center is adjacent to the Chris Larsen Park picnic shelter and playground and the Lewis and Clark Interpretive Center. The center also serves as a historical museum as both functions are housed aboard the dry-docked motor vessel, the M.V. Sergeant Floyd. Admission is free and each year two family events are held during the summer on the grounds of the Welcome Center: the Bill Diamond Antique and Classic Car Show and the Sergeant Floyd Memorial Encampment.

The following figure shows the Welcome Center.

Figure 1-14

Peirce Mansion

The 120-year old Mansion is located at 2901 Jackson Street. While the mansion is technically outside of the downtown limits, it is close to the downtown area and has played a significant role in the downtown's history. John Peirce, a local real estate developer, originally constructed the home in 1891. The property was completed in 1893 and boasted Victorian-era architecture and design. South Dakota quartzite is integrated inside and outside the mansion, making it a unique example of Richardsonian Romanesque architecture.

The follow figures show the Peirce Mansion.

Figure 1-15

The home was purchased by the Junior League of Sioux in 1958 and then donated to the City of Sioux City. The mansion then served as the site of the Sioux City Public Museum from 1961 to

2011 and is listed on the National Register of Historic Places. The mansion is open to the public for quarterly open house events and is also available to rent.

Implications

The city of Sioux City has demonstrated a stable economic climate over the past decade. While growth has not been explosive, the region tends to weather economic recessions with much less contraction than other Midwest and even coastal cities. This is due to the large concentration of food processing and agribusiness companies located in the region. The industry does not experience significant growth compared to other industries, but instead has steady incremental growth. This incremental growth in economic opportunity helped spur growth in the Siouxland MSA from the 2000 to 2010 period. The downtown as well has seen some growth and significant economic investment. The historic Fourth Street and Pearl Districts have seen redevelopment of retail, restaurant and office space, into new retail and public uses, including the proposed Children's Museum. The closing of the Argosy Riverboat Casino was offset by the redevelopment of the old battery building into the new Hard Rock Hotel & Casino downtown. The 54-room hotel and 40,000-square foot casino is helping to establish a critical mass of retail and attractions that are attracting visitors downtown.

The continued expansion of local companies, especially Mercy Hospital downtown, will have a positive impact on economic and hotel activity in the region and downtown. Downtown is also beginning to attract residents, which mirrors a nationwide trend of Millennials and empty nesters moving to downtown locations. While the actual number of downtown residents is minimal at this time, the outlook is positive for more investment and migration to the urban core.

Overall, the trends in the market and downtown are favorable for hotel development, based on the growing regional economy, population and the specific improvements in downtown attractiveness for leisure, events and corporate stays.

TABLE OF CONTENTS

----------	Executive Summary
Chapter 1	Economic and Demographic Analysis
Chapter 2	Conventions & Meetings Market Trends
Chapter 3	Convention Headquarter Hotel Trends
Chapter 4	Competitive Meetings Market Analysis
Chapter 5	Local Hotel and Lodging Market Analysis
Chapter 6	Recommendations
Chapter 7	Demand and Financial Projections

CONVENTION & MEETING MARKET TRENDS

This section provides a current overview of trends and developments impacting meeting and convention facilities. These trends have an effect on major investments such as convention, expo and conference centers, as well as the hotels that serve them. Therefore, is important for Sioux City to understand these trends in order to remain competitive.

Meeting and Event Industry Trends

Conventions, exhibitions and trade shows are conducted for the purposes of exchanging information, conducting business transactions and for educational, cultural and social enrichment. As developments occur in the larger economy, simultaneous developments occur in the meetings market, such as the growth of the tech sector generating growth in tech related meetings and events.

Often, a single event will use many different types of spaces, including exhibit halls, banquet facilities and breakout meeting rooms. Well-designed multi-purpose facilities offer the proportions of different types of spaces appropriate for the market. In addition, it offers the flexibility to host multiple events at one time. Different types of conventions and meetings have differing needs.

The following table summarizes the key attributes of various types of meetings, including facility requirements.

Table 2-1

Facility Types & Requirements for Various Event Types

Event Type	Conventions with Exhibits	Conventions	Tradeshows	Consumer Shows	Assemblies	Sports Events	Conferences	Meetings	Trainings	Banquets
Attendance Range	150 - 50,000	150 - 15,000	250 - 50,000	8,000 - 1,000,000	5,000 - 50,000	500 - 100,000	50 - 2,000	10 - 300	10 - 300	50 - 2,000
Primary Purpose	Info Exchange & Sales	Info Exchange	Sales	Advertising & Sales	Info Exchange	Sports	Info Exchange	Info Exchange	Training	Social, Business & Charity
Facility Requirements	Exhibit Halls, Ballroom, Meeting Rooms, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Exhibit Halls, Hotel Block	Exhibit Halls	Arena or Exhibit Halls, Hotel Block	Arena, Stadium or Exhibit Halls, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Ballroom
Typical Facility Used	Convention Center & Large Hotels	Convention Center & Large Hotels	Expo Facilities & Convention Centers	Expo Facilities & Convention Centers	Arenas or Convention Centers	Arena, Stadiums, Convention Centers	Convention/ Conference Centers and Hotels	Convention/ Conference Centers and Hotels	Convention/ Conference Centers and Hotels	Convention/ Conference Centers and Hotels

Source: HSP

The various types of convention and conference center events are described as follows:

Conventions and Trade Shows – Associations, professional groups and other membership organizations hold conventions and trade shows, with attendance ranging from 150 to 50,000 attendees. The larger of these meetings take place in convention centers with large exhibit halls, but as a Center for Exhibition Industry Research (CEIR) survey indicates, the majority of events require less than 50,000 square feet. Conventions and trade shows may feature a single meeting, but usually offer a number of concurrent meetings and exhibitions. Facility needs include assembly space for general sessions and displays, banquet facilities and numerous breakout-meeting rooms. Two-thirds of conventions and trade shows use exhibit space as a means to communicate ideas and to display products.

Conventions are high-impact events economically because a large percentage of attendees originate from outside the local area, typically stay several nights in the host city and spend money on accommodations, food, transportation, retail goods, and entertainment. Spouses, family, or companions typically accompany a significant number of attendees.

Like conventions, **trade shows** offer a forum for exchanging industry ideas. They vary slightly from conventions in that they are more product- and sales-oriented. Trade shows are exhibit-intensive, and exhibitors prefer column-free, open-space facilities in which temporary custom booths for product display are constructed. Trade shows typically attract a large number of attendees, who originate from outside the host city, but tend to have a shorter average stay than convention attendees. Sioux City has been struggling to host conventions due to a lack of a hotel package as well as a true ballroom.

Consumer Shows – Consumer shows are public, ticketed events featuring exhibitions of merchandise for sale or display. Consumer shows provide a means of product distribution and advertising. Some, such as auto and boat shows, have a recreational and entertainment function as well. Consumer shows range in size from small local and specialized shows with a few hundred attendees to large shows with thousands of attendees. The larger consumer shows may occur in convention centers, shopping malls, fairgrounds and other public-assembly facilities with large exhibition areas. The majority of attendees are local, but exhibitors often come from out of town. Site selection considerations for consumer shows include the size and income of the local population, availability of facilities and the number of competitive shows in the market. Sioux City hosts several consumer shows at its convention center.

Assemblies – Assembly events are social, military, educational, religious, and fraternal (SMERF) events. They attract large numbers of people and require seating arrangements to support all the visitors. Larger assemblies are held in arenas or stadiums while smaller assemblies are held in venues such as schools auditoriums, churches and community centers. Similar to conventions, attendees originate from outside the host city, but, unlike conventions, these events do not usually require large amounts of exhibit and meeting room space. Assemblies have been held at the Tyson Events Center as well as the convention center.

Sports – Sporting events are any youth, amateur, professional, or senior event of any variety of sports that can be played indoors. Typically, such events are held in arenas or stadiums; however, many events, from boxing to wrestling, to basketball, can be held in exhibit facilities with temporary seating/stands. A growing trend in this sector is cheerleading competitions. As such, a

multipurpose facility can be marketed for a variety of event types. The Tyson Events Center and the convention center have hosted these types of events.

Conferences – Conferences are meetings typically held by associations, professional groups, and other membership organizations. Educational institutions also host conferences. These events do not usually require exhibit space, but otherwise the facility demands are similar to those of conventions—such as meeting space for general sessions, food service facilities and breakout rooms. Hotels and conference centers typically serve as venues for conferences. Most conferences in Sioux City are held at hotels with ballroom and meeting rooms. The convention center is not ideal for many conferences as it lacks a ballroom and has only several meeting rooms, however it is able to host several throughout the year.

Corporate, Training and Other Meetings – Corporate meetings include training seminars, professional and technical conferences, business/job fairs, incentive trips and management meetings. Corporate meeting planners and attendees demand high-quality facilities. High quality and flexible technology capabilities are an essential element corporate and business users are requiring when selecting meeting facilities.

Banquets – Banquets are typically locally generated events, from social and wedding events to the annual Chamber of Commerce event, which can be the largest of its kind in a given city. A mainstay of hotels and convention centers, banquets provide significant catering income and provide the community with its largest dining room, in most cases.

National Supply

Demand for meeting and exhibition space allowed many communities in the U.S. to develop successful convention and trade show facilities during the 1970s and 1980s. Public sector involvement in these developments was motivated primarily by the desire to capture the economic benefits of the events they hosted in their communities.

The following figure shows the comparison of supply and demand growth beginning in 1987.

Figure 2-1

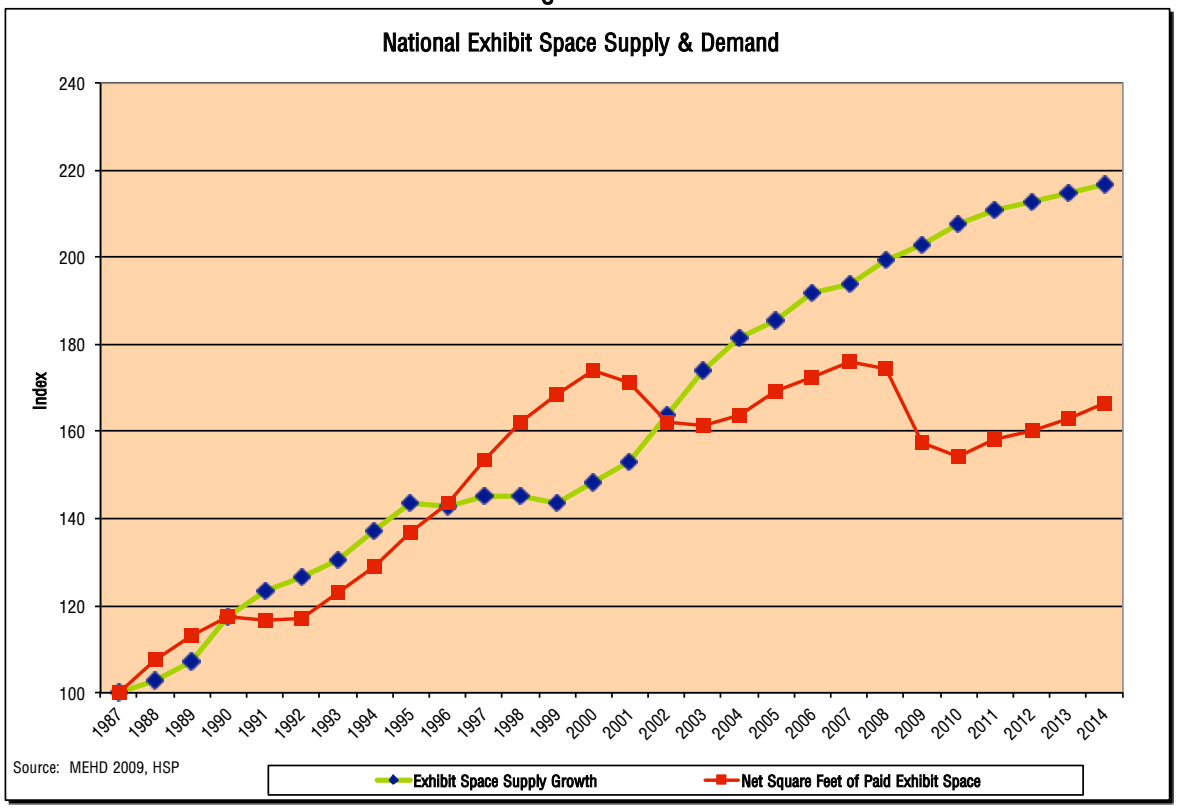


Exhibit space supply has increased every year since 1999, however paid exhibit space rises and falls with the economy, decreasing in 2001 and 2002 as well as 2008 and especially in 2009. This has led to increased competition amongst convention centers. While demand is now increasing at a higher rate than supply, the gap in the supply/demand index still provides meeting and event planners an edge in negotiations.

Most existing facilities are in some form of expansion or renovation to update aging facilities, add new technology features and services and add space to attract larger events. The following table shows the percentage of national facilities that are currently in some form of growth.

Table 2-2

Current Improvements in Industry

Type of Improvement	Percentage
New Construction	9%
Expansion	27%
Renovation	27%
Total	**63%**
No Development Plans	**36%**

Source: AIPC (2012), R7M Research & Consulting

Sixty-three percent of facilities nationally are taking some current action to improve the facility, either through new construction, expansion or renovation. Forty-five percent of the respondents to AIPC's survey added at least one new revenue stream in the past year, which is up from 27 percent in 2011. Examples of new revenue streams from the survey responses include the following:

- Expanded, enhanced meeting and conference spaces and services
- Enhanced and improved audio-visual, telecommunications and IT services
- Advertising and signage income
- Upgraded food and beverage and catering services
- Hosting cultural exhibitions, entertainment and sporting events

One of the major considerations in renovations and expansion is improvements to the facilities to accommodate new technology. The Internet has become an essential part of all exhibit space and convention facilities.

The following table sets out the changes that have occurred in convention center technology in the past ten years.

Table 2-3

Convention Facilities Technology Status
Ten-Year Comparison

Type	Ten Years Ago	Today
Facility		
Facility Website	87%	100%
Internet Access	77%	100%
Wireless Internet	60%	94%
Teleconferencing	58%	72%
Video Conferencing	50%	66%
Social Media Presence	0%	54%
Security Access Cards	43%	44%
Online Event Planning		
Booking Events	20%	19%
Ordering Supplies for Events	18%	31%
Booking Accommodations	16%	23%

Source: PricewaterhouseCoopers

Every convention center in the United States has a website and Internet access, which was not the case ten years ago. Almost every facility has wireless Internet, 94 percent, up from sixty percent ten years ago. More than half of the convention centers in the United States have some social media presence, either on Facebook, Twitter, or some other platform.

Online event planning has not changed much in the past ten years, however. The only category that has significantly changed is ordering supplies for events, up from 18 percent to 31 percent. This indicates that staffing and personal marketing are still very important to a convention center, with the one-on-one contact through telephone and in person still essential for event planning.

Industry investment in technology during the next five years will be necessary for facilities to increase space flexibility and enhance attendee experience. Facilities will need to use and create mobile platforms and internet-based applications to assist and accommodate attendees. Traditionally, facilities' technological efforts have focused on staples such as website development, standard audio/visual equipment and video-conferencing capabilities. However, according to a industry technology survey, facilities are increasingly focusing investment toward mobile and wireless capabilities, increasing network bandwidths, technologies that allow attendees to learn collaboratively and interactively as well as social media, e-marketing platforms, applications and webinars. Facilities must learn how to use these new technologies to their benefit, as they may pose a potential threat to industry revenue in the long run by allowing people to attend conferences and participate remotely. Ultimately, technology will need to be used as a tool that enhances business and individuals' experiences to drive demand for services.

The following table summarizes the ownership structure of U.S.-based convention centers.

Table 2-4

Convention Centers Ownership

	Total Convention Centers	Large	Medium	Small
Ownership				
City	48%	27%	52%	57%
Authority	27%	55%	22%	14%
State	8%	18%	4%	7%
County / Council	10%	---	7%	21%
Private	2%	---	4%	---
Non-Profit	2%	---	4%	---
Other	4%	---	7%	---
Is part of a complex	33%	27%	41%	21%

Source: International Association of Venue Managers, Inc.

As shown, most convention facilities are owned by the public sector. This public ownership however can take multiple forms as shows, such as directly through the city, by means of a created authority or even through the state or county / council. State or county / council ownership however is less common within the public sector. And while many convention facilities are privately managed, very few are privately owned.

The following table shows the various convention center management types based on the exhibit space size.

Table 2-5

North American Convention Center - Management Type

Exhibit Space Size	Private Company	Quasi-Public Authority	Local Government	Other
Less than 100,000 square feet	30%	18%	40%	13%
100,000 to 500,000 square feet	44%	24%	22%	9%
More than 500,000 square feet	17%	50%	33%	0%

Source: PricewaterhouseCoopers

The three chief types of management are private, a quasi-public authority or public, through the local government. Of the three classifications of convention centers, based on the size of the associated exhibit space, convention centers with 100,000 to 500,000 square feet of exhibit space are largely privately managed, by companies such as Global Spectrum or SMG, or 44 percent. This trend toward private management has increased as governments and citizens are demanding more professional management and accounting related to the results at these major public investments.

The following table breaks down North American convention centers' personnel by the size of exhibit space offered.

Table 2-6

North American Convention Centers - Personnel

Exhibit Space Size	Full-Time Total	Full-Time Sales Staff	Full-Time Equivalent
Less than 100,000 square feet	32	4	47
100,000 to 500,000 square feet	95	6	119
More than 500,000 square feet	193	8	323

Source: PricewaterhouseCoopers

As expected, the larger the convention center the larger the full-time or full-time equivalent staff required.

Meeting Demand

Meeting planners have the strongest influence on conventions and meetings held nationwide. This section includes some of the preferences of U.S. meeting planners based on Meetings Media's Market Trends Survey as well as data from other sources.

The following table shows the size of convention center events, measured by the total gross square feet of space used for the event.

Table 2-7

Event Size (Gross Function Space)

Function Space (SF)	Percent of Total	Cumulative Total
6,000 - 14,999	19%	19%
15,000 - 24,999	13%	32%
25,000 - 34,999	15%	47%
35,000 - 49,999	13%	60%
50,000 - 99,999	19%	79%
100,000 - 199,999	14%	93%
200,000+	7%	100%

Source: Center for Exhibition Industry Research

Distribution is fairly equal for the size of exhibitions, although nearly half of all events can fit in spaces smaller than 50,000 square feet. Nearly 20 percent of exhibitions occur in less than 15,000 square feet of function space, and an additional 13 percent take place in 15,000 to 25,000 square feet of space. Facilities with less than 25,000 square feet of gross exhibit space can host just one third of conventions. This is the situation in Sioux City.

The following table shows the typical meeting duration organized by meeting planners.

Table 2-8

Typical Meeting Duration

Duration	Percent of Total
0.5 day	8%
1.0 day	14%
1.5 days	7%
2.0 days	16%
2.5 days	14%
3.0 days	20%
3.5 days	7%
4.0 days	5%
4.5 days	4%
5.0 days	4%
More than 5 days	2%

Source: Meetings Media, HSP

Half of all meetings and events last between two and three days. However, without a good hotel, these longer meetings and events will not come to Sioux City.

The following table shows the types of facilities used for all conventions and meetings (respondents could give more than one answer).

Table 2-9

Types of Facilities - U.S. Meetings and Conventions

Facility Type	Percent of Total
Downtown Hotels	68%
Suburban Hotels	48%
Resort Hotels (excluding golf resorts)	42%
Airport Hotels	26%
Convention Centers	19%
Golf Resorts	16%
Suites Hotels	16%
Gaming Facilities	9%
Residential Conference Centers	9%
Nonresidential Conference Centers	6%
Cruise Ships	1%

Source: Meetings Market Report

For all meetings and conventions, hotels are the primary host venue, while convention centers host one out of five meetings or conventions. This again underscores the value of having a high quality downtown meetings hotel. The term residential conference center refers to a conference center with hotel rooms. For the larger convention events, typically only convention centers and large hotels host these types of events.

The next set of tables presents the trend of important industry metrics such as exhibit hall demand, occupancy, attendance, room nights and critical financial information from surveyed participants by PricewaterhouseCoopers. This data represents approximately 35 percent of 2013 convention center participants and 45 percent of 2013 destination marketing organization participants.

The following table shows the average event count and attendance for survey respondents by facility size.

Table 2-10

North American Convention Centers - All Event Characteristics

Exhibit Space Size	Average Event Count	Average Total Attendance
Less than 100,000 square feet	291	205,400
100,000 to 500,000 square feet	276	486,800
More than 500,000 square feet	199	1,277,400

Source: PricewaterhouseCoopers

The following table lists average annual exhibit event attendance for 2013 for facilities of varying size.

Table 2-11

North American Convention Center - Annual Exhibit Event Attendance

Exhibit Space Size	Convention / Trade Shows	Consumer Shows	Subtotal
Less than 100,000 square feet	42,100	66,800	108,900
100,000 to 500,000 square feet	146,500	146,800	293,300
More than 500,000 square feet	567,600	447,100	1,014,700

Source: PricewaterhouseCoopers

As shown, the 2013 annual attendance of consumer shows is greater at smaller convention centers with less than 100,000 square feet of exhibit space than that of convention or trade shows. The number of annual exhibit event attendance is nearly split evenly between the two types of events for mid-sized convention centers. Larger convention centers, with more than 500,000 square feet of exhibit space, are opposite of their smaller counterparts, with convention and trade show attendance accounting for the largest portion of the annual exhibit event attendance.

The following table displays the number of convention/trade show and consumer show events hosted by survey respondents.

Table 2-12

Surveyed National Exhibit Halls - Average Number of Events

Exhibit Space Size	Conventions / Trade Shows	Consumer Shows	Total
Less than 100,000 square feet	27	19	46
100,000 to 500,000 square feet	36	18	54
More than 500,000 square feet	50	20	70

Source: PricewaterhouseCoopers

The following table presents average attendance for convention/trade shows and consumer shows.

Table 2-13

North American Convention Center - Average Attendance

Exhibit Space Size	Conventions / Trade Shows	Consumer Shows
Less than 100,000 square feet	1,600	4,100
100,000 to 500,000 square feet	4,300	10,500
More than 500,000 square feet	11,000	32,800

Source: PricewaterhouseCoopers

The following table shows the average number of room nights generated annually by respondents to the convention center survey. In general, convention centers should generate from .25 to .75 room nights per square foot of exhibit space. The average for larger convention centers is about .50 to .60 room nights per square foot of exhibit space.

Table 2-14

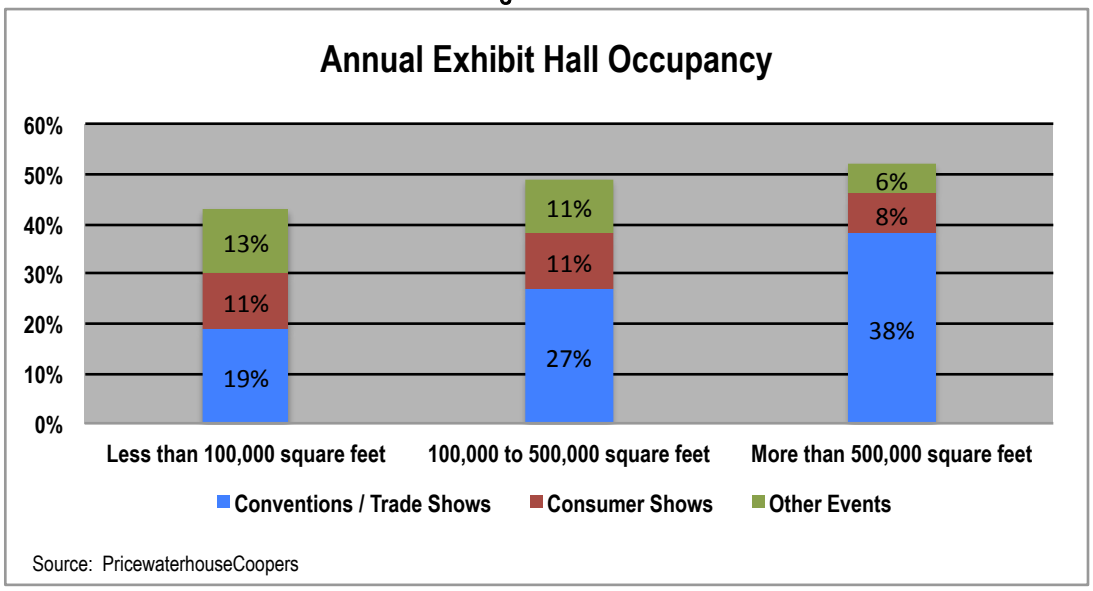
North American Convention Centers - Hotel Room Nights

Exhibit Space Size	Average Number of Room Nights
Less than 100,000 square feet	27,500
100,000 to 500,000 square feet	141,400
More than 500,000 square feet	807,600

Source: PricewaterhouseCoopers

The following graph breaks down the annual exhibit hall occupancy into conventions and trade shows, consumer shows and other events.

Figure 2-2



As shown, conventions and trade shows provide the largest portion of the overall exhibit hall demand for all three categories of convention centers. As the amount of exhibit space increases so does its utilization by convention and trade shows. These larger convention centers are able to attract various kinds of conventions, particularly the larger events that the smaller convention centers are unable to accommodate. Occupancy was higher in the larger facilities, led by convention and trade show occupancy. Consumer shows are less important as buildings increase in size. Exhibit hall occupancy, which can only practically reach 70 percent due to move in/out days and holidays, ranged from 42 percent in smaller buildings to 51 percent in larger buildings, on average.

The following table lists the North American convention center annual ballroom occupancy.

Table 2-15

North American Convention Center - Annual Ballroom Occupancy

Exhibit Space Size	Total
Less than 100,000 square feet	43%
100,000 to 500,000 square feet	42%
More than 500,000 square feet	51%

Source: PricewaterhouseCoopers

As demonstrated, ballroom occupancy within North American convention centers, regardless of size, averaged 45 percent from all event types.

The following breaks down the North American convention center exhibit hall average daily rate per square-foot.

Table 2-16

North American Convention Center - Exhibit Hall Average Daily Rate (per squar-foot)

Exhibit Space Size	Convention / Trade Shows	Consumer Shows
Less than 100,000 square feet	$0.123	$0.106
100,000 to 500,000 square feet	$0.068	$0.069
More than 500,000 square feet	$0.063	$0.055

Source: PricewaterhouseCoopers

The larger the event that is able to be accommodated in the event facilities, the lower the exhibit hall average daily rate per square-foot. The average daily rate per square-foot for convention or trade shows in larger convention centers is reduced by nearly half that of the rate recorded for smaller centers.

The following table categorizes the catering and concession operations of North American convention centers based on the amount of exhibit space offered.

Table 2-17

North American Convention Center - Catering & Concession Operations

Exhibit Space Size	Exclusive Center	Exclusive Contractor	Other / Multiple
Less than 100,000 square feet	41%	38%	21%
100,000 to 500,000 square feet	38%	62%	0%
More than 500,000 square feet	11%	89%	0%

Source: PricewaterhouseCoopers

Of convention centers with 100,000 square feet of exhibit space or more, catering and concession operations are predominately contracted through an exclusive contractor. While 41 percent of convention centers with less than 100,000 square feet of exhibit space exclusively manage catering and concession operations within the center, nearly just as many (38 percent), are also contracted through an exclusive contractor.

The following table shows the gross food and beverage revenue per convention/tradeshow and consumer show event attendee to North American convention centers.

Table 2-18

North American Convention Center - Gross F&B Revenue per Attendee (All Events)

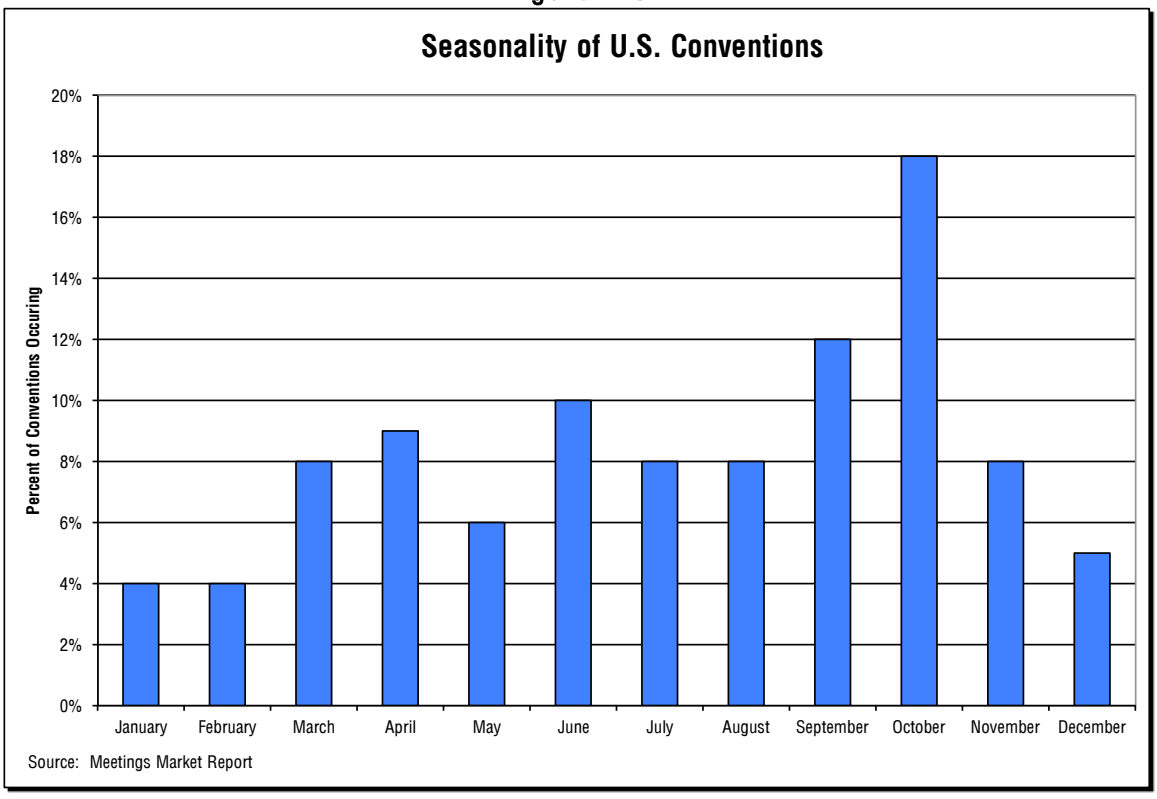
Exhibit Space Size	Convention / Trade Shows	Consumer Shows
Less than 100,000 square feet	$20.64	$1.86
100,000 to 500,000 square feet	$22.08	$2.71
More than 500,000 square feet	$33.04	$3.59

Source: PricewaterhouseCoopers

The larger convention centers draw the greatest revenue from food and beverage per attendee. Convention centers with more than 500,000 square feet of exhibit space in 2013 generated nearly $13 more per convention/trade show attendee than centers with less than 100,000 square feet of exhibit space and nearly $1.75 more per consumer show attendee.

The following figure shows the seasonality of the convention calendar across the United States.

Figure 2-3



The fall is the most popular time of year for conventions and events, followed by the spring and summer.

The following table shows the important factors considered when choosing a meeting destination/city.

Table 2-19

Event Site-Selection Trends - Factors for Host City Selection

Factor	1 = Very Important	2 = Moderately Important	3 = Not Important
Hotel room prices and quality	80%	13%	7%
Hotel room availability and capacity	80%	12%	8%
Convention center and exhibition hall size and quality	76%	15%	9%
Facilities "under one roof" (i.e. meeting rooms , exhibit halls, hotels in one facility complex or connected)	61%	27%	12%
Labor costs and service issues	58%	36%	7%
Proximity of HQ hotel(s) to the convention center	54%	28%	19%
Destination appeal to attendees	48%	41%	11%
Concentration of our members, clients or industry professionals in the city and region	48%	41%	11%
Airport capacity and airfares	48%	37%	15%
Total population, demographics	27%	38%	35%
Road and highway access	26%	49%	24%
Climate / weather	17%	54%	29%
Cultural and entertainment amenities	13%	57%	30%

Source: R7M Research & Consulting

Given Sioux City's hotel situation, the top factors are a major concern. The top factors selected as very important are hotel room prices and quality, hotel room availability and capacity, and convention center and exhibition hall size and quality. The lowest-rated elements considered when choosing a meeting destination were the total population or demographics, climate/weather, and the cultural and entertainment amenities. While cultural and entertainment amenities ranked lower on the list of factors, the appeal of the evaluated city to the attendees was still important.

While a city may have a lot to offer in terms of walkable entertainment, food and beverage options and other amenities, if the potential attendees negatively perceive the city, these factors are not even evaluated. The following table highlights the critical components for site-selection and what is considered important in proposals from CVBs, venues and/or hotels.

Table 2-20

Event Site-Selection Trends - Necessary Proposal Components

Factor	Percent
Hotel rebates or discounts	79%
Exhibit hall discounts	73%
Other venue or hotel related service discounts or credits	61%
Having everything "under one roof" (i.e., meeting rooms, exhibit halls, hotels in one facility complex or connected)	57%
Single point of contact at the venue	46%
Attendance promotion support	39%
Transportation credits or discounts	34%
Other	18%

Source: R7M Research & Consulting

As seen from the previous two tables, not only is the price of the hotels a key element in selecting a host city but also the affordability of the destination as a whole is of primary importance. Price is followed closely by the availability, as well as quality of a suitable hotel and meeting space. Below-market rent for facilities is a key factor driving the industry. Discounts on hotel bookings and function space rental are ranked as the top two components in any evaluated proposal. However, availability of hotels and the proper types of function space (ballrooms and breakout meeting rooms) remain vital. For Sioux City, having a large quality hotel within walking distance of a multi-functional meeting facility opens up the market for many types of events that can accommodate and drive corporate demand, which then draws non-local visitors. Having restaurants and entertainment attached or in the immediate proximity will also enhance its appeal. Another highly ranked proposal component is listing a single point of contact at the venue. Essentially any means of reducing the amount of work necessary to coordinate an event and eliminate any confusion due to poor communication is weighed heavily.

The following table lists the key factors considered when assessing a potential venue for an event.

Table 2-21

Event Site-Selection Trends - Factors for Venues

Factor	1 = Very Important	2 = Moderately Important	3 = Not Important
Cost (to you, the event management group)	91%	9%	0%
Costs (to exhibitors and attendees)	88%	10%	2%
Exhibit halls(s) size and quality	82%	16%	4%
Exhibit space layout (single floor, contiguous)	80%	17%	3%
Meeting room capacity and quality	78%	16%	6%
Quality and proximity of hotels	71%	20%	9%
Labor costs and service issues	65%	31%	4%
Food and beverage quality and costs	62%	36%	2%
Ballroom capacity	54%	32%	14%
Technology services and capabilities	45%	45%	10%
Airport access to venue and hotels	41%	42%	17%
Attached, headquarters hotel	41%	37%	22%
Regional population / demographics	34%	39%	27%
Parking availability	33%	46%	21%
Proximity to entertainment and restaurants	31%	52%	17%
Highway and mass transportation access	20%	57%	23%
Environmental sustainability	7%	65%	28%
Proximity to tourism and cultural amenities	7%	52%	41%
Proximity to recreational activities	5%	51%	45%

Source: R7M Research & Consulting

While the walkability, entertainment and amenities of a potential host city are critical to the selection process, the factors coupled with the venue are just as significant. As seen from the previous tables, cost is a key element considered in all areas associated with a meeting or event. This is true of the venue itself. The cost to the event management group, exhibitors and attendees ranks the highest of all the considered components. The next vital areas of consideration for a venue are the size and quality of function space available.

Once a destination is selected, planners must then choose a hotel. The following table shows the important factors for selecting hotels within the destination.

Table 2-22

Important Factors when Selecting a U.S. Meeting Destination

	Convention	Association Meeting	Corporate Meeting
Number, Size and Quality of Meeting Rooms	93%	69%	81%
Negotiable Food, Beverage and Room Rates	87%	80%	79%
Cost of Hotel or Meeting Facility	82%	80%	80%
Number, Size and Quality of Sleeping Rooms	79%	54%	72%
Quality of Food Service	70%	63%	70%

Source: Meetings Market Report

As shown, this reinforces the importance of the availability of the right spaces and the fees for those spaces as primary factors.

Implications

Sioux City has been falling behind in its package of meeting and hotel facilities, as is discussed in this report. Based on the trends in the industry, if a community's event package is not improving, the market will leave it behind and it will lose business. Too many other communities are improving and making the hurdles higher.

The convention and conference event industry is diverse and responds well to facilities that can accommodate needs such as assembly space for general sessions and displays, ballroom facilities and numerous breakout-meeting rooms. Supply has been outpacing demand in the convention and meetings industry, even before the economic downturn in 2008. Even in the economic downturn, however, more than 65 percent of convention and meetings facilities expanded, renovated or built new facilities. This hurt pricing power for facilities over the past several years, but as the economy and meetings expand, balance is being restored to the supply/demand mix. For those communities with the right mix of facilities and attractiveness, the return on investment can be quite measurable, in jobs, business activity and tax revenue. Unfortunately for Sioux City, the hotel quality and sizing did not keep pace with expectations. In addition, without a large ballroom at the Sioux City Convention Center, the facility itself has a tougher time competing for events.

Important factors in the decision-making process of choosing a convention or meeting site include availability of nearby hotel rooms, cost of travel, and meeting space in the facility and hotels. The most important types of meeting space now are the number of breakout meeting rooms and ballrooms. Expo and exhibition space are still important, but less so now than in the past. Higher rated businesses (e.g. corporate, medical, associations that are willing to pay more for better facilities and experiences) need many breakout rooms and high quality ballrooms to conduct their trainings and other meetings. In Sioux City, these are the very things that are lacking, which suggests a long-term challenge until those issues are rectified.

Is investment in this industry worth it? For those that construct and manage the right set of facilities within an attractive market, yes. The market is currently absorbing expansions planned during the past economic expansion. With the economy on the rebound and civic budgets strained, supply increases should be constrained for the next several years while demand should increase. This will mean that for the next five to ten years, the expanding demand will shift the market more toward the seller's advantage. Those that put the right package together: hotels and the right kinds of function space in a walkable environment, will generate new meetings and event business. Enhancing the 'fun' side of the community, such as a nearby downtown or entertainment/restaurant district, will provide the community more to sell against its competitors. Ultimately, those cities with a competitive package will generate a constant flow of group and event business that will support a number of hotels, restaurants and jobs.

For Sioux City the question of how best to penetrate the meetings and conference market is answered by looking at market conditions. As will be shown in the following chapters, there are a number of strong competitors across the Iowa and the region with compelling downtowns, yet with better convention and hotel facility packages. Sioux City needs to consider what changes are necessary to remain competitive and continue to grow their hospitality industry, such as high quality ballroom and meeting space, as well as a quality connected hotel. Throughout the balance of the report, HSP provides its recommendation for how to proceed in the events and hospitality industry.

TABLE OF CONTENTS

----------	Executive Summary
Chapter 1	Economic and Demographic Analysis
Chapter 2	Conventions & Meetings Market Trends
Chapter 3	**Convention Headquarter Hotel Trends**
Chapter 4	Competitive Meetings Market Analysis
Chapter 5	Local Hotel and Lodging Market Analysis
Chapter 6	Recommendations
Chapter 7	Demand and Financial Projections

CONVENTION HOTEL DEVELOPMENT TRENDS

This chapter provides insight on the methods and tools used for convention hotel development in various markets. As the primary hotels for a market's meeting facilities and typically the largest hotel in the downtown and market area, a number of critical criteria must be met to ensure the greatest potential of success for both the property itself as well as the market as a whole. In most cases, these hotels require some form of financial incentives in order to be developed, typically in the form of public subsidies.

Convention Hotel Market

The meetings market has evolved over the past 20 years and has grown more sophisticated, and planners have increased the requirements necessary to book meetings business. At one time, meeting planners expected to contract with multiple hotels in order to service a convention, pay for their own transportation and seek additional event and meeting locations when necessary. In recent years, however, cities began to offer room packages within just a few very large hotels adjacent to meeting facilities. This improvement in packaging of the convention/meeting product led to expectations by the market and competitive pressure for all larger meeting facilities to offer a convenient package of hotels attached, adjacent or within immediate walking distance of the facility. This proximity eliminates the need for shuttling, and often the hotels provide enough meeting and event spaces for the additional needs of the planners. Those that do not offer such a package, such as Sioux City, suffer considerably when competing for meetings, conferences, conventions and other events.

The demands are not only for hotel rooms, but for high-quality hotel room blocks in major branded hotels. Due to the requirements for large room blocks, meeting and function space, food and beverage service and parking, these facilities are often outside the realm of private financial feasibility. This feasibility gap is generally temporary, typically during the pre-development and early operational stages of the property, but renders such projects difficult to finance. However, for markets with lower average daily rates and occupancy levels, the feasibility gap can be ongoing. As a result, the public sector has found creative ways to participate in the financing of these hotel developments because they recognize that without such facilities, the performance of their publicly funded meeting facilities will suffer and not provide the economic impact that rationalized the initial development.

Since 1992, one of the most notable trends in public finance has been the use of municipal bonds and other public financing tools to enable the development of convention hotels.

Rationale for Public Involvement

The business of establishing a successful urban core was once viewed as the secret to success of the development or revitalization of pioneering American cities. It was also the response to the suburbanization and flight that occurred in the 1960s and 1970s that left urban cores mostly

vacant and struggling for relevance. In recent years, however, the expectation to create a live/work/play environment in downtowns has spread to most cities, regardless of size or historical development patterns. Competition for tourists, conventioneers and businesses has become fierce, as has creating a positive environment for visitors and residents. This has led to a building boom not only of convention/conference centers, but sports venues, retail, housing, hotels and cultural attractions in most urban centers in the United States. Early analysis indicates that cities that are not proactive and fail to spur urban core development will be at a competitive disadvantage in the future if venues, the pedestrian experience and access are not convenient or well planned for visitors, residents, and business users.

Meeting planners demand easy access between venues, especially between meeting facilities and hotels. Cities that fail to respond have been unable to attract meetings and conventions and have lost a significant amount of market share that many communities have yet to recapture. Because of event-size growth, meeting planners demand larger room blocks and try to house their entire membership in a small cluster of hotels. Cities that wish to remain competitive in the tourism and convention market must be visionary, proactive and creative in the sizing, placement and connectivity of their convention, meeting and hotel facilities.

Cities are now helping to finance hotels due to the fact that they are key to the success of their tourism package. At the same time, such hotels are large financial obligations that often do not provide enough of a return on investment for the private development community to undertake. Developing the appropriate project with the optimal level of meeting and support space results in a relatively expensive project.

The absolute size of these projects, including extensive meeting, restaurant and parking infrastructure, places financial pressure on the hotel during its early years when occupancy levels are ramping up. However, the issue is not necessarily the long-term operating characteristics of the hotel. Most large hotels, as they stabilize after three to five years, perform well. Once these poor early year economics are folded into the long-term financial picture, overall returns fall below alternative investment vehicles. In addition, there is reluctance among banks and other lending institutions to lend to larger hotels unless there is an equity contribution of up to 50 percent.

The financial reality of a convention hotel being consistently filled with enough large groups to keep it profitable is not realistic. The large conventions do nothing to fill the large supply of rooms during the rest of the year. So although a city may want to build a massive property to host the largest conventions, reality dictates a more realistic project. The same concepts apply for smaller markets. How many events per year will actually cause the hotel to sell out? A hotel needs to run at an average occupancy level of at least 60 percent to be healthy in the long term (that is, generate enough revenue to continually reinvest in upgrades, replacement of systems, etc.). Occupancy levels above 65 percent are much preferred. With sell-out convention clients only coming along perhaps 12 to 36 times per year, the existing market will need to provide primary occupancy support for a hotel, with conventions and other events seen as opportunities to compress occupancy and rate up.

However, without a large number of rooms available in the hotel (more than the typical market would support), the events that cities seek to host will not be attracted to the community at all. Many have a "room block minimum" of 100 or more rooms. Without a large enough hotel, the groups will not consider the city.

Another reason for a city to support such hotels is to reinvigorate a downtown core by attracting people back downtown. Suburban growth has come at the expense of downtowns and their centralized resources. Often when hotels are subsidized, there is criticism from various groups. However, these direct subsidies pale in comparison to the indirect and unmeasured cost of spreading cities' infrastructure to outlying areas. The efforts of economic development officials have not been to just keep other cities from luring businesses and their spending to other states, but to keep urban businesses from moving to their own suburbs.

Downtown supporters have been fighting for workers, visitors and residents since the suburban boom began. When given a choice, private hotel developers will often build limited service hotels in suburban locations due to lower risk and lower overall costs for land, and lenders prefer the predictable performance and reasonable cost per key. A lack of quality Central Business District hotels contributes to the push of local businesses out of downtowns, as full service hotels are a key amenity to corporate location. But limited service hotels clustered around suburban interstates do nothing to lure conventions, meetings or tourists and undermine the economics of center-city hotels.

Cities have responded to the new reality of the meeting hotel business in numerous ways depending upon various state and local laws and financing mechanisms. Assistance ranges from favorable land leases, to regulating development of limited service hotels in the middle range of intervention, to complete public ownership of hotels.

Public Participation Options

Building large hotels is very difficult due to the cost and space required for development, and as a result, are typically viewed as not feasible by the private sector. However, large hotels are vital for successful meeting facility environments to work properly. Public entities have owned hotels for many decades, as evidenced by numerous land lease structures at airports and in downtown settings. However, more direct participation has been called for as the private sector has had difficulty obtaining hotel financing at reasonable equity and interest rate levels.

Public participation can help hedge the financial risk in the early ramp-up years of a large hotel property. Credit enhancements, tax incentives and abatements, and capital investment that count towards equity are all tools that are used to get over the initial ramp-up period. The public sector has creatively dealt with participation in many ways, sometimes unique to state and local regulations.

Public-Private Partnerships (PPP)

Traditional public investment, in the form of inducements to bridge the financing gap, has taken the form of land assemblage, public payments for parking and infrastructure, and funding public components of the hotel, such as meeting and ballroom space. This approach was used in Norfolk for its Marriott, Portsmouth for the Renaissance, Indianapolis for its initial Marriott, Evansville for its Hilton and in many other markets. Another strategy uses grants, tax abatements, or creation of districts where taxes earned in the district are used to fund the public contribution. Often a combination of these sources is used to make a project happen, as has been demonstrated in numerous instances.

State programs often play a key role as states have more power to create and appropriate tax streams for projects. States such as Kansas, Texas, Mississippi, Kentucky and others have created programs that allow for either the rebate of state taxes or other related inducements.

Land leases are also a common incentive for hotel developers. In some cases, a public entity may acquire the necessary land and lease it back to the developer. The advantage to land leases is that they lower the development costs and allow the cost of the land to be amortized and subsequently paid for out of operating revenues.

The following is a list of incentives provided by public agencies to stimulate hotel development:

- Tax abatement
- Tax rebates
- Tax Increment Financing (TIF)
- Equity participation
- Construction of meeting space, parking structure, and/or other infrastructure
- Credit enhancement of financing
- Land assemblage
- Rebate of development fees for licensing, permitting and water and sewer hookup fees
- Free or nominal ground rent
- Section 108 loans
- Community Development Finance Authority (CDFA) grants or Community Development Block Grants (CDBG)

Public Sponsorship via Tax-Exempt Bonds

The most direct form of public participation is public ownership of the asset. This allows the hotel to qualify for tax-exempt financing and avoid property taxes. This type of ownership was used for Chicago's Hyatt McCormick Place, Houston's 1,200-room Hilton, Denver's 1,100-room

Hyatt, and in Overland Park, Kansas' Sheraton hotel as well as more than a dozen others, as shown in the table further in the document. While tax-exempt bond funding originated with larger projects and markets, it is now common in all market sizes.

Since 1997 with a change in tax law, communities have a new alternative, one using a publicly-owned tax-exempt bond financial structure. Using either public incentives or tax exempt financing has advantages and disadvantages including both financial and political consequences. The newer, tax-exempt method is achieved via creation of a publicly owned, tax-exempt bond financed structure. It utilizes a single-purpose tax-exempt entity created by the public to issue revenue bonds to finance the construction of the project. The bonds are primarily secured by net cash flow from the hotel and hotel occupancy taxes, and may or may not be enhanced with bond insurance. These bonds typically require some financial assurances from a political jurisdiction or require fairly heavy insurance to support the project's financing based solely on the operations of the hotel.

The advantages to this approach are:

- An ability to get the deal done with the public's timeline,
- Developing a hotel when the private sector is unwilling to invest in it,
- A lower cost of capital compared to a privately financed alternative,
- The long-term nature of the financing, and
- The public ownership of the project at bond retirement.

The disadvantages are:

- The significantly increased amounts of financing required to capitalize credit enhancement and financing reserves,
- Negative public perception and reaction to a publicly-owned hotel, which can delay projects or cause costly referenda, such as in Dallas,
- Restrictions on performance-based contracts, and
- Long-term performance risk.

Risk

Whether the private or public sector builds and owns the hotel, there is always an element of risk. It breaks down into financial risk and operational risk. With private development, the public's subsidy/investment is a one-time or limited time risk, which is quantifiable. The long-term risk is that the project owners may not reinvest in the property over the long-term and cause the entire complex to have a bad reputation, etc. With public financing, the public sector takes the long-term risk and responsibility for the project and therefore has control over long-term quality, design and operation. However, the annual debt load is usually very close to the operating income available, which gives the project a smaller margin of error in performance before reserves are used. This will exist for the life of the bonds, usually 22 to 25 years. Myrtle Beach

and St. Louis are unfortunate examples of projects where the hotel did not perform as expected and required the recapitalization of the project. In either case, some level of risk exists.

Summary

The options available to cities and developers continue to increase as both the public and private sector create new funding mechanisms unique to the legal, financial and other political realities of the city, county or state.

The following table shows 28 public-private hotel developments underway or completed since 1992, with the identification of the percentage of the developments that were funded by each the private and public sector.

Table 3-1

Public-Private Hotel Developments

							Public Sector*		Private Sector	
City	State	Brand	Opening	Rooms	Total Hotel Costs (millions)	Cost/Room (000)	Investment (millions)	Percentage of Total Cost	Investment (millions)	Percentage of Total Cost
Atlantic City	NJ	Sheraton	1997	502	$85	$169	$38.2	44.9%	$46.8	55.1%
Austin	TX	JW Marriott	2015	1,012	$303	$299	$3.0	1.0%	$300.0	99.0%
Baltimore	MD	Marriott	2001	750	$133	$177	$10.0	7.5%	$123.0	92.5%
Boston	MA	Westin	2007	793	$200	$252	$15.0	7.5%	$185.0	92.5%
Charlotte	NC	Westin	2003	700	$143	$204	$16.0	11.2%	$127.0	88.8%
Chattanooga	TN	Chattanoogan	2001	202	$43	$213	$20.0	46.5%	$23.0	53.5%
Denver	CO	Adam's Mark	1998	1,230	$135	$110	$25.0	18.5%	$110.0	81.5%
Evansville	IN	Doubletree	2015	253	$44	$173	$20.0	45.7%	$23.8	54.3%
Fort Wayne	IN	Courtyard by Marriott	2010	250	$47	$188	$12.0	25.5%	$35.0	74.5%
Fort Worth	TX	Omni	2009	600	$160	$267	$89.0	55.6%	$71.0	44.4%
Franklin	TN	Marriott	1999	300	$30	$100	$12.0	40.0%	$18.0	60.0%
Houston	TX	Marriott	2016	1,000	$335	$335	TBD	TBD	TBD	TBD
Indianapolis	IN	Marriott	2001	615	$100	$163	$23.0	23.0%	$77.0	77.0%
Indianapolis	IN	JW Marriott, Courtyard, Springhill Suites	2011	1,568	$354	$226	$48.5	13.7%	$305.5	86.3%
Lancaster	PA	Marriott	2009	294	$45	$153	$20.0	44.4%	$25.0	55.6%
Louisville	KY	Marriott	2005	617	$111	$180	$57.5	51.8%	$53.5	48.2%
Louisville	KY	Omni	2016	600	$261	$435	$126.0	48.3%	$135.0	51.7%
Madison	WI	Hilton	2000	222	$29	$131	$10.0	34.5%	$19.0	65.5%
Miami Beach	FL	Loews	1998	800	$110	$138	$29.0	26.4%	$81.0	73.6%
Minneapolis	MN	Hilton	1992	816	$145	$177	$89.2	61.6%	$55.6	38.4%
Nashville	TN	Omni	2013	800	$272	$340	$128.0	47.1%	$144.0	52.9%
Norfolk	VA	Marriott	1992	405	$60	$148	$23.0	38.3%	$37.0	61.7%
Philadelphia	PA	Loews	1998	350	$54	$154	$18.0	33.3%	$36.0	66.7%
Philadelphia	PA	Marriott	1995	1,408	$237	$168	$36.5	15.4%	$200.0	84.6%
San Antonio	TX	Hyatt	2008	1,003	$280	$279	$208.0	74.3%	$72.0	25.7%
Tampa	FL	Marriott	1998	716	$105	$146	$27.0	25.8%	$77.5	74.2%
Washington	DC	Marriott	2013	1,167	$639	$548	$308.0	48.2%	$331.0	51.8%
Wichita	KS	Hyatt	1998	303	$42	$140	$20.1	47.3%	$22.3	52.7%
Average	--	--	**2004**	**688**	**$161**	**$215**	**$53.0**	**33.0%**	**$101.3**	**67.0%**
Total	--	--	--	**19,276**	**$4,501**	--	**$1,432.0**	--	**$2,734.0**	--

* Public participation may be upfront capital only, or could include value of abatements and other incentives over time
Source: Hunden Strategic Partners

As shown, a total of $4.5 billion in 28 hotel developments have used a public-private funding mechanism. Of the total development, the public sector has subsidized 33 percent of the costs and this may not include land costs. The average cost per room over the projects during the past

20 years is $215,000. This suggests the truly expensive nature of these projects compared with select service hotels, which typically cost less than $120,000 per room.

The following table shows the 29 projects that have used a tax-exempt financing mechanism with bonds supported by project revenue.

Table 3-2

Tax-Exempt Financing with Bonds Supported by Project Revenues

City	State	Brand	Opening	Rooms	Public Bond Issue (millions)	Cost/Room (000)
Austin	TX	Hilton	2004	800	$280.1	$350
Baltimore	MD	Hilton	2008	757	$305.0	$403
Baltimore	MD	Hilton	2005	756	$200.9	$266
Bay City	MI	Doubletree	2004	150	$32.9	$219
Chesapeake	NY	Hyatt	2002	400	$193.0	$483
Chicago	IL	Hyatt	1998	800	$108.0	$135
Chicago	IL	Hyatt Expansion	2013	451	$180.0	$399
Chicago	IL	Marriott	2016	1,200	$400.0	$333
Cleveland	OH	Hilton	2016	600	$200.0	$333
Columbia	SC	Hilton	2006	300	$67.0	$223
Columbus	OH	Hilton	2012	532	$178.0	$335
Coralville	IA	Marriott	2006	286	$33.0	$115
Dallas	TX	Omni	2012	1,001	$479.2	$479
Denver	CO	Hyatt	2005	1,100	$394.8	$359
Erie	PA	Sheraton	2008	200	$45.4	$227
Fort Lauderdale	FL	Hilton	2011	1,000	$415.0	$415
Houston	TX	Hilton	2004	1,200	$326.2	$272
Myrtle Beach	SC	Radisson	2001	404	$76.5	$189
Omaha	NE	Hilton	2004	450	$112.0	$249
Omaha	NE	Hilton (Expansion)	2011	150	$37.0	$247
Overland Park	KS	Sheraton	2002	412	$105.7	$257
Phoenix	AZ	Sheraton	2008	1,000	$346.1	$346
Providence*	RI	Westin	1995	364	$70.0	$192
Providence*	RI	Hilton	2005	392	$78.4	$200
Sacramento	CA	Sheraton	2000	503	$104.9	$209
Salt Lake City	UT	TBD	2016	1,000	TBD	TBD
St. Louis	MO	Renaissance Suites	2003	1,081	$276.6	$256
Trenton	NJ	Marriott	2002	197	$58.0	$294
Vancouver	WA	Hilton	2005	226	$47.5	$210
Average	--	--	**2006**	**611**	**$184.0**	**$286**
Total	--	--	--	**17,712**	**$5,151**	--

* Estimated Cost

Source: Hunden Strategic Partners

As shown, more than $5.1 billion in bonds were issued to develop these large hotels, an average of $286,000 per hotel room. The cost savings due to lower interest rates has been reduced, as the market has required more and more protections to guard against bond defaults, which means more borrowing to fund reserves.

Other cities considering such hotel developments include:

- Irving, TX
- Milwaukee, WI
- Jackson, MS
- Miami, FL
- Miami Beach, FL
- Portland, OR
- Memphis, TN
- Oklahoma City, OK
- Seattle, WA
- Sacramento, CA
- Salt Lake City, UT
- Minneapolis, MN

While economic conditions impact the timeline of such projects, due to their long planning and development horizons (it can take from three to more than ten years from concept to opening, depending upon numerous political and economic factors), projects will continue to be proposed and built.

Hotel Market Development Cases

The following examples illustrate how small to mid-sized cities have recently participated in such hotel developments. Cities include:

- St. Charles, Missouri
- Coralville, Iowa
- Erie, Pennsylvania
- Evansville, Indiana
- Fort Wayne, Indiana
- Owensboro, Kentucky

St. Charles, Missouri

Historic St. Charles, Missouri, located approximately 40 miles west of downtown St. Louis, is a growing, successful suburb with a historic past. Its well-preserved downtown and Lewis and Clark legacy made it a regional tourist destination for years. Riverboat gaming nearby and the development of an arena provided critical mass to the city's cache of attractions. St. Charles worked for years to leverage that success by building a convention facility to host those interested in holding meetings and conventions there. A hotel of good quality and size adjacent to the center was key to the development's success. After several failed attempts, the City completed a development deal with John Q. Hammons (JQH) to develop the hotel and approved the building of the convention center, both of which opened in 2005.

Project: The St. Charles Convention and Sports Facilities Center features approximately 36,700 square feet of exhibit space, two ballrooms totaling 18,300 square feet, and 9,300 square feet of meeting rooms. The project was funded and developed by the City. The $40-million convention center hotel, a 296-room Embassy Suites, was funded by JQH. Discussions are now underway to expand the project and hotel product.

Financing: The City funded the $32.5 million convention center, while the $40 million hotel is a public-private partnership with JQH. The City is essentially providing free land to the hotel project and also allowed the hotel to run the convention center's food and beverage operations. This provided the hotel with more revenue than it otherwise would have generated on its own and guarantees that the two integrated projects will work together. The City formed a property and sales tax TIF around the hotel and is using the revenues from the TIF to partially fund the convention center. The hotelier pays the five percent of food and beverage sales to the convention center yielding an incentive to the hotel in the range of $4 million over the first 30 years of the project. JQH agreed to pay 0.75 percent of gross hotel sales in order to expand the convention center ballroom. Global Spectrum is managing the convention center for the City.

Coralville, Iowa

Coralville is located adjacent to Iowa City and the University of Iowa, a regional center for the state of Iowa. Coralville was simply a small town until the 1990s when it aggressively pursued growth opportunities, and put itself on the map by developing a major new regional mall on I-80. Since then it has worked to redevelop a separate 100-acre parcel on I-80 with a convention center, hotel and other attractions.

Project: The 250-room Marriott hotel and convention center opened in 2006. The project was developed by FaulknerUSA as an integrated property and was backed by the City. The convention center has 30,000 square feet of exhibit space, 15,000 square feet of ballroom space, and 15,000 square feet of meeting space.

Financing: The City determined early on to develop the project and finance it with public, tax-exempt bonds. A sales tax TIF around the Coralville Mall (Iowa's largest) was expanded to the site area and its revenues, plus the hotel's cash flows are being used as backstops for the bonds. The

State also provided limited funding. The project costs are $60 million, and the bonds were issued in 2004.

In 2012, the community received a downgrade in its bond ratings due to the Marriott's underperformance and the City's overall debt burden. The hotel's performance issues were partially attributed to the economic recession and the Iowa floods in 2008. Both events limited the number of corporate events the convention center could attract, and therefore, had a substantial negative effect on the Marriott's ability to generate substantial room nights. However, since then, the economy and performance have improved. In addition, substantial additional restaurant and retail development has occurred surrounding the project and so now it is a comprehensive leisure, business and event accommodating center of activity in the state and region. Even into the late evening, the outdoor restaurants are filled with locals and visitors. This presents a very strong competitor for Sioux City.

Erie, Pennsylvania

Erie has an active Civic Center complex near downtown, but it does not serve as a true convention facility. As part of Erie's efforts to revitalize its bayfront along Lake Erie, it secured funding from the Commonwealth of Pennsylvania for a new convention center in the early 2000's. In order to make the project work, the Erie Civic Center Authority recognized the need to induce the development of a hotel along with the project. As a result, it conducted a search for a development and financing structure that would allow the project to be built.

Project: The project includes the Erie Bayfront Convention Center, opened in 2007, with more than 30,000 square feet of exhibit space, as well as a 200-room Sheraton Hotel, opened in early 2008. Both facilities face the Bay and are linked via a pedestrian bridge over a boat slip inlet. The hotel was developed by Acquest Realty and White Lodging and will be managed by White Lodging.

The hotel is an example of a "full-service lite" hotel, that is, one with a full-service flag, but with less function space and lesser quality than a true full-service Sheraton. It can still participate in the Starwood meeting sales program and considers itself a Sheraton, but the costs were much lower due to the fewer amenities.

Financing: The convention center was financed with a state grant of approximately $40 million, while the hotel was financed using tax-exempt bonds totaling $45.4 million. A public entity was created to own the hotel project and issue the bonds, which the County agreed to fully guarantee in the event of a financial gap at the hotel. The hotel has performed better than expected and the project is currently considered a success.

The Authority is now adding a second hotel under a similar financing structure.

Evansville, Indiana

Evansville had been attempting to replace its demolished Executive Inn convention hotel for many years. The community's convention center no longer had a convention hotel after the old Executive Inn closed after bankruptcy. While a new arena had been built, still no hotel was nearby to support either the convention center or arena. The city attempted to lure developers several times, but failed. After a fourth attempt, the city chose HCW of Branson, Missouri to develop a convention hotel and apartment tower.

Project: The project includes a 257-room full-service Hilton DoubleTree hotel, 78-unit apartment tower, parking garage and enhancements to the Convention Center. Ground breaking for the hotel is expected in the summer of 2014. The project is anticipated to open in the spring of 2016 or end of 2015. This mixed-use project, consisting of four mixed-use components, will allow for a complete destination experience and plans for future retail and entertainment. The vision is to eventually connect these components of the project as well as the City's arena, the Ford Center, with above-ground skywalks.

Currently the developer, HCW, plans 253 rooms, three suites and one presidential suite. In addition to the rooms, the hotel is planned to offer a 100 to 120-seat restaurant, a bar, lobby coffee bar and a 2,000-square foot rooftop bar. The hotel will also offer approximately 6,500 square feet of ballroom space, 2,900 square feet of meeting rooms and more than 9,600 square feet of pre-function space.

Financing: The total project is expected to cost $71.3 million. In October 2013, the Evansville City Council approved $20 million in public financing for the hotel ($16.5 million from the city and $3.5 million from the county). The remaining cost is to be funded by the developer, HCW, for $39.8 million and a group of private investors led by Old National Bank in the amount of approximately $11.5 million. The commitment by Old National Bank was significant and unusual in that it represents an investment with potentially zero return to the investor, but was completed to ensure the hotel was developed and secure the city's place as a regional center, of which the bank is a key stakeholder. Once the deal was consummated, Indiana University announced it would locate a new medical school downtown next to the hotel, which suggested that the momentum created by the public hotel investment immediately began paying dividends by inducing other projects.

Fort Wayne, Indiana

Fort Wayne for many years pursued downtown redevelopment to create a strong regional center. The Harrison Square downtown revitalization project was a large step in that direction. This project, aimed towards attracting more visitors to downtown Fort Wayne, includes a baseball stadium, retail and condominium developments, a new convention hotel and adjacent parking structures, pedestrian connectors and public spaces. It was completed after the expansion of the Grand Wayne Convention Center. The hotel component, a 250-room Courtyard by Marriott, was developed to supplement the 246-room Hilton (already attached to the convention center) and improve Fort Wayne's ability to attract additional convention business. In order to complete the

hotel's development, the public sector offered a number of incentives to allow the property to open in 2010.

Project: The development of the Fort Wayne Courtyard, which opened in 2010, included the 250-room hotel, a sports bar and restaurant, approximately 7,500 square feet of meeting space and a pedestrian skybridge that connects the property to the Grand Wayne Convention Center, the Embassy Theatre and a 300-space parking garage. The property was developed and is managed by White Lodging.

This is an excellent example of a "limited-service plus" hotel that lowered its costs by using a limited-service flag, but adding function space, a restaurant and room service. The city was able to then get a larger hotel than it otherwise would have been able to fund had the hotel been a true full-service brand with all of its costs.

Financing: The $28-million project ($47 million when including other public developments, such as the garage), which included the cost of the land and the skybridge, was supplemented by $12 million in public incentives, which included $6 million in state tax credits, a ten-year graduated property tax abatement, a five-year personal property tax abatement and up to $250,000 in annual recapture of local hotel taxes. The public sector also provided the land, infrastructure and paid for the $1-million pedestrian connection to the convention center. The previously-existing TIF district surrounding the property funded additional infrastructure development surrounding the property, including a large parking garage.

The hotel opened during the recession, but recently has been performing strongly. A study is now underway to consider additional hotels, event facilities and other attractions downtown. Based on the success of the hotel and convention center project, as well as the new ballpark, an arena is being considered.

Owensboro, Kentucky

Owensboro, Kentucky is located near Evansville, Indiana and suffered similarly due to the closing/demolition of its Executive Inn in 2008. The Executive Inn was a 600-room hotel with 140,000 square feet of meeting/exhibition space. As a result of its closure, the City and other forces came together to fund a new convention and event center. To induce events, the project also needed adjacent hotel rooms. A 150-room Hampton Inn was proposed by a developer with local ties in 2011. The project/hotel includes a full service restaurant and several meeting rooms that is connected to the event center along Owensboro's riverfront. In 2012, a second developer proposed a 120-room Holiday Inn on the west side of the new convention and event center. The hotel includes a full service restaurant, meeting space, spa and outdoor event space overlooking the Ohio River. The three facilities serve as the western anchor of Owensboro's riverfront revitalization project currently under development along the Ohio River. Since the three facilities have opened, local business and residential housing have began development along the riverfront. The Hampton Inn is owned and operated by the Malcolm Bryant Corporation, while the Holiday Inn is owned and operated by Lin-Gate Hospitality.

Project: The 150-room Hampton Inn and 120-room Holiday Inn Express are not typical for their brand, but offer meeting and restaurant facilities as well as the rooms package of a standard Hampton and Holiday Inn Express. The hotels will provide enhanced guest amenities and offer a more luxurious atmosphere not currently found in the local market. These are a good example of a "limited-service plus" hotel that provides lower costs due to the brand, but also adds services and amenities not typical for these brands.

Financing: The $20.3-million Hampton Inn was developed on a tract of land provided by the City of Owensboro and was declared feasible only after it received $5 million in public incentives through the Kentucky Tourism and Development Act (KTDA). It also will receive an occupancy guarantee so that the hotel will be reimbursed by local government in any month that it falls below a pre-set occupancy level.

Similarly, the $14.61 million Holiday Inn was deemed feasible only after it received $3.7 million in public incentives through the KTDA. The KTDA is a tourism development program that grants a sales tax rebate of up to 25 percent of development costs, only if the project meets a number of criteria based on net fiscal impact and out-of state visitation to Kentucky. The rebate, which is paid over a ten-year period, or $500,000 annually for the Hampton Inn and $300,000 for the Holiday Inn, was viewed as the only feasible way the project could be developed.

Implications

In today's competitive convention/conference market, the market has demanded and received top-quality hotel and convention/conference center packages, usually connected to each other, in most major U.S. cities and now even in second and third-tier cities. As a result, many of these markets, such as Erie, Fort Wayne and Owensboro have opted for hybrid hotel models that include the amenities meeting planners expect but at lower price points via a limited-service brand or a full-service brand with fewer amenities.

The driving force behind these convention center and hotel developments in both small and larger markets is the public-private partnerships that are designed to bridge the gap in financing and make projects feasible that would never be financed without public incentives. In each case presented, local, county and/or state governments recognized the need for public incentives that made these projects a reality, thereby making their offering packages more attractive to meeting planners. These cities have recognized that neither a convention center nor a nice hotel is compelling enough on its own, but rather the entire package of quality meeting space, a large quality hotel room block and proximity between the two are essential to remain competitive in today's meetings market.

For Sioux City, with some meeting and event space in place, a quality hotel with function space that fills the gap in quality and space type (high quality ballroom and meeting rooms, as well as a boardroom), helps complete the downtown convention package. Given the situation with the Sioux City Hotel, a new hybrid hotel, similar to that developed in Owensboro or Fort Wayne, is likely the only viable option at this point. The Convention Center's quality should also be upgraded to match the quality of the new hotel, so that the whole package is more marketable to groups.

TABLE OF CONTENTS

----------	Executive Summary
Chapter 1	Economic and Demographic Analysis
Chapter 2	Conventions & Meetings Market Trends
Chapter 3	Convention Headquarter Hotel Trends
Chapter 4	**Competitive Meetings Market Analysis**
Chapter 5	Hotel Market Analysis
Chapter 6	Recommendations
Chapter 7	Demand and Financial Projections

Competitive Meetings Package Analysis

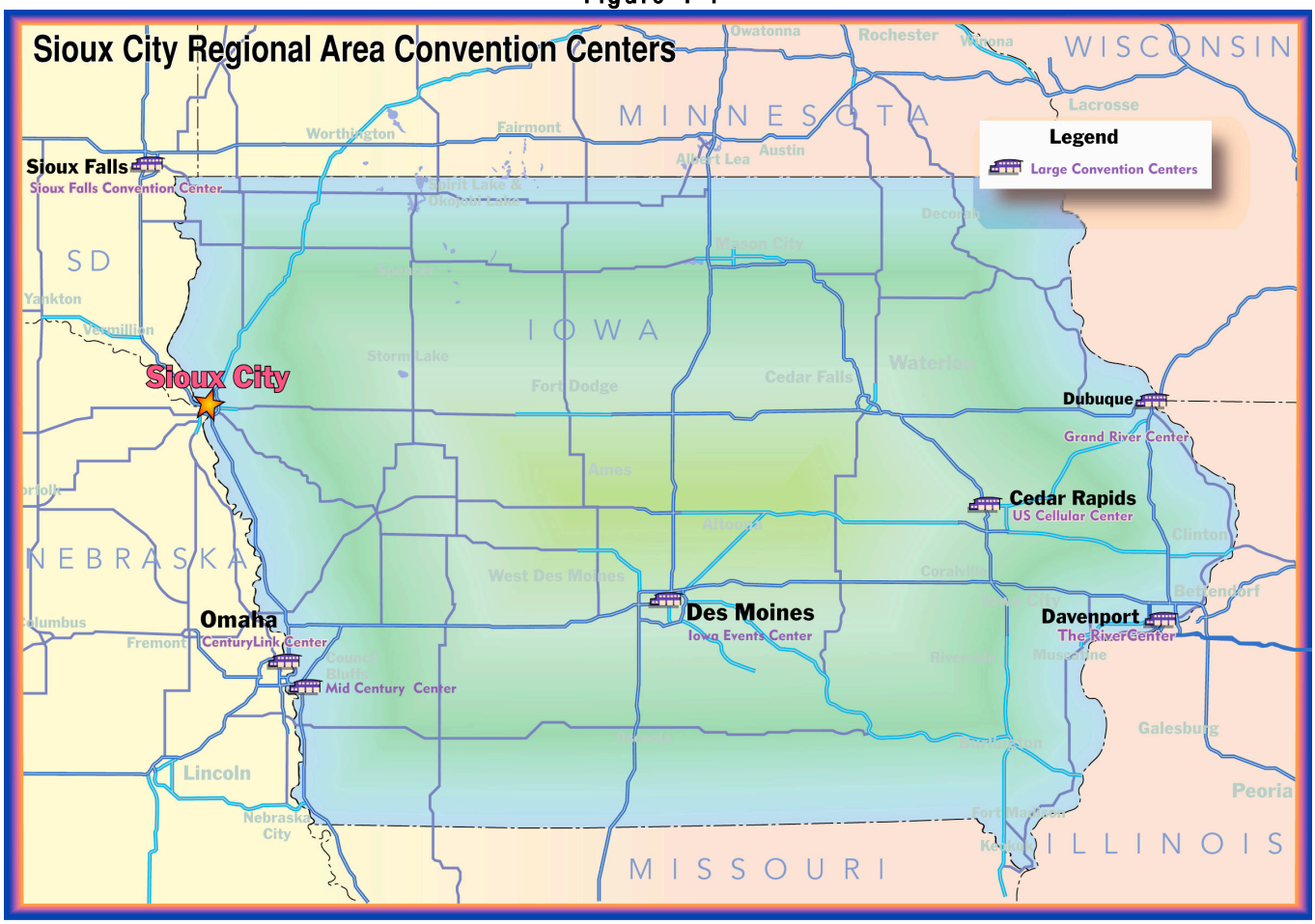
In order to understand how Sioux City will compare and compete with other regional and statewide meeting and event options, competitive convention markets and facilities were identified and analyzed. Competitive facilities are identified by type, which include both Iowa convention centers and individual hotels and casinos.

Iowa and Regional Competitors

Sioux City's primary competition will come from Iowa convention centers and large hotels with substantial meeting space in the surrounding region. The following cities have been identified as the primary competitive set.

The following map shows these competitors in relation to Sioux City.

Figure 4-1



The following table shows the Iowa and convention facilities that compete with Sioux City for convention and meeting business.

Table 4-1

Competitive Environment - Convention Centers

Facility	City	State	Total Function Space	Exhibit Space	Ballroom Space	Mtg. Room Space	Quality Walkable Hotels	Walkable Rooms	Walkable Hotel Rooms/ 1,000 Sq Ft of Exhibit Space
CenturyLink Center	Omaha	NE	269,106	194,300	41,876	32,930	1	600	3
Iowa Events Center	Des Moines	IA	202,726	146,926	28,800	27,000	1	155	1
Sioux Falls Convention Center	Sioux Falls	SD	60,756	33,600	16,800	10,356	2	393	12
Grand River Center	Dubuque	IA	56,486	30,000	12,416	14,070	1	193	6
US Cellular Center	Cedar Rapids	IA	54,374	28,754	12,517	13,103	1	267	9
Mid-America Center	Council Bluffs	IA	46,286	24,500	0	21,786	2	284	12
The RiverCenter	Davenport	IA	40,375	32,220	0	8,155	2	351	11
Average	**--**	**--**	**104,301**	**70,043**	**16,058**	**18,200**	**1**	**320**	**5**
Optimal Figure									15
Sioux City Convention Center	**Sioux City**	**IA**	**37,305**	**28,633**	**0**	**8,672**	**0**	**0**	**0**
Numer of Quality Rooms to Reach Optimal Level							**429**		15

Source: Various Facilities, Hunden Strategic Partners

As shown, the CenturyLink Center in Omaha, Nebraska has the largest amount of total function space and the most walkable hotel rooms of the regional convention centers in the competitive set. Walkable hotels and hotel rooms, considered to be within 0.25 miles of the property, are vital to any convention center's success. However, it has very few hotel rooms relative to the size of the convention center (just three rooms per 1,000 square feet of exhibit space).

Within the state of Iowa, the Iowa Events Center in Des Moines is the largest convention facility, with over 200,000 square feet of total function space, including approximately 146,000 square feet of exhibit space, 29,000 square feet of ballroom space, and 27,000 square feet of meeting room space. There is significant gap in function space between the Iowa Events Center and the third largest competitive convention center, the Sioux Falls Convention Center. The five remaining convention centers all have between 40,000 and 61,000 square feet of total function space.

Every convention center in the competitive list has either one or two hotels walkable hotels in proximity, with the CenturyLink Center having the most total rooms at 600. The Iowa Events Center in Des Moines has 155 walkable hotel rooms, the lowest in the competitive set, although they are of higher quality than the 188 rooms in Sioux City. At eight walkable rooms per 10,000 square feet of function space, the Iowa Events Center also has the fewest lodging options in comparison to the size of the convention center, however they are planning to add a major hotel in the next few years that will enhance their position. The optimal number of hotel rooms per 1,000 square feet of exhibit space is approximately 15. Davenport, Council Bluffs and Sioux Falls come closest to this goal, while Des Moines, Omaha, Dubuque and Sioux City fall very short of the goal. With zero quality walkable hotels the convention center, Sioux City is in the most dire situation.

Of the convention centers in the competitive set, the Sioux Falls Convention Center and the Mid-America Center in Council Bluffs are the closest facilities to the Sioux City Convention Center in terms of geographic location in the state of Iowa. When one considers the "quality" walkable rooms, Sioux City effectively has zero. Since the city has the skywalk system, some of the other downtown hotels can be more accessible in the cold months without walking outside, but they still are farther than the 0.25 mile distance that most meeting attendees consider walkable.

In order to reach the optimal level of hotel rooms, a total of 429 rooms would need to be within walking distance of the convention center in Sioux City. If the Sioux City hotel can be renovated to a decent quality, it would certainly help. However, a second, new hotel is still necessary in either case to bring true quality and the ability to block rooms for meeting planners.

HSP does not recommend that one hotel be large enough to handle the optimal room count. Such a hotel would be too large. In any city with a convention center, there is a need for a collection of quality larger hotels to act as the convention room block anchors within walking distance to the convention center. By developing a 150+room hotel onsite and be encouraging the new owners of the Sioux City Hotel to brand it and improve its quality, the number of quality rooms nearby would be as many as 338, which would immediately put Sioux City back in a very competitive position for events.

Sioux City, Iowa

Sioux City, the fourth largest city in the state of Iowa, is located just east of the Missouri River in in the western part of the state. The city is approximately 95 miles north of the Council Bluffs-Omaha Metropolitan area and 90 miles south of Sioux Falls and is accessible off of Interstate 29.

Built in 1988, the Sioux City Convention Center is located in downtown Sioux City, just south of the Mercy Medical Center. The facility features three exhibit division that combine to more than 28,000 square feet. The facility also includes ten meeting rooms that, combined, offer 8,600 square feet of meeting space.

The following table summarizes the event space in the Sioux City Convention Center.

Table 4-2

Sioux City Convention Center

Facilities	Total (SF)	By Division (SF)	Divisions
Exhibit Facilities			
Exhibit Hall	28,633		3
Gallery A		9,498	1
Gallery B		9,637	1
Gallery C		9,498	1
	28,633		3
Meeting Room Facilities			
Room 1	1,400		1
Room 2	1,400		1
Room 3	512		1
Room 4	512		1
Room 5	512		1
Room 6	1,400		1
Room 7	1,400		1
Room 8	512		1
Room 9	512		1
Room 10	512		1
	8,672		10
Hotel Rooms	--		
Total Exhibit Space	28,633		--
Total Ballroom Space	--		--
Total Meeting Space	8,672		--
Total Function Space	37,305		--
Exhibit Divisions	3		--
Meeting Room Divisions	10		--
Total Divisions (including Ballroom)	13		--

Source: Visit Sioux City

The complex does not feature a ballroom, although one was initially designed, but cut due to cost concerns. Major food functions are now held in exhibit spaces. The center only offers one hotel within walking distance, the Sioux City Hotel, to which it is connected by skywalk system. The independent hotel is a lower-quality independent property that suffers from low rates and occupancy compared to the market. Its low quality condition is the catalyst for this study, as meeting planners will not give Sioux City an opportunity to bid for events without a better quality hotel nearby.

The following figure shows the Sioux City Convention Center.

Figure 4-2

The following table summarizes the Sioux City Convention Center's events by category from 2012 through 2014.

Table 4-3

Sioux City Convention Center Events by Category 2012-2014

Category	2012	2013	2014	Average
Conference, Seminars, Meetings	67	124	107	**99**
Expos, Trade Shows, Fairs, Sporting Events	26	26	29	**27**
Banquets	32	28	26	**29**
Social Events (Weddings, etc.)	26	33	34	**31**
Conventions	4	2	2	**3**
Political Events	1	0	0	**0**
Concerts	1	2	0	**1**
Total	**157**	**215**	**198**	**190**

Source: Sioux City Convention Center

Conferences, seminars, and meetings are the primary event types that take place at the Sioux City Convention Center, followed by social events, banquets, and expos and trade shows. The number of conferences and meetings increased by 57 from 2012 to 2013, resulting in a sizeable increase in total events. The number of expos, banquets, and social events has remained fairly consistent throughout the last three years. As shown, the facility has not been able to host conventions recently, primarily due to the lack of a quality hotel, yet also due to the lack of a ballroom. However, the hotel is the most critical issue.

The following figure summarizes the attendance by event type from 2012 through 2014. The numbers are based off of the average attendance by event data that was provided by the Sioux City Convention Center.

Table 4-4

Sioux City Convention Center Attendance by Category 2012-2014

Category	Average Attendance/ Event	2012	2013	2014	Average
Conference, Seminars, Meetings	350	23,450	43,400	37,450	**34,767**
Expos, Trade Shows, Fairs, Sporting Events	7,500	195,000	195,000	217,500	**202,500**
Banquets	700	22,400	19,600	18,200	**20,067**
Social Events (Weddings, etc.)	400	10,400	13,200	13,600	**12,400**
Conventions	800	3,200	1,600	1,600	**2,133**
Political Events	1,500	1,500	0	0	**500**
Concerts	2,000	2,000	4,000	0	**2,000**
Total	**1,893**	**257,950**	**276,800**	**288,350**	274,367

Source: Sioux City Convention Center

Expos, trade shows, fairs, and sporting events average approximately 7,500 attendees per event, followed by concerts and political events, which attract 2,000 and 1,500 visitors, respectively. While there were more total events that took place at the Sioux City Convention Center in 2013, there were approximately 12,000 more attendees in 2014 due to the increase in number of expos, trade shows, fairs, and sporting events. Conferences, seminars and meetings are the most common events that take place at the convention center, but they also attract the least amount of visitors, approximately 350 per event.

The Sioux City Convention Center, which is managed by Centerplate, a national catering company, does not have a true sales team, which greatly hurts their marketing efforts. The center was, at one point, on the rotation for Iowa state association events. The community and convention center had a management and sales team that was very active in the corporate and association market. Many of the events that were hosted are on east, central, and mid-state rotations, and Sioux City competed for some of the western events. However, since the decline in quality of the Sioux City hotel, most such events have stopped considering the convention center and the community for their annual or other events.

Based on interviews with current and past management and marketing staff of the convention center, the key to competitiveness is the convention hotel situation. Without a high quality hotel with full-service style amenities (and a national brand), most groups and corporations will not consider using the convention center.

Omaha, Nebraska

Omaha, the largest city in the state of Nebraska, is located approximately 100 miles south of Sioux City just west of the Missouri River. The city's central location in the United States makes Omaha an attractive meeting and convention destination for larger national events. The CenturyLink Center Omaha is an arena and convention facility located in the North Downtown neighborhood of the city. Built in 2003 at a cost of $291 million, the 1.1 million square foot facility features an 18,975-seat arena, 194,000 square feet of exhibit space, 41,876 square feet of ballroom space, and 33,000 square feet of meeting space. A glass-enclosed walkway links the

convention to the 600-room Four Diamond Hilton Omaha. The arena hosts basketball games, hockey games, professional wrestling, concerts, and is the home arena of the Creighton University Men's basketball team.

The following figure shows the CenturyLink Center.

Figure 4-3

Due to the size, location, and quality of the facilities, the CenturyLink Center competes on a national level for some meeting and conventions. With a new, large facility and 600-room hotel, it has moved up in the ranks of convention centers, although it is still hampered by the small number of walkable hotel rooms relative to its size. The facility attracts many religious and agricultural events, and is becoming a bigger player in the sports market. CenturyLink considers the Iowa Events Center in Des Moines to be a primary competitor in the region, but does not compete with Sioux City. The convention center's primary competitor in Omaha is the Hilton Inn Omaha. Overall, CenturyLink has approximately 240 to 260 event days per year, and provides 30,000 hotel room nights annually. The Omaha also competes locally and regionally with the La Vista Conference and Convention Center, which is located in suburban La Vista, Nebraska. That facility has 500 rooms and significant exhibit, ballroom and meeting space in one facility (with two hotel brands).

The Omaha Hilton was originally developed with 450 rooms and was 100 percent funded by a public debt issuance. It was then expanded to 600 rooms under a similar mechanism. Given the high cost of such hotels and the lower market rates for hotel rooms, this financing format was the most viable. The project has been considered a success and helped Omaha retain its status as an up-and-coming mid-sized city.

Des Moines, Iowa

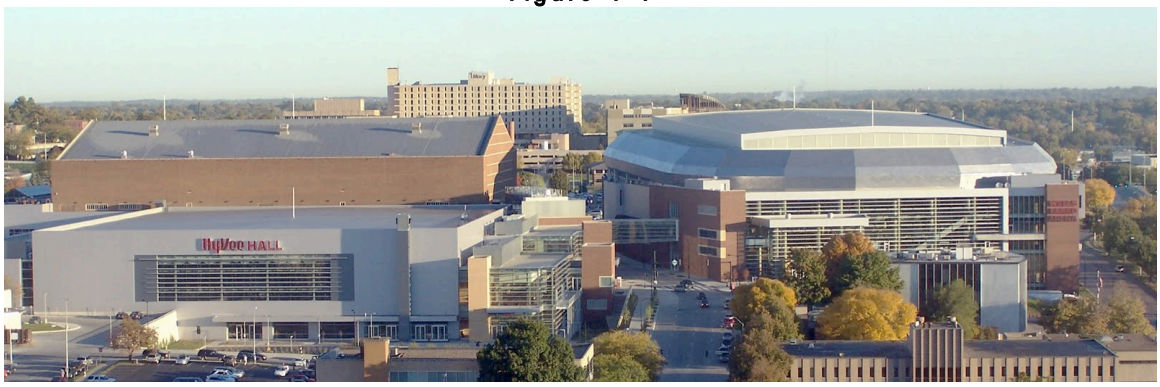
Des Moines, the capital and most populous city in the state of Iowa, is located 200 miles southeast of Sioux City. The city's central location in the state and the fact that it is the state capital makes Des Moines one of the most attractive convention and meeting destinations in the region.

The Iowa Events Center in downtown Des Moines consists of Well Fargo Arena, Hy-Vee Hall, Community Choice Credit Union Convention Center, and the Polk County Convention Complex. Wells Fargo Arena, a 16,000-seat facility that opened in 2005, has been the city's primary venue for sporting events and concerts. Hy-Vee Hall is the Iowa Events Center's new exhibition hall,

providing more than 100,000 square feet of exhibition space and 15,000 square feet of meeting space. Combined with the Community Choice Credit Union Convention Center, which was originally Veteran's Memorial Auditorium, the Iowa Events Center features more than 200,000 square feet of total event space, including 147,000 square feet of exhibitor space, 29,000 square feet of ballroom space, and 27,000 square feet of meeting space. Hy-Vee Hall and Community Choice credit Union are both connected to Well Fargo Arena by skywalk system. There is only one walkable hotel in proximity to the Events Center, the 153-room Quality Inn and Suites.

The following figure shows the Iowa Events Center.

Figure 4-4



Many Iowa State associations will schedule events on an eastern, central, and western rotation within the state. As the state capital and largest convention complex in Iowa, the Iowa Events center is the primary central convention destination within Iowa, normally attracting events every other year.

One of the primary challenges for Des Moines is the lack of convention quality hotels within walking distance of the convention center. The city is counting on legislation that will allow new funding tools that will support the development of a convention hotel, similar to what Sioux Falls is considering. Until such a hotel package is developed, Des Moines will struggle to host larger conventions. However, it still has a considerable advantage over Sioux City in terms of market size, location, access and hotel rooms.

Sioux Falls, South Dakota

Sioux Falls, located 86 miles north of Sioux City off of Interstate 29, is the largest city is in the state of South Dakota. The city's location in the southeast portion of the state makes it a regional competitor for convention and meeting events.

Less than one mile from Joe Foss field, the state's largest airport, the Sioux Falls Convention Center is connected to the 243-room Sheraton hotel, the 7,500 seat Sioux Falls Arena, and the new Denny Sanford Premier Center. The facility is also adjacent to Howard Wood Field and the Sioux Falls Baseball Stadium. The Denny Sanford Premier Center, which opened in September of

2014, is a multi-use indoor arena that was constructed with the purpose of attracting large-scale concerts and sporting events. The Sioux Falls Arena, built in 1959, will remain to host smaller concerts and events.

The Sioux Falls Convention Center has more than 60,000 square feet of total function space, including 33,000 square feet of exhibit space, 17,000 square feet of ballroom space, and 10,000 square feet of meeting room space. In addition to the Sheraton Hotel, which is connected to the center by an enclosed climate controlled walkway; the 150-room Ramada Sioux Falls airport hotel is within walking distance.

The following figure shows the entrance to the Sioux Falls Convention Center.

Figure 4-5

While the Sioux Falls Convention Center will not compete with Sioux City for Iowa State Association events, it will draw regional events away from Sioux City due to its hotel package and athletic venues. The attached hotel rooms are very attractive to event planners, and provide a significant competitive advantage over the Sioux City Convention Center. The adjacent Denny Samford Premier Center, a 13,000-seat multipurpose indoor arena that opened in September of 2014, will allow the Convention Center to expand their reach and attract larger regional events.

Davenport, Iowa

Located north of the Mississippi River on the border of Iowa and Illinois, approximately halfway between Chicago and Des Moines, Davenport is nearly 350 miles east of Sioux City. Davenport is the largest of the Quad Cities, which also includes Bettendorf, Rock Island, and East Moline.

The River Center convention complex, located in downtown Davenport, is part of the Quad Cities Events Center, which was officially created in September of 2010. The Events Center includes The River Center, the 2,400-seat performing arts Adler Theatre, Hotel Blackhawk, and the Radisson Quad City Plaza Hotel. These four facilities are connected by a climate controlled skywalk system.

The River Center features two exhibit halls that combine to provide more than 32,000 square feet of exhibit space and ten breakout rooms that provide 8,000 square feet of meeting space. The attached Hotel Blackhawk and Radisson Quad City Plaza Hotel offer 351 rooms within walkable distance of the convention Center.

The following figure shows the Davenport River Center.

Figure 4-6

While the River Center is the largest convention complex in the Quad cities, it primarily competes with venues in Quad cities to attract local events. In many cases, the cities are marketing against each other to attract events and bring in business and hotel nights to their complex. On a state and regional level, the River Center competes to attract the eastern rotation of the Iowa Association events that rotate throughout the state.

The redevelopment of the Hotel Blackhawk is perhaps the biggest competitive advantage of the community and package. Through a public-private partnership, it was redeveloped and expanded and is now part of Marriott's Autograph Collection. This level of quality gives Davenport a significant advantage in luring corporate and association events to town. The fact that it is walkable and easily accessible from the other key attributes of downtown also makes it competitive. Sioux City can act as the western version of Davenport, but would need to add a high quality hotel in order to do so.

Dubuque, Iowa

Located on the Mississippi River at the junction of three states, Iowa, Illinois, and Wisconsin, Dubuque, Iowa is 300 miles east of Sioux City. The city, which is 70 miles north of the Quad Cities, competes for regional conventions and meeting in the eastern portion of the state.

Situated on the Mississippi River just east of downtown Dubuque, the Grand River Center is largest convention and meeting facility in the city. The complex, which is part of America's River Center at the Port of Dubuque, is connected by a skywalk to the Grand Harbor Resort and Waterpark, 193-room resort hotel and indoor waterpark. The Center's "River Room" is a special glass-walled room that overlooks the Mississippi. The complex is also within walking distance of the 35,000 square foot Diamond Jo Casino, which was also recently developed.

The development area also includes a major Mississippi River Museum and Aquarium. This development area therefore includes a museum, aquarium, hotel, waterpark, convention center and casino. This is separate from the downtown area, which also features the historic Hotel Julien and Holiday Inn, as well as several restaurants and a redeveloping warehouse district.

The photo below shows the museum and aquarium.

Figure 4-7

The Grand River Center offers more than 56,000 square feet of total function space. This includes 12,000 square foot ballroom with four divisions, six meeting rooms that combine to be 14,000 square feet, and a 30,000 square foot exhibition hall that can be divided into two divisions. The Grand Harbor Resort provides the center with 193 walkable hotel rooms.

The following figure shows the Grand River Center from the Mississippi River.

Figure 4-8

The Grand River Center considers its primary competitors to be convention centers in Cedar Rapids, Des Moines, and the Quad Cities. The complex primarily competes for the eastern rotation of Iowa Association events. While the Grand River Center attract all types of events, the complex focuses on local-corporate events, social events, and fundraisers. The exhibit hall within the complex is carpeted, which makes the space more attractive for a social setting. On average, the Grand River Center has 280 event days per year. Its package is quite attractive and is alluring to many groups.

Cedar Rapids, Iowa

Cedar Rapids, the second largest city in the state of Iowa, is 100 miles east of Des Moines and 264 miles east of Sioux City. The city is located just east of the Cedar River off of Interstate-380.

The U.S. Cellular Center, located in downtown Cedar Rapids just south of Interstate-380, includes four components; a newly renovated arena, a new convention center, a 267-room Doubletree by Hilton Hotel, and a new 500 space parking facility. The 6,900-seat U.S Cellular Center, which was built in 1977, underwent a renovation in 2011 that included an addition of a convention center around the site and renovations to the Doubletree Hotel. The 16-story Doubletree hotel is situated directly above the convention portion of the complex.

The convention center portion of the complex offers more than 28,000 square feet of exhibit space, 12,000 square feet of ballroom space, and ten meeting rooms that combine to offer more than 13,000 square feet of meeting space. The 267-room attached Doubletree Hotel is the only hotel within walking distance of the Center.

The following figure shows the U.S. Cellular Center.

Figure 4-9

While the Convention Center offers similar exhibit and meeting room space compered to the Sioux City Convention Center, this facility has significant competitive advantages from an event planner's perspective. The 12,000 square feet of ballroom space, attached hotel, and renovated arena are major draws for events of any type or size.

Council Bluffs, Iowa

Located on the East Bank of the Mississippi River across from Omaha, Council Bluffs is 95 miles south of Sioux City off of Interstate 29.

The Mid-America Center is an arena and convention center located five minutes away from downtown Omaha, just east of the Missouri River. The arena, which opened in 2002, features a 7,000-seat basketball arena that can be converted to 9,000 seats for concerts. It is under the management of Caesar's Entertainment, which began managing the Center in 2002. The Center features a 24,500-square foot exhibit hall and ten meeting rooms that, combined, provide more than 21,000 square feet of meeting space. The 133-room Country Inn and Suites Council Bluffs and 151-room Springhill Suites Council Bluffs are both within walking distance of the center.

The following figure shows the Mid-America Center.

Figure 4-10

The Center considers the Iowa Events Center in in Des Moines its primary competitor in the state of Iowa. Most Iowa associations host their events in the central or eastern part of the state, but the Mid-America Center competes with Sioux City for the western rotations. The center does compete with Omaha for some regional events, but the CenturyLink Center has significantly more event space. For local events and conventions, Council Bluffs does have a small advantage over Omaha due to the fact that many associations don not want to cross the river and state line. The center hosts consumer shows, trade shows, and conventions, in addition to sporting events and concerts that can take place in the arena. In 2014, the convention center had just four weeks with no events.

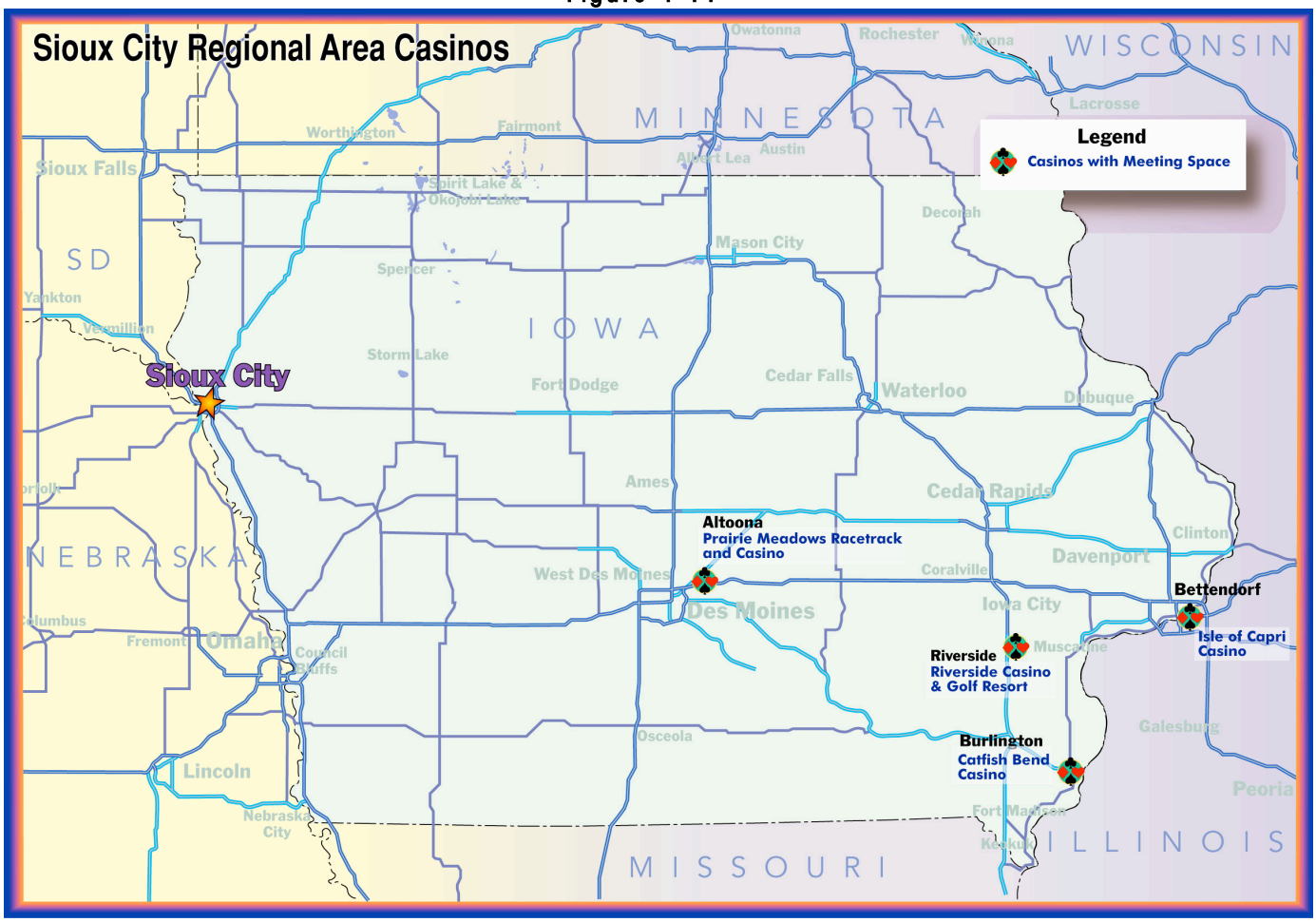
There is also a reputational factor that plays into the market success of this facility. In the Omaha area, the Council Bluffs area is considered a lesser quality area. So while it competes for Iowa events, many in the local area do not prefer to go to the "Iowa side" of the market for events.

Iowa Casino Complexes

The following table shows the Iowa casino complexes facilities that will compete with Sioux City for convention and meeting business. These facilities are unique and competitive not only because of the combination of function space and lodging but the built in entertainment.

The following map shows the location of the Iowa casino complexes that offer more than 9,000 square feet of total function space and 100 on-site hotel rooms. These casinos compete with Sioux City for meeting business.

Figure 4-11



The following table summarizes the casinos in Iowa with more than 5,000 square feet of total function space. There are several facilities with just 5,000 square feet of space, so those are shown in the table, but not in the map above.

Table 4-5

Gaming Options

Facility	City	Total Function Space	Exhibit Space	Ballroom Space	Meeting Room Space	Onsite Rooms
Praire Meadows Racetrack & Casino	Altoona	20,200	0	14,000	6,200	168
Isle of Capri	Bettendorf	13,520	0	9,600	3,920	514
Riverside Casino and Golf Resort	Riverside	12,420	0	12,420	0	200
Grand Falls Casino & Golf Resort	Larchwood	12,000	0	12,000	0	97
Catfish Bend Casino	Burlington	9,060	9,060	0	0	185
Lakeside Casino	Osceola	6,450	0	6,450	0	150
Diamond Jo Casino	Dubuque	5,000	0	5,000	0	0
Ameristar Hotel Casino Council Bluffs	Council Bluffs	5,000	0	5,000	0	160
Isle of Capri	Waterloo	5,000	0	5,000	0	195
Diamond Jo Worth	Northwood	5,000	0	5,000	0	102
Mystique Casino	Dubuque	4,099	0	4,099	0	
Average	**--**	**5,750**	**533**	**4,622**	**595**	**139**

Source: Various Facilities, Hunden Strategic Partners

In this competitive set, Prairie Meadows Racetrack and Casino in Altoon provides the most total function space, with more than 20,000 square feet. These facilities have an advantage over conventional meeting and convention centers due to their on-site entertainment. While the Sioux City Convention Center has more total function space than the listed casinos, these gaming facilities provide ballroom space that Sioux City does not. In many cases, the casinos provide on-site rooms that outnumber the amount of hotel rooms within a walkable distance of the large convention centers. Only one casino, Catfish Bend Casino in Osceola, provides what they consider to be exhibit space as part of its function and meeting area, although it is very small. To compete more effectively with these casinos, convention centers would benefit from offering more entertainment, dining, and nightlife options within a walkable distance.

Iowa Hotels

The following table shows the individual hotels in Iowa and the surrounding region that compete with Sioux City for convention, conference and meeting business. Properties highlighted in blue are located in South Dakota and properties highlighted in red are in Nebraska.

Table 4-6

Competitive Environment - Iowa Hotels

Facility	City	Total Function Space	Exhibit Space	Ballroom Space	Meeting Room Space	Rooms Onsite
Sheraton Sioux Falls & Convention Center	Sioux Falls, SD	64,890	33,600	19,400	11,890	243
Marriott Coralville Hotel and Conference Center	Coralville	57,430	29,596	22,180	5,654	286
Ramada Plaza Omaha Hotel and Convention Center	Omaha, NE	54,158	--	33,052	21,106	364
Best Western PLUS Sioux Falls Ramkota Hotel & Conference Center	Sioux Falls, SD	48,408	29,200	11,000	8,208	228
Ramada Waterloo Hotel and Convention Center	Waterloo	39,307	19,080	12,756	7,471	228
DoubleTree by Hilton Hotel Omaha Downtown	Omaha, NE	30,879	--	14,184	16,695	414
Des Moines Marriott Downtown	Des Moines	28,811	9,800	13,832	5,179	417
Clarion Hotel Conference Center - Davenport	Davenport	27,920	--	11,248	16,672	288
Hilton Omaha	Omaha, NE	27,210	--	16,800	10,410	600
Hotel Fort Des Moines	Des Moines	27,196	6,800	10,400	9,996	235
Holiday Inn Des Moines - Airport Conference Center	Des Moines	22,702	12,000	4,602	6,100	215
Arrowwood Resort & Conference Center	Okoboji	20,941	10,961	--	9,980	100
Sheraton West Des Moines	Des Moines	18,935	--	12,000	6,935	285
Cedar Rapids Marriott	Cedar Rapids	16,628	--	11,248	5,380	220
Embassy Suites Hotel Des Moines Downtown	Des Moines	15,657	--	12,554	3,103	234
Gateway Hotel and Conference Center	Ames	14,735	--	--	14,735	187
Holiday Inn Sioux Falls - City Centre	Sioux Falls, SD	13,972	--	4,225	9,747	290
Holiday Inn Hotel & Suites Des Moines-Northwest	Des Moines	13,545	--	4,500	9,045	198
Embassy Suites Omaha - Downtown/Old Market	Omaha, NE	12,480	--	12,116	364	249
The Lodge Hotel & Conference Center	Bettendorf	12,145	--	5,252	6,893	210
Omaha Marriott	Omaha, NE	12,066	--	7,990	4,076	300
Renaissance Des Moines Savery Hotel	Des Moines	11,851	--	3,293	8,558	212
Adventureland Inn	Altoona	10,980	--	7,140	3,840	185
Holiday Inn Dubuque/Galena	Dubuque	9,798	--	--	9,798	193
West Des Moines Marriott	West Des Moines	9,128	--	7,572	1,556	219
Sheraton Iowa City	Iowa City	9,070	--	7,190	1,880	234
Average	**--**	**24,263**	**18,880**	**11,501**	**8,280**	245
Sioux City Hotel & Conference Center	**Sioux City**	**10,666**	**191**	**9,362**	**1,113**	**191**

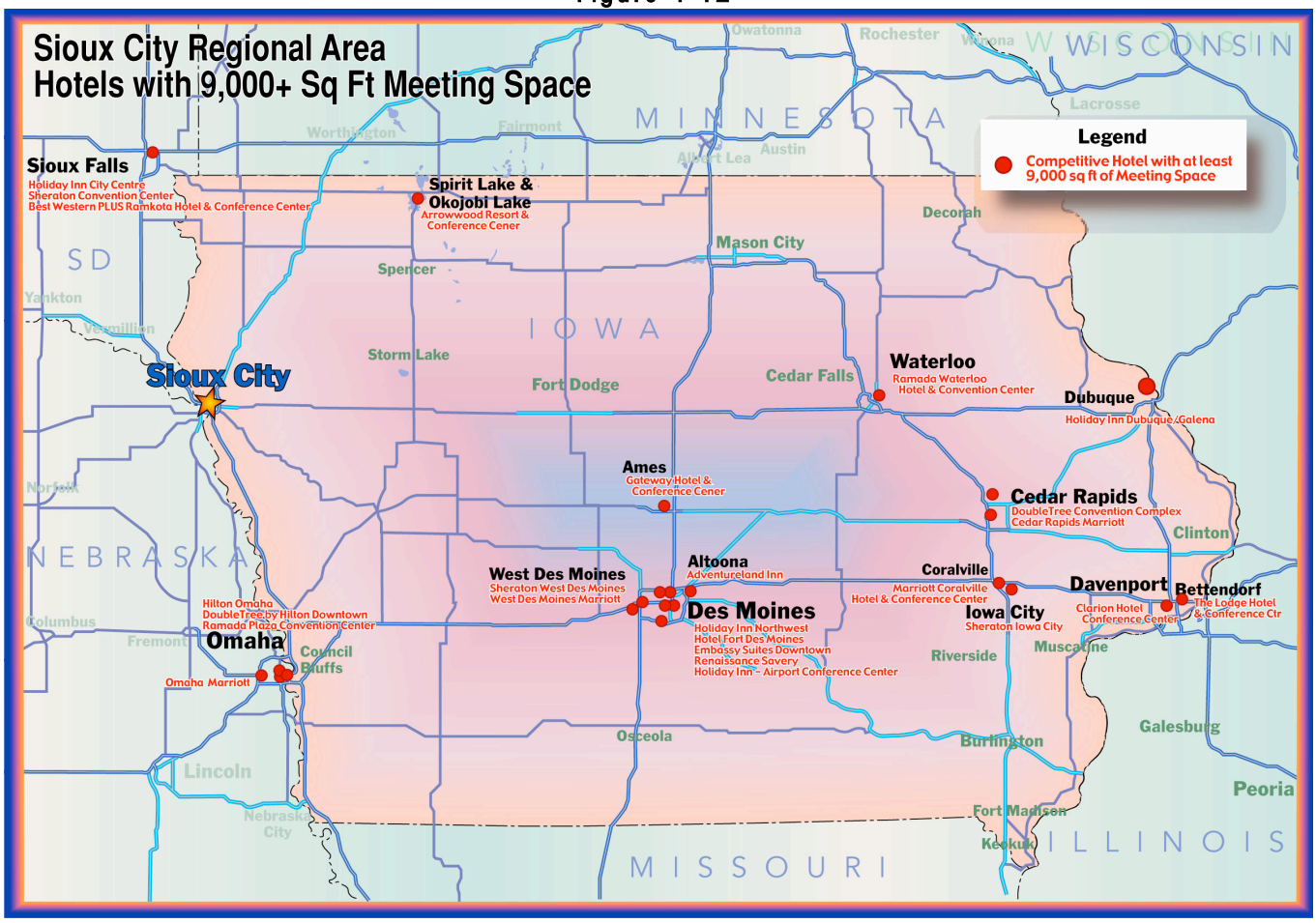
Source: Various Facilities, Cvent, Hunden Strategic Partners

There are 25 hotels within the state of Iowa and the surrounding region that offer more than 9,000 square feet of total function space. The largest convention hotels in the state are Sheraton Sioux Falls and Convention Center in Sioux Falls, South Dakota and the Marriott Coralville Hotel and Conference Center in Coralville, Iowa. Unlike the casinos, these larger hotels offer a significant amount of exhibit space, making them a much more attractive destination for larger conventions and events.

Many of these facilities have an advantage over the Sioux City Convention Center due to their central location in the state and the fact that they offer ballroom space. These properties also provide hotel rooms on-site, which greatly improve convenience for guests.

The following figure shows these competitors in relation to Sioux City.

Figure 4-12



Often, these hotels offer more function space than small convention centers, so Sioux City will be competing with not only convention centers, but hotel destinations as well.

Conclusion

Relative to the competitive environment, Sioux City is at a serious competitive disadvantage in terms of total function space, ballroom space, walkable hotel rooms, and location within the state. Many of the competitive meeting facilities in the region not only provided more total function space, but also offer entertainment options such a sports arenas, concert venues, and casinos within walking distance. On the most basic level, nearly all competitors boast more and higher quality hotels than Sioux City.

Many Iowa Association events rotate on an east-west-central rotation, which ensures that many of the larger conventions only travel west every fourth year, and Omaha and Sioux Falls are strong competitors for those events. Without a major investment in hotel and other facilities to

bring the package up to the level of the competitors, Sioux City and its convention center will not thrive or even compete for the most basic events.

TABLE OF CONTENTS

----------	Executive Summary
Chapter 1	Economic and Demographic Analysis
Chapter 2	Conventions & Meetings Market Trends
Chapter 3	Convention Headquarter Hotel Trends
Chapter 4	Competitive Meetings Market Analysis
Chapter 5	**Hotel Market Analysis**
Chapter 6	Recommendations
Chapter 7	Demand and Financial Projections

HOTEL MARKET ANALYSIS

This chapter includes a review of national hotel trends as well as an in-depth analysis of the selected competitive set of hotels in Sioux City.

National Hotel Market Trends

National hotel market trends are important to the development prospects of any hotel project, whether it involves macro supply and demand issues, amenity trends, financing or other trends impacting the industry.

The following table shows selected characteristics of the U.S. lodging industry from 1992 through 2013.

Table 5-1

National Lodging Industry Annual Summary

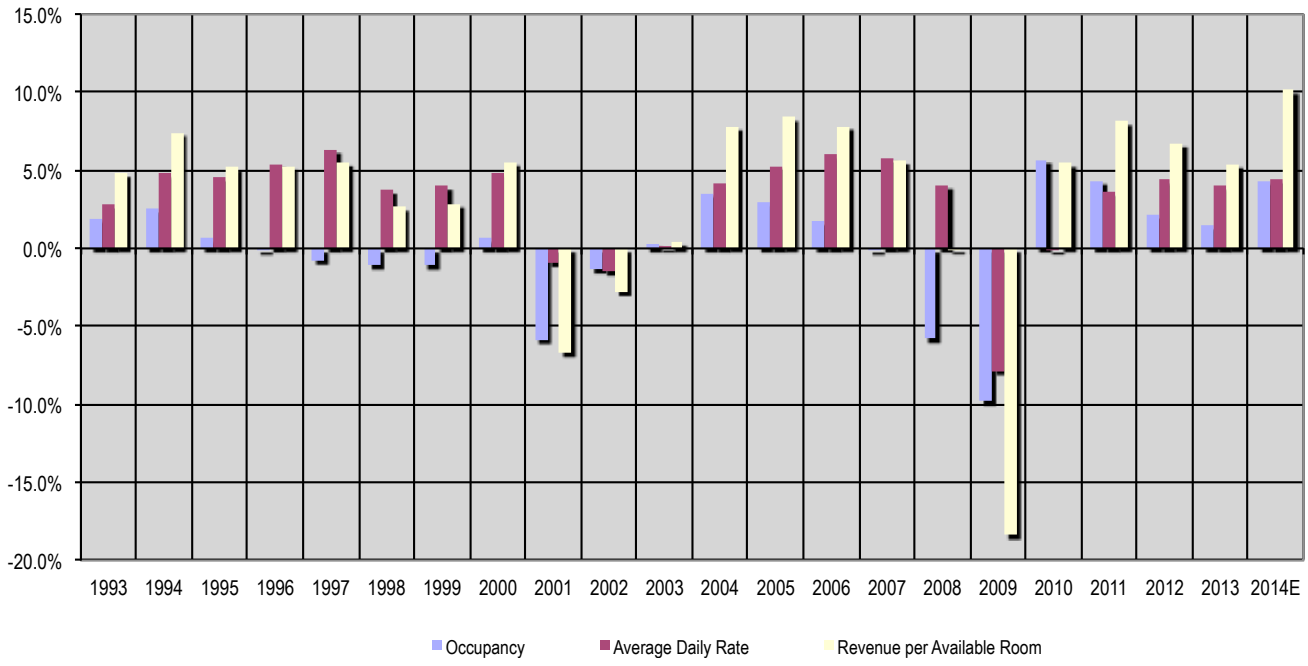
Year	Occupancy	Change	Average Daily Rate	Change	Revenue per Available Room	Change
1992	61.9%	--	$59.62	--	$36.90	--
1993	63.1%	1.9%	$61.30	2.8%	$38.68	4.8%
1994	64.7%	2.5%	$64.24	4.8%	$41.56	7.4%
1995	65.1%	0.6%	$67.17	4.6%	$43.73	5.2%
1996	65.0%	-0.2%	$70.81	5.4%	$46.03	5.3%
1997	64.5%	-0.8%	$75.31	6.4%	$48.57	5.5%
1998	63.8%	-1.1%	$78.15	3.8%	$49.86	2.7%
1999	63.1%	-1.1%	$81.29	4.0%	$51.29	2.9%
2000	63.5%	0.6%	$85.24	4.9%	$54.13	5.5%
2001	59.8%	-5.8%	$84.45	-0.9%	$50.50	-6.7%
2002	59.0%	-1.3%	$83.20	-1.5%	$49.09	-2.8%
2003	59.2%	0.3%	$83.28	0.1%	$49.30	0.4%
2004	61.3%	3.5%	$86.70	4.1%	$53.15	7.8%
2005	63.1%	2.9%	$91.29	5.3%	$57.61	8.4%
2006	64.2%	1.7%	$96.77	6.0%	$62.13	7.8%
2007	64.1%	-0.2%	$102.38	5.8%	$65.63	5.6%
2008	60.4%	-5.8%	$106.55	4.1%	$65.61	0.0%
2009	54.5%	-9.8%	$98.20	-7.8%	$53.55	-18.4%
2010	57.6%	5.7%	$98.08	-0.1%	$56.47	5.5%
2011	60.1%	4.3%	$101.64	3.6%	$61.06	8.1%
2012	61.4%	2.2%	$106.10	4.4%	$65.17	6.7%
2013	62.3%	1.5%	$110.35	4.0%	$68.69	5.4%
2014E	65.0%	4.3%	$115.26	4.4%	$75.66	10.1%
Avg. Annual Growth Rate		***0.29%***		***3.09%***		***3.52%***

Source: Smith Travel Research, HSP

Occupancy peaked at an all-time high of 65.1 percent in 1995, then steadily decreased to 59.0 percent following 9/11 and then rose again to peak at 64.2 percent in 2006. The latest recession is the most severe recorded in the hotel industry post-depression. Occupancy decreased to 54.5 percent, a 15 percent decline. Average daily rate peaked at $106 in 2008 and bottomed out in 2010 at slightly more than $98. Occupancy increased in 2011 and rates began to increase as well. Performance since 2010 has been improving in all categories. Occupancy may reach or exceed the all-time high, ADR will hit a record high for the second year in a row and the estimated RevPAR gain of ten percent in 2014 is the biggest increase recorded. All signs show a the healthiest national hotel market in memory, although individual markets and conditions are drastically different.

The figure below shows the above data in graph form, highlighting the annual change in performance.

Figure 5-1

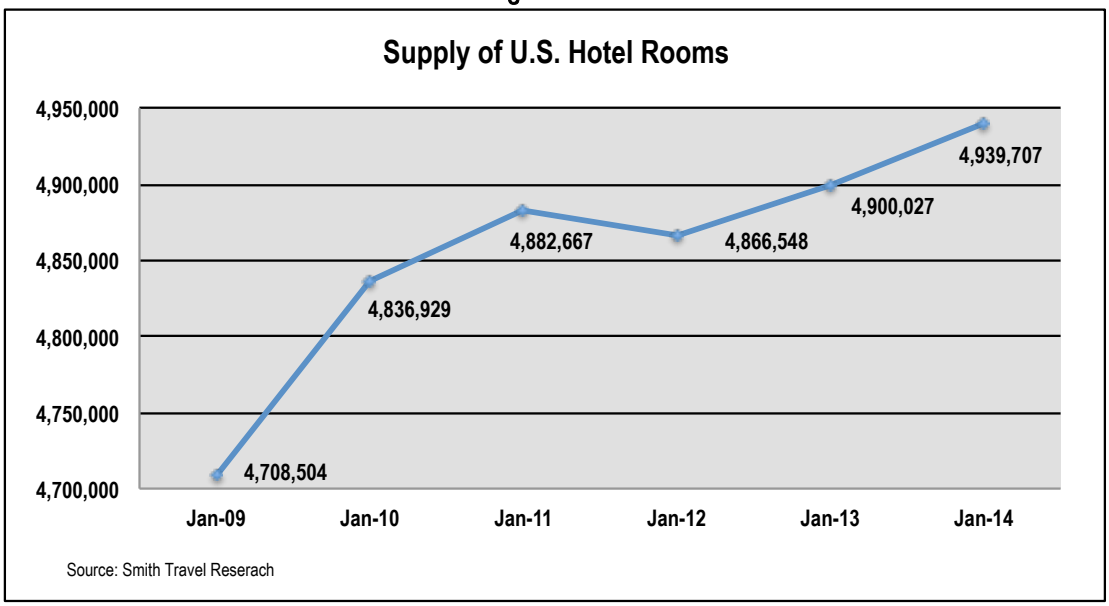


Source: Smith Travel Research, HSP

Performance in 2014 improved in both occupancy and rate at equal levels, whereas in the past few years, occupancy gains were minimal. This speaks to the concept of maximum practical occupancy. At a certain average occupancy, there are enough "sold-out" dates and demand pressure to raise prices. With occupancy at an all-time high, it is likely that more supply will be financed as developers seek these profits.

The following chart shows the trend of the U.S. hotel room supply between January of 2009 and January of 2014.

Figure 5-2



As demonstrated, the U.S. supply of hotel rooms has increased from approximately 4.7 million rooms in January of 2009 to more than 4.9 million rooms in January of 2014. Of the six years shown, the only decrease in hotel rooms in the U.S. hotel market was between 2011 and 2012. This growth rate was less than one percent per year, which was outpaced by demand growth, which is why occupancy has increased and rates have followed.

The following table shows the number of existing hotel rooms, rooms under construction and rooms in the active pipeline as of January 2014 sorted by chain scale.

Table 5-2

U.S. Active Pipeline by Chain Scale
As of January 31, 2014

Chain Scale	Preliminary Existing Supply	Year Over Year Percent Change	Rooms Under Construction	Year Over Year Percent Change	Total Active Pipeline	Year Over Year Percent Change
Luxury	107,666	0.1%	4,577	-3.3%	7,367	-7.2%
Upper Upscale	563,809	2.3%	8,048	13.6%	24,358	58.8%
Upscale	609,801	3.5%	35,721	38.6%	96,348	17.0%
Upper Midscale	866,673	-0.3%	28,906	46.4%	99,280	12.6%
Midscale	484,836	1.5%	5,100	51.1%	21,130	7.8%
Economy	773,093	-0.2%	1,167	20.9%	4,179	4.4%
Unaffiliated	1,533,829	0.1%	13,329	21.8%	105,107	16.9%
Total	4,939,707	0.8%	96,848	33.4%	357,769	16.4%

Source: Smith Travel Research

Between January 2013 and January 2014, the hotel industry increased its total supply for the third consecutive year, this time by nearly one percent (more than 39,200 rooms). Among the chain scale segments, the upscale segment expanded the most during 2013, growing by 3.5 percent over the previous year. As of the end of January 2014 there are more than 96,800 hotel rooms under construction and nearly 357,800 rooms in the active development pipeline of 2,925 projects.

The total active pipeline data includes projects in planning, final planning and under construction but not those in the pre-planning stage. The 'in planning' stage is defined as projects where an architect or engineer have been selected, and plans are in process where initial approvals have typically been granted. 'Final planning' is defined as the stage where the project has gone out for bids or construction is expected to begin with four months. 'Pre-planning' is defined as the period before an architect has been selected.

The following table shows the existing supply of rooms, rooms under construction and the year over year percent change of the top ten hotel markets for room growth.

Table 5-3

Top Ten US Markets by Rooms in the Construction Phase

Market	Existing Supply	In Construction December 2014	In Construction December 2013	Year over Year Change	New Construction as % of Existing
New York, New York	112,925	13,200	11,189	18%	12%
Houston, Texas	76,721	5,134	1,930	166%	7%
Washington, DC	106,925	3,440	2,819	22%	3%
Miami, Florida	49,863	3,425	1,975	73%	7%
Chicago, Illinois	109,660	3,102	1,892	64%	3%
Los Angeles-Long Beach, California	97,908	2,777	2,523	10%	3%
Seattle, Washington	41,266	2,266	1,242	82%	5%
San Diego, California	59,691	2,195	812	170%	4%
Anaheim, California	54,915	1,932	869	122%	4%
Dallas, Texas	79,043	1,787	1,196	49%	2%

Source: Smith Travel Research

New York City reported the largest number of rooms under construction as of December 2014, with 13,200 rooms under construction, a 12 percent increase over its existing base of supply. Closer to Sioux City, Chicago is adding 3,102 rooms currently, which represents a three percent increase.

Development and Financing

The hotel development pipeline had been robust until 2008, when the credit crisis hit and real estate across all sectors declined. This has made credit more expensive, and the combination of lack of funds and poor market performance essentially stopped new developments in 2009.

Since then, credit has loosened for hotels and more and more loans were being made in 2012 and 2013 for hotels. Demand outpaced supply for so many years during the recession that banks could not ignore the opportunity, nor could developers.

The loan-to-value ratio (LTV) is an important measure of the amount of risk banks are willing to take on real estate investments. Historically, hotels have exhibited a higher risk level in the eyes of lenders and have required a substantial equity investment. However, cookie-cutter branded prototype projects at interstate intersections – very predictable to bankers in terms of safety and profitability – have achieved loan-to-value rates of up to 90 percent.

As the performance of hotels improved, bankers felt more comfortable approving higher loan amounts relative to the value of the project. As its peak in 2005, the LTV was nearly 70.6 percent on average. It decreased to 60 percent in 2008 and has been slowly recovering since that time, reaching 70 percent in 2014. It is expected that some hotel LTV rates will hit 75 or even 80 percent in 2015.

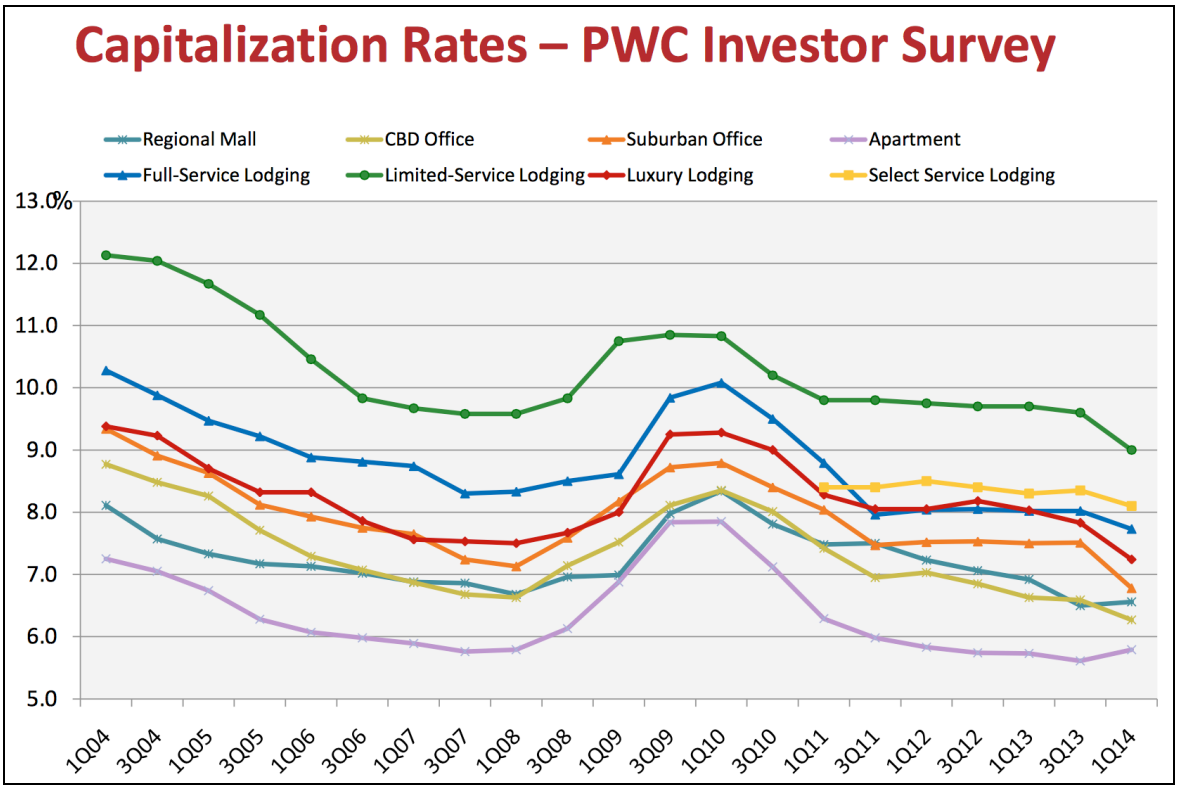
Transactions

Capitalization rates (cap rates) are a measure of risk and reward. The higher the cap rate, the riskier the market expects an investment to be and the higher the possible reward expected. To determine value, appraisers, buyers and sellers use net operating income divided by the cap rate. A hotel with $1 million in net operating income and a ten percent cap rate would have a value of $10 million. However, using a 5 percent cap rate would give a value of $20 million. During the height of the hotel buying frenzy in 2005 and 2006, some hotels were sold at effective cap rates lower than five percent, leading to extraordinary values.

Cap rates for hotels have historically been in the 8 to 12 percent range for most markets, except in places like New York, San Francisco, Boston and Hawaii. The rate was below ten percent in 2005 and 2007 and below nine percent in 2006, leading to record sales prices and intense transaction activity. Some transactions included cap rates as low as three percent during the height of the hotel financing and construction boom of 2005 – 2007. The rates then increased substantially during the recession, lowering valuations and the ability to get loans. The higher the cap rate, the lower the valuation of the hotel and with the market-wide increase in cap rates, hotel transaction activity ceased for about three years, with the exception of foreclosed hotels.

The following figure shows the historical cap rates by real estate type, suggesting how much risk investors associate with each. Cap rates are essentially expected rates of return and mirror expected rates of risk. The lower the cap rate, the lower expected risk and rate of return.

Table 5-4



As shown, cap rates for lodging have been consistently higher than the other types of investment real estate, suggesting that investors believe hotels to be riskier than other asset classes.

According to a 2013 Hospitality Investment Survey by PKF, capitalization rates for recent transactions in high barrier-to-entry markets have sunk as low as five percent and two to three percent in major transactions, demonstrating investor expectations and trust of improved market and decreased risk levels. Overall investment parameters have been flat for two years at 7.9 percent, down from 8.1 percent in January 2011.

The following table shows historical capitalization rates by chain scale.

Table 5-5

Capitalization Rates From Sales Transactions

	2013		2012		2011		2010	
Property Type	Average	Range	Average	Range	Average	Range	Average	Range
Full Service Including Luxury	6.2%	2.9% - 7.9%	5.8%	1.5% - 11.7%	6.1%	0.05% - 10.9%	5.3%	1.7% - 8.0%
Select Service and Extended Stay	7.4%	2.5% - 14.2%	7.4%	4.0% - 11.7%	7.7%	3.2% - 12.6%	7.8%	3.1% - 12.4%
Limited Service	9.2%	5.4% - 12.9%	9.3%	3.7% - 12.2%	9.5%	0.03% - 30.0%	8.5%	1.3% - 16.3%

Source: HVS, Hunden Strategic Partners

The above capitalization rates are based on historical net income at the time of sale divided by the sales price. In riskier markets, cap rates are higher. For Sioux City, the cap rate would be dependent upon the quality of the hotel product being built, the brand, the existing market conditions (which are currently excellent) and the cap rates of similar projects.

Development Costs

The following table shows the hotel development costs for the various quality segments of hotels for 2013/14. These figures are critical when considering which type of hotel to develop. Because the data is sorted and averaged by HVS prior to appearing in the table, the totals do not match the medians and averages for each type of property.

Table 5-6

2013/2014 Hotel Development Cost Survey Per-Room Averages

	Land	Building and Site Improvements	Soft Costs	FF&E	Pre-Opening & Working Capital	Total
Budget/Economy Hotels						
Average from Budgets	$12,300	$58,700	$5,800	$8,300	$3,200	$77,400
Median	$18,200	$53,300	$2,900	$8,300	$3,000	$71,200
Allocation	14%	66%	10%	11%	4%	
Midscale Hotels w/o F&B						
Average from Budgets	$15,400	$77,200	$11,700	$10,300	$4,200	$109,100
Median	$14,100	$68,300	$8,500	$10,000	$4,000	$93,100
Allocation	12%	68%	9%	11%	2%	
Extended Stay Hotels						
Average from Budgets	$12,800	$83,800	$11,600	$13,400	$3,700	$141,000
Median	$11,400	$75,000	$10,200	$13,800	$3,500	$121,900
Allocation	10%	68%	9%	13%	1%	
Midscale Hotels W/ F&B						
Average from Budgets	$14,600	$83,100	$13,600	$13,900	$3,900	$129,400
Median	$11,000	$68,500	$10,700	$13,000	$3,700	$110,900
Allocation	16%	63%	11%	11%	1%	
Full-Service Hotels						
Average from Budgets	$36,300	$154,900	$17,200	$25,400	$17,200	$267,900
Median	$35,000	$140,600	$14,400	$24,700	$16,000	$214,800
Allocation	14%	65%	10%	11%	4%	
Luxury and Resorts						
Average from Budgets	$93,600	$373,900	$81,900	$56,800	$20,800	$641,000
Median	91,300	$324,200	$90,400	$60,700	$18,700	$576,500
Allocation	18%	58%	14%	10%	4%	

Source: HVS

Costs per room vary drastically depending on the chain scale, from a median of $53,300 for economy properties up to $324,200 for luxury properties. For most developments, the question is whether or not the average daily rate is greater than the cost per room to build.

A good rule of the thumb in the industry is that the average daily rate multiplied by 1,000 will give a developer a sense of what cost of hotel the market will support. So for example, a hotel expected to perform at $125 per night on average could be developed for $125,000 per room.

Largest Hotel Brands

One of the continuing trends of the past decade has been the growth of hotel companies to create and expand brands into every conceivable niche, including extended stay (discussed below), boutiques, fractional, etc. These companies typically do not own their hotels, but brand them and provide the support, advertising, group sales and other services for the hotel owners for a fee.

The table following shows the top 15 hotel brands in the world, by number of rooms.

Table 5-7

Top Fifteen Global Hotel Brands by Room Count - As of January 2013

Rank	Brand	Company	Hotels	Rooms	Rooms/Hotel
1	Holiday Inn and Holiday Inn Express	InterContinental Hotels Group	3,392	424,612	125
2	Best Western	Best Western	4,024	311,611	77
3	Marriott Hotels & Resorts	Marriott International	558	204,917	367
4	Comfort Inns & Suites	Choice Hotels International	2,509	194,262	77
5	Hilton Hotels & Resorts	Hilton Worldwide	551	191,199	347
6	Hampton Inn	Hilton Worldwide	1,880	184,765	98
7	Ibis (Megabrand)	Accor	1,667	182,496	109
8	Home Inns	Home Inns	1,438	164,325	114
9	Sheraton Hotels & Resorts	Starwood Hotels & Resorts	427	149,784	351
10	Days Inn	Wyndham Hotels Group	1,826	147,808	81
11	Super 8 Motels	Wyndham Hotels Group	2,314	147,512	64
12	Courtyard	Marriott International	929	136,553	147
13	Quality Inn	Choice Hotels International	1,479	133,515	90
14	Ramada Worldwide	Wyndham Hotels Group	850	115,811	136
15	Crowne Plaza Hotels & Resorts	InterContinental Hotels Group	392	108,307	276
	Total	**--**	**24,236**	**2,797,477**	**164**

Source: MKG Hospitality

As shown, the Holiday Inn and Holiday Inn Express are the world's largest combined brands, with nearly 3,400 hotels and nearly 425,000 rooms. The Best Western brand is the world's largest single brand, with more than 4,000 hotels and nearly 312,000 rooms.

Other Trends of Note

Several other trends have been occurring in the industry over the past several years. These include:

- **Brands Multiply.** Worldwide, the expansion of brands continues to change the face of the competitive environment. Eager to show earnings and market share for Wall Street, major brands compete fiercely. Using multiple brand products clustered in the

same corporate structure, proprietary reservation systems and corporate programs work in tandem to drive business. Comparing profit potential of a brand to one without a brand is becoming a serious exercise for hotel owners. At the same time, the proliferation of brands means fewer independents that struggle for fair share using price as the preferred strategy.

- **Boutique Brands.** This seemingly incongruous phrase is a trend occurring in the industry. The largest brands have run out of market segments to fill, so they are seeking the last bastion of the industry: independent boutique hotels. By creating a boutique "collection" that can benefit from (and provide distribution to) the primary brand family, both the hotel and brands can prosper. For example, with all traditional niches covered, Marriott has now entered the boutique market with the Autograph Collection. These hotels are not owned or operated by Marriott and do not even carry a Marriott brand, per se, but use the Marriott reservation system to route travelers to these formerly independent hotels. Guests get their Marriott points and some expectation of high quality. Hilton, Starwood and others are attempting to do the same. Hilton has also entered the boutique market with a new brand called Canopy and a new collection of formerly independent upscale hotels called the Curio Collection. Intercontinental Hotel Group has just purchased boutique hotel company Kimpton, expanding their profile beyond Intercontinental and Holiday Inns.
- **Global Travel and the Impact of Energy Prices and Economic Conditions.** The large fluctuations in oil and fuel costs have a continual impact on travel and will continue to be a major factor in the coming years.
- **Green Policies.** Requirements, both by law and the guests, on businesses enforcing green practices are becoming tougher to comply and are even becoming a demand driver. Eco-consciousness is a popular trend among new generations and, suddenly, energy systems, insulation, produce origin and even amenities become differentiation factors. Hotels can capitalize on the environmentally sensitive customers by adapting sustainability practices such as Element by Starwood has done.
- **Distribution.** The increase in booking travel via the Internet has been a major trend in the industry for more than a decade, with approximately 30 to 40 percent of booking research done online and one-third of revenue booked online in 2010. While in 2012, 85 percent of leisure travelers rely in the Internet to plan and book travel. An additional estimated 30 to 40 percent of bookings were researched online. This has brought transparency and increased competition to the market and all players with a solid Internet and distribution strategy are able to compete effectively. As third party websites, smartphones and available applications are rapidly becoming a key factor in every travel stage by easing access to planning and booking tools that ease the customers' experience. Travelers expect a more informed and collaborative travel experience, especially driven by the evolving smartphone functionality. Hotel companies are creating property-specific websites to differentiate each property and reach more given markets and traveler segments than the cookie-cutter website.
- **Technology.** The rapid advance of technology means hotels have to continually keep up with the expectations of their guests. With multiple wireless devices, guests expect

a high-speed wireless network throughout the hotel that will allow them to use their smartphones, tablets (led by the iPad) and laptops without connectivity issues. In-room movies via Lodgenet can now be controlled via an application on a guest's smartphone. Many hotels have begun to introduce in-room iPads that allow concierge services, room service, check out, entertainment and other items to be taken care of directly from the device.

- **Social Media, Crowd-Rating and Mobile Connectivity**. The rise of social media and user-based ratings has had a direct impact on hotel decision-making. Sites like Trip Advisor allow users to rate and castigate hotels directly on the website, which allows potential customers to determine if they will choose that hotel. Hotels have to be incredibly proactive and reactive to comments posted on Twitter, Facebook and such ratings sites including OTA's. Approximately one in three business travelers' have rated an establishment. Mobile connectivity, as mentioned above, has become a crucial factor in a travelers' experience. Mobile-friendly websites and mobile applications are the most used mean for corporate travelers, 70 percent, to check in to flights and/or hotels, while one in four hotel queries come from a mobile device.
- **Demographics.** Two major demographic shifts marked the beginning of positive growth in the hotel business. The first is both baby boomers and millennials as the target market for their luxury consumption. The baby boomer generation became a target audience due to the amount of disposable income and nest egg capital allowing them to travel in large numbers for the next decade. Millennials are the second demographic group tapped as an up-and-coming luxury consumer group affecting the industry and being targeted by the industry itself with marketing strategies that are different from its preceding groups. Millennials are drawn to entertainment, technology and accessibility. Secondly, the BRIC economies, (Brazil, Russia, India and China) have exploded in their economic power over the past several years. This has led to a massive increase in the middle classes in these nations and these populations are traveling in increasing numbers.

Sioux City Competitive Hotel Market

HSP analyzed the local hotel market to understand its quality, performance, changes in character over time and other data that will allow for a recommendation related to a convention hotel.

The following table shows the lodging detail for the local market.

Table 5-8

Lodging in the Sioux City Market - Sorted by Class/Quality/Chain Scale

Hotels	Rooms	Chain Scale	Open Date
Hard Rock Hotel & Casino Sioux City	54	Upper Upscale	Aug-14
Stoney Creek Inn & Conference Center	161	Upscale	Jun-09
Hilton Garden Inn Sioux City Riverfront	123	Upscale	Jul-08
Marina Inn Conference Center	181	Independent Upscale	Jun-68
Holiday Inn Sioux City	114	Upper Midscale	Jun-74
Country Inn and Suites Dakota Dunes	69	Upper Midscale	Sep-95
Holiday Inn Express & Suites Sioux City	85	Upper Midscale	Jun-07
Comfort Inn Sioux City	69	Upper Midscale	Mar-90
Fairfield Inn Sioux City	62	Upper Midscale	Jul-91
Hampton Inn North Sioux City	65	Upper Midscale	Mar-99
Ramada Sioux City	114	Midscale	Jun-67
Americinn Sioux City	57	Midscale	Dec-57
Quality Inn & Suites Sioux City	57	Midscale	May-94
Candlewood Suites Sioux City Southern Hills	87	Midscale	May-14
Rodeway Inn & Conference Center Sioux City	153	Economy	Apr-61
Budget Host South Sioux City	52	Economy	Jun-50
Knights Inn & Suites South Sioux City	75	Economy	n/a
Super 8 Sioux City Morningside Area	57	Economy	Jun-78
Americas Best Value Inn South Sioux City	60	Economy	Feb-86
Days Inn Sioux City	55	Economy	May-95
Super 8 Sioux City South	56	Economy	May-00
Days Inn Sioux City North	49	Economy	Jan-93
Red Carpet Inn & Suites North Sioux City	33	Economy	Jan-99
Super 8 North Sioux City	44	Economy	Aug-76
Travelodge Sioux City	71	Economy	Feb-70
Sioux City Hotel & Conference Center	188	Independent Economy	Jun-76
Regency Inn	61	Independent Economy	n/a
Palmer House Motel	59	Independent Economy	Jun-57
Haven Inn Motel	42	Independent Economy	Jun-77
New Victorian Inn & Suites	66	Independent Economy	Apr-97
Total / Average	**2,419**		

Source: Smith Travel Research, Hunden Strategic Partners

The market in total includes 2,419 rooms in 30 hotels. As shown, most are in the economy or midscale class level, including the largest hotel, the Sioux City Hotel & Conference Center. Only five hotels were opened in the past ten years, with two (Hard Rock and Candlewood) opening in 2014.

The following table shows the lodging summary of the local market.

Table 5-9

Sioux City Hotel Summary

Market Class	Rooms	Hotels	Avg. Years Old	% of Total Rooms
Luxury	0	0	n/a	0%
Upper Upscale	54	1	0	2%
Upscale	465	3	19	19%
Upper Midscale	464	6	21	19%
Midscale	315	4	31	13%
Economy Chain	705	5	33	29%
Economy Independent	416	11	37	17%
Total/Average	2,419	30	34	100%

Source: Smith Travel Research

The market in total includes 2,419 rooms. Approximately 46 percent of the rooms available are economy class, which is the lowest class of rooms. The average age of these room is 35 years old, which is about the average for the total hotel group. There are no luxury hotels and only one upper upscale hotel, the new 54-room Hard Rock Hotel at the Hard Rock Casino. There are only three upscale hotels, which include the Hilton Garden Inn, Stoney Creek Inn and Marina Inn Conference Center. In terms of the types of hotels that convention and conference attendees prefer to stay in, there are only those four hotels at the upper end of the market. There are no full-service branded hotels, like a Hilton, Marriott or Sheraton. There are ten midscale or upper midscale hotels, representing approximately 775 rooms. These are generally decent quality hotels with no services or amenities, all branded.

HSP chose a set of primary competitive and relevant hotels that impact the market to profile and analyze within the Sioux City market area. The primary factors considered were location, function space, quality, amenities, size, brand and market demand mix. In order to determine the hotels that represent the best performing and highest quality hotels that any new hotel would compete with, HSP interviewed local hotel owners and managers, as well as other stakeholders. HSP also investigated the performance, location and age of hotels. The analysis resulted in ten hotels that any new convention hotel would compete with. Not all of the hotels in the competitive set are competitive because of their quality, however. One, the previous convention hotel (Sioux City Hotel), is large and well located, however its quality is poor. Yet because of its location, it will continue to compete at some level for business with any new downtown convention hotel.

The following table shows a summary of the hotels in the Sioux City competitive set.

Table 5-10

Sioux City Competitive Set Hotels

Hotel	Rooms	Date Opened	*Chain Scale
Sioux City Hotel & Conference Center	188	Jun-76	Economy
Marina Inn Conference Center	181	Jun-68	Upper Midscale
Stoney Creek Inn & Conf Center	161	Jun-09	Upscale
Hilton Garden Inn Sioux City Riverfront	123	Jul-08	Upscale
Holiday Inn Sioux City	114	Jun-74	Upper Midscale
Candlewood Suites Sioux City Southern Hills	87	May-14	Midscale
Holiday Inn Express & Suites Sioux City Southern Hills	85	Jun-07	Upper Midscale
Hampton Inn North Sioux City	65	Mar-99	Upper Midscale
Fairfield Inn Sioux City	62	Jul-91	Upper Midscale
Hard Rock Hotel & Casino Sioux City	54	Aug-14	Upper Upscale
Average	***112***	***May-96***	**--**
Total	**1,120**		

*A means of categorizing hotels by brand

Source: Smith Travel Research

There are ten hotels in the Sioux City competitive set, totaling 1,120 rooms. The newest property is the 54-room Hard Rock Hotel & Casino Sioux City, which was built in August of 2014. The two largest hotels are the Sioux City Hotel & Conference Center and the Marina Inn & Conference, which have 188 and 181 rooms, respectively. The average age of the competitive set is approximately 19 years, with only two properties being built in the last five years, There are three properties that are more than 30 years old. The average size of the listed properties is 112 rooms.

The following figure shows a map of the Sioux City competitive set.

Figure 5-3

All of the hotels in the competitive set are within a seven-mile radius of the Sioux City Convention Center. Six of the Hotels are located in the downtown Sioux City area, while three of the hotels are located approximately six miles southeast of the city near the Southern Hills Shopping Center. Most of the properties are located off Interstate 29. The Marina Inn Hotel and Conference Center is the only hotel in the competitive set that is west of the Missouri River, located just 1.5 miles south of the Sioux City Convention Center.

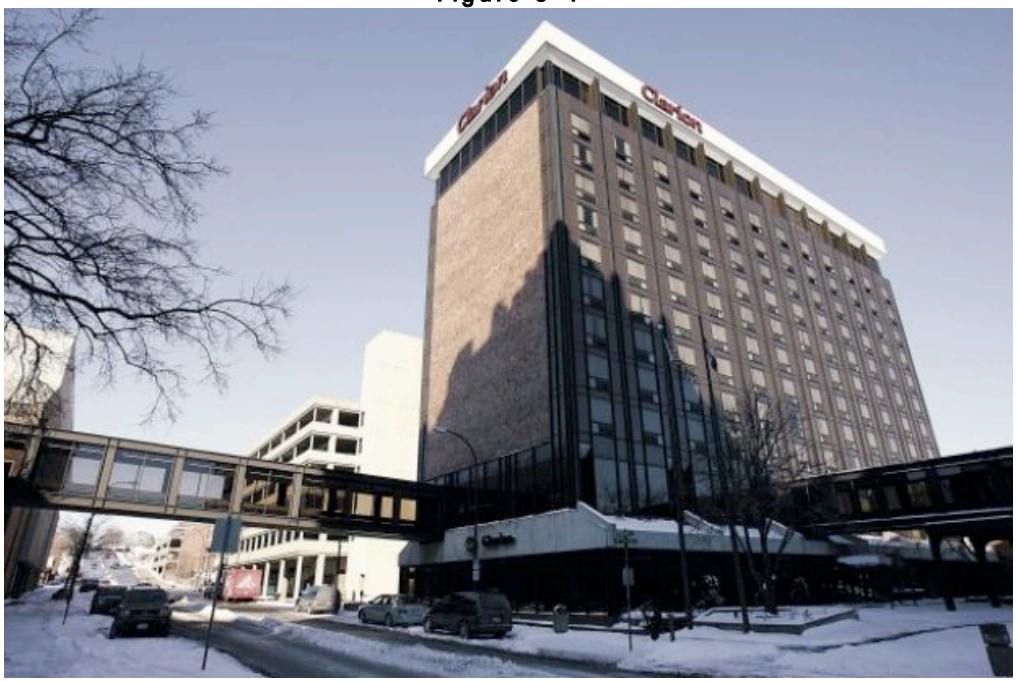
The following are profiles of each hotel in the competitive set.

Sioux City Hotel & Conference Center

The Sioux City Hotel and Conference Center is located at 707 4th Street in downtown Sioux City. The 188-room hotel, built in 1976, features complimentary breakfast, free wireless internet, a business center, and a fitness center. The hotel, which provides guests with double queen, king, and king suite rooms is attached to the Sioux City Convention Center by a skyway. It was recently sold out of bankruptcy by its lender to a local group. The local group also owns the Ramada Inn and plans a modest renovation. However, the new owners may close some of the floors of rooms, as the occupancy level prior to the purchase had declined to 30 percent. Any increase in quality of the hotel will help the total set of hotels' performance. However, given its current status and the fact that it is not expected to undergo a complete overhaul, the hotel is not expected to help the convention center lure groups. Those who have stayed there are much *less* likely to return, so the quality of this hotel is critical to the success of the Sioux City Convention Center. Given the low quality, a different, newer and higher quality large hotel is necessary to host groups and pair up with the convention center.

The following figure shows the exterior of the property.

Figure 5-4



The Sioux City Hotel & Conference Center is the only property in the competitive set that is within walking distance to the Sioux City Convention Center. The two properties are connected by a skyway system. The hotel, which used to be a Hilton, was rebranded to a Clarion property in 2004, and became the Sioux City Hotel in 2010. The property features a 3,850 square foot ballroom on the second floor and a 5,500 square foot ballroom on the top floor that can accommodate up to

350 guests. The Sioux City hotel has an occupancy rate of approximately 25 to 30 percent and an average daily rate of $44, which is extremely low compared with competitor rates.

EBI Consulting completed a property condition report in the hotel in June of 2013. The assessment found that the property appears to be in good to fair condition, and that the remaining useful life is no less than 35 years based on the current condition and maintenance status, assuming any recommended repairs are completed.

Hard Rock Hotel & Casino Sioux City

The full-service Hard Rock Hotel & Casino is located at 111 3rd Street and opened in August of 2014, which is the most recent opening in the competitive set. It is one of two properties to have opened in the past five years. The 54-room casino hotel features a 40,000-square foot casino with 27 table games and 839 slot machines, in addition to a live entertainment venue, an outdoor park, and multiple dining options. The Hard Rock is accessible off of Interstate 29, and is located just one half-mile west of the Sioux City Convention Center.

The following figure shows the property's exterior.

Figure 5-5

The Hard Rock Hotel & Casino Sioux City does not have any indoor event space. The addition of the Hard Rock to the market introduces an attraction that will increase more leisure travel to Sioux City. At only 54 rooms, the Hard Rock Hotel is not able to accommodate all of the demand that the casino generates, and the overflow is accommodated by other downtown hotels.

Holiday Inn Sioux City

The full-service Holiday Inn Sioux City is located at 701 Gordon Drive, next to the Clark Interpretive Center and Orpheum Theatre. This 114-room property opened in June of 1974 and features 190 parking spaces, a business center, a health and fitness center, in-room Wi-Fi, and an indoor pool, whirlpool, and sauna. The hotel also includes Charlie's American Grill and Spirits, which serves breakfast, lunch, and dinner. The property is located off of Interstate 29 off of exit 147B, approximately 0.6 miles south of the Sioux City Convention Center.

The following figure shows the property's exterior.

Figure 5-6

The hotel was acquired as a Howard Johnson Hotel and was refurbished to its current state in 2001. Management estimated that approximately 60 percent of business is corporate, with the rest being leisure and group travel. The hotel's occupancy is in line with the average of the competitive set, approximately 60 percent.

Hilton Garden Inn Sioux City Riverfront

The select-service Hilton Garden Inn Sioux City Riverfront is located at 1132 Larsen Park Road, just north of the Missouri River and south of Interstate 29. The 123-room hotel features a 24-hour business center, a fitness room, a pool, complimentary wifi, and meeting rooms. The hotel also includes the Great American Grill, a full service restaurant that serves breakfast, lunch, and dinner.

The hotel is located 1.5 miles west of the Sioux City Convention Center, on the west side of Interstate 29.

The following figure shows the property's exterior.

Figure 5-7

The Hilton Garden Inn is near the rate-leader in the market, with an ADR of approximately $115. Management indicated that the hotel attracts significant corporate business, which can be attributed this to their brand recognition and the Hilton Honors and loyalty Program in addition to the hotel's event space. Management stated that the occupancy reaches 80 percent in peak months. Leisure travelers are estimated to make up 30 percent of the hotel's business.

The hotel also features a significant amount of function space for a Hilton Garden Inn. The hotel includes approximately 12,000 square feet of ballroom and meeting rooms, including a 4,500-square foot ballroom. There is also an extensive outdoor terrace and garden area for special events. Beyond the potential for flooding, which has occurred in the past, the hotel is a reliable and high quality event and conference facility.

Stoney Creek Inn & Conference Center

The full-service Stoney Creek Inn & Conference Center is located at 300 3rd street, just north of Interstate 29 in downtown Sioux City. The 161-room hotel was built in June of 2009, which make it the third newest property in the competitive set. Stoney Creek Inn features a business center, a fitness center, and free hot breakfast served daily, in addition to Palmer's Pub and the Wilderness

Park Pool Area, which includes an indoor-outdoor pool, a whirlpool, and sauna. The hotel is located 0.3 miles west of the Sioux City Convention Center.

The following figure shows the property's exterior.

Figure 5-8

The Stoney Creek Inn and Conference Center has and ADR of approximately $104, although the hotel does many $77 rates. The hotel is attached to the 16,000 square foot River's Bend Conference Center, which is an attraction for many small and medium-sized groups. It features a 6,500-square foot ballroom as well as multiple meeting rooms. The hotel is very popular for weddings and other social events and often holds events that the convention center is too large for or that need hotel rooms onsite.

Holiday Inn Express & Suites Sioux City Southern Hills

The select-service Holiday Inn Express & Suites Sioux City is located at 4723 Southern Hills Drive, south of Highway 75. The 85-room property, which opened in June of 2007, features a business center, a health and fitness center, a meeting room, an indoor heated pool and spa, and a free daily breakfast. The hotel is located six miles southeast of the Sioux City Convention Center.

The following figure shows the property's exterior.

Figure 5-9

The Holiday Inn Express is the rate leader in the area, with an ADR of approximately $119. The hotel attracts the majority of its business on weekdays, which suggest a highly corporate segmentation. The hotel's occupancy is estimated to be nearly 80 percent.

Fairfield Inn Sioux City

The limited-service Fairfield Inn Sioux City is located at 4716 Southern Hills Drive, just south of the Holiday Inn Express. The 62-room hotel, which feature single and double king and queen rooms, was built in July of 1991. The Fairfield Inn features free continental breakfast, an indoor pool, and free high-speed Internet. The hotel is located six miles southeast of the Sioux City Convention Center.

The following figure shows the exterior of the property.

Figure 5-10

Management indicated that the Fairfield Inn attracts significant corporate business, approximately 60 percent of their business. Rates at the Fairfield annually average $97 to $110, but can fall to into the low 90's in the winter months. Occupancy ranges from 65 to 90 percent, depending on the time of year.

Candlewood Suites Sioux City Southern Hills

The limited-service Candlewood Suites Sioux City Southern Hills is located at 4720 Southern Hills Drive, across the street from the Fairfield Inn. The 87-room hotel was built in May of 2014, making it the second-newest property in the competitive set. The Candlewood Suites features 90 parking spaces, a 24-hour fitness center, a full kitchen in every room, and free wireless Internet. The hotel is located six miles southeast of the Sioux City Convention Center.

The following figure shows the exterior of the property.

Figure 5-11

The Candlewood Suites is an extended-stay property, with an average stay of 17 days. The hotel has become a player in the market immediately after opening in May of 2014, as people have greater use for a multi-week or monthly stays, especially those in town working on the expansion projects of local manufacturing facilities. The rates average $119 for stays less than six days, but rates can drop to $89 for stays of more than 30 days.

Hampton Inn North Sioux City

The limited-service Hampton Inn North Sioux City is located at 101 Sodrac Drive, just off Interstate 29. The 65-room hotel, built in 1999, features a business center, a fitness center, an indoor pool and whirlpool, complimentary breakfast, and in-room wireless internet. The hotel is located seven miles northwest of the Sioux City Convention Center.

The following figure shows the exterior of the property.

Figure 5-12

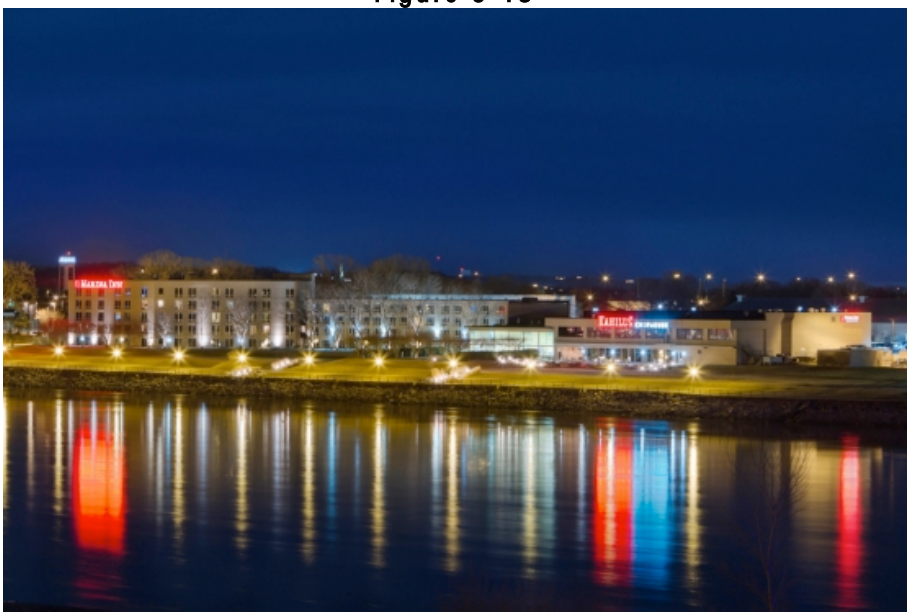
Hampton Inn North Sioux City has an ADR of approximately $97, although it is one of the better occupied hotels in the market.

Marina Inn Conference Center

The full-service Marina Inn Conference Center is located at 385 East 4th Street, south of downtown Sioux City across the Missouri River. Built in 1968, the Marina Inn includes 181 rooms, including 13 suites with views of the Missouri River. The hotel's amenities include a business center, a fitness center, an indoor pool, and complimentary high speed internet. The hotel also features Khalil's Fish, Steak, and Chophouse, a full-service restaurant that serves breakfast, lunch, and dinner. The Marina Inn Conference Center is located 1.5 miles south of the Sioux City Convention Center.

The following figure shows the exterior of the property from the river.

Figure 5-13



The Marina Inn Conference Center has an ADR of approximately $97. The Marina Center features 24,000 square feet of exhibit area and a 12,000-square foot ballroom. The Marina Center plays a large role in the hotel attracting many conferences, trade shows, and weddings.

Accommodated Demand and Competitive Set Performance

HSP used Smith Travel Research data to analyze the competitive hotel set. The following table shows the performance data for the Sioux City competitive set of hotels from 2008 through September of 2014.

Table 5-11

Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels

Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2008	762	278,132	--	145,558	--	52.3%	--	$78.81	--	$41.25	--
2009	917	334,849	20.4%	158,183	8.7%	47.2%	-9.7%	$78.63	-0.2%	$37.15	-9.9%
2010	984	359,160	7.3%	175,709	11.1%	48.9%	3.6%	$77.72	-1.2%	$38.02	2.4%
2011	984	359,160	0.0%	184,101	4.8%	51.3%	4.8%	$80.60	3.7%	$41.31	8.7%
2012	978	356,842	-0.6%	184,492	0.2%	51.7%	0.9%	$86.07	6.8%	$44.50	7.7%
2013	973	355,221	-0.5%	197,562	7.1%	55.6%	7.6%	$92.37	7.3%	$51.37	15.5%
2014 YTD (September)	1,040	283,872	7.1%	177,383	18.8%	62.5%	11.0%	$94.09	2.0%	$58.79	13.3%
Projected 2014	1,077	393,105	10.7%	233,123	18.0%	59.3%	6.6%	$94.13	1.9%	$55.82	8.7%
CAGR* (2008-2013)	5.5%	5.5%	--	7.1%	--	1.3%	--	3.4%	--	4.9%	--

*Compound Annual Growth Rate

Sources: Smith Travel Research, Hunden Strategic Partners

Demand for room nights in the competitive hotel set increased between 2008 and 2013 by 52,004 room nights. The room nights sold increased each year, reaching 11 percent growth in 2010 and nearly 19 percent growth in through September of 2014. ADR decreased slightly to $77.72 between 2008 and 2010. However, ADR has increased to more than $92 in 2013 and is expected to reach $94 in 2014. After experiencing an overall occupancy rate of 52.3 percent in 2008, the occupancy decreased below 50 percent in 2009 and 2010. The rate has increased to 55.6 percent in 2013, and is expected to increase to nearly 60 percent by the end of 2014. As expected, ADR has continued to increase as demand has steadily grown. This is a positive sign as well, especially given the increase in supply as well as the recession.

It should be noted that the competitive set's statistics are reduced significantly by the presence of the Sioux City Hotel, which accounts for approximately one fifth of rooms, but has such low occupancy and rate that it pulls the average for the set down.

Individual hotel performance estimates are shown below.

Table 5-12

Competitive Set Hotels Estimated Occupancy, Rate & Market Segmentation for 2014

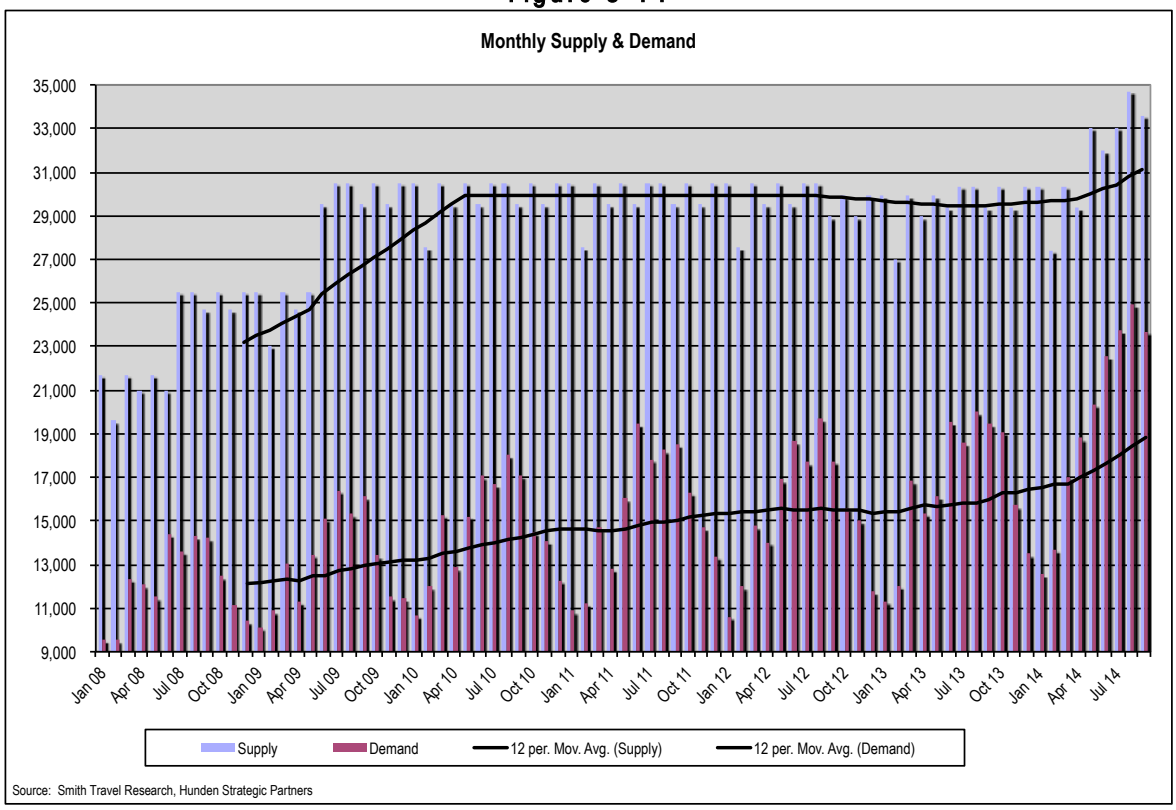
Hotel	Rooms	Occupancy	Avg. Daily Rate	RevPAR	RevPAR Yield	Market Segmentation		
						Corp. Transient	Group	Leisure
Hard Rock Hotel & Casino Sioux City	54	75%	$94	$70.13	136%	9%	6%	85%
Sioux City Hotel & Conference Center	188	25%	$44	$10.88	21%	70%	10%	20%
Holiday Inn Sioux City	114	52%	$82	$42.64	83%	60%	15%	25%
Hilton Garden Inn Sioux City Riverfront	123	68%	$109	$74.12	144%	65%	15%	20%
Stoney Creek Inn & Conf Center	161	60%	$97	$58.20	113%	50%	25%	25%
Holiday Inn Express & Suites Sioux City Southern Hills	85	77%	$114	$87.78	171%	75%	5%	20%
Fairfield Inn Sioux City	62	60%	$104	$62.40	121%	60%	25%	15%
Candlewood Suites Sioux City Southern Hills	87	57%	$85	$48.45	94%	85%	5%	10%
Hampton Inn North Sioux City	65	68%	$92	$62.56	122%	68%	10%	22%
Marina Inn Conference Center	181	55%	$88	$48.40	94%	42%	33%	25%
Total/Weighted Averages	**1,120**	**55.6%**	**$92.38**	**$51.39**	**100%**	**58%**	**17%**	**25%**

Source: Hunden Strategic Partners

The hotels range significantly in performance, with the largest hotel in the market performing the worst, which brings down the averages. It is estimated to have only a 25 percent occupancy rate and an ADR of $44. Most of the other hotels outperform the average for the group. The top performing hotel is estimated to be the Holiday Inn Express at 171 percent RevPAR penetration or yield. Three hotels have ADR's higher than $100, Most others have ADR's above $85.

The following figure shows the supply and demand trends for the selected set.

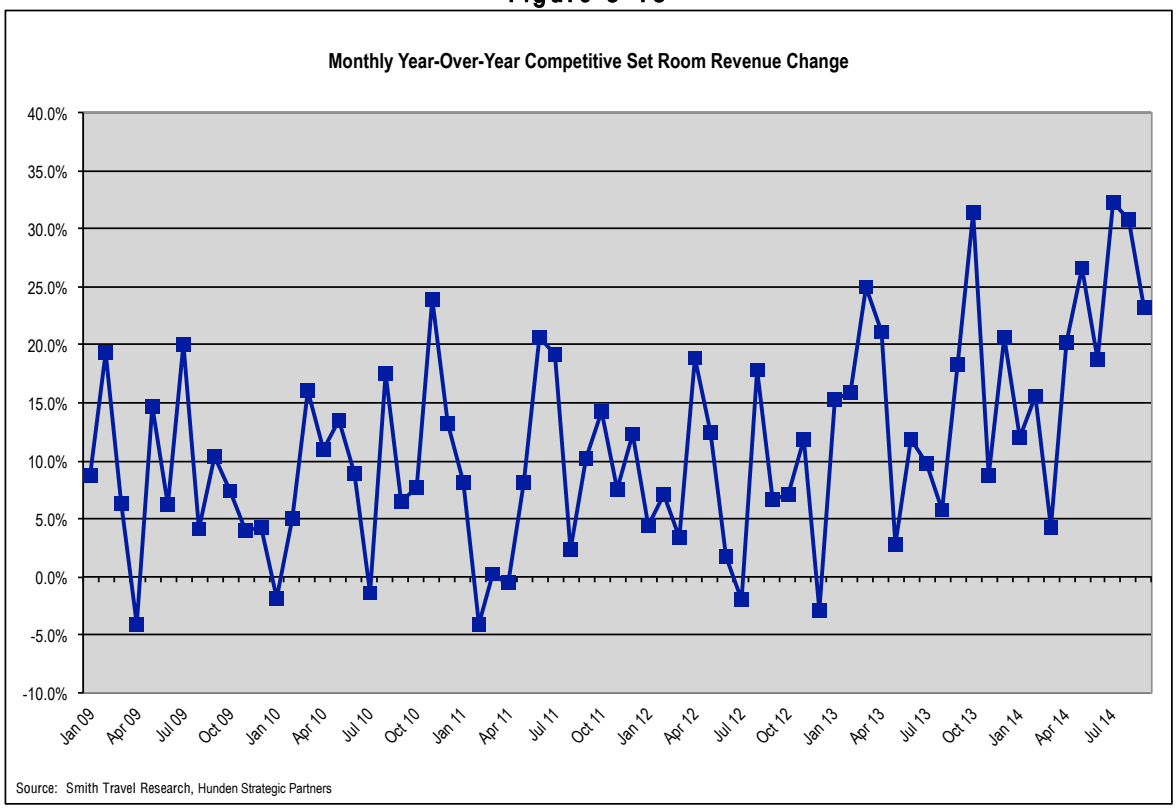
Figure 5-14



From 2008 to 2013 demand compound annual growth rate (CAGR) outpaced supply by 1.6 percent, another positive sign for hotel development.

The following figure shows the room revenue changes by month (year-over-year).

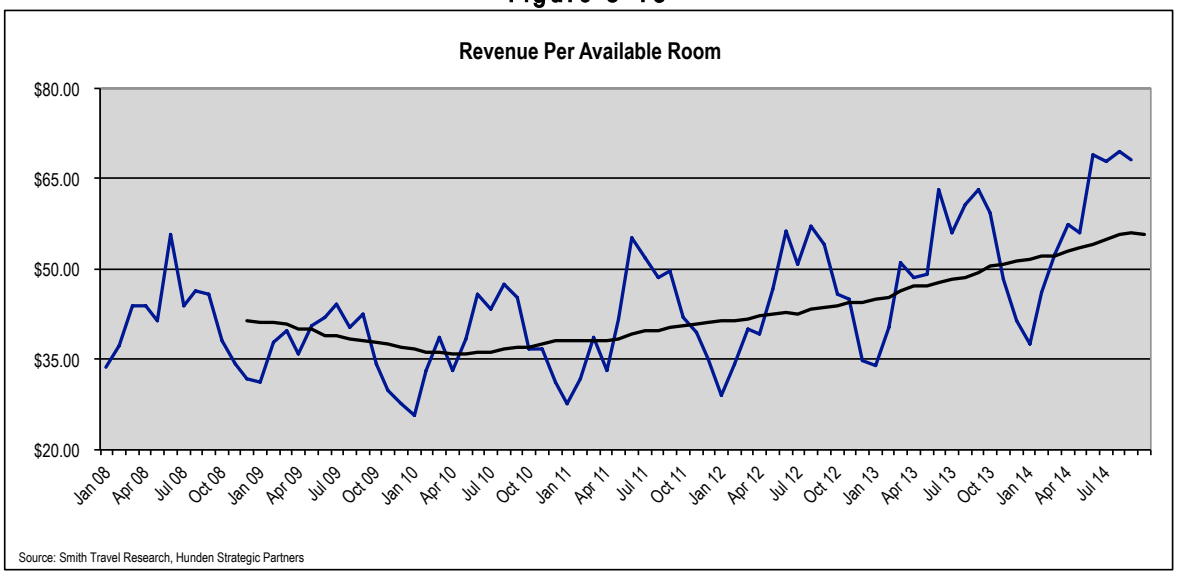
Figure 5-15



Any data point greater than zero is a positive indicator for the competitive set. As shown, the competitive set's room revenue, beginning in January of 2009 through September of 2014 fluctuated predominately between 25 percent and negative 5 percent, but it has mostly been positive, reflecting increasing revenue. Since October of 2013, the revenue change has reached 30 percent on three separate occasions.

The following figure shows the Revenue Per Available Room (RevPAR), which is the product of occupancy and rate.

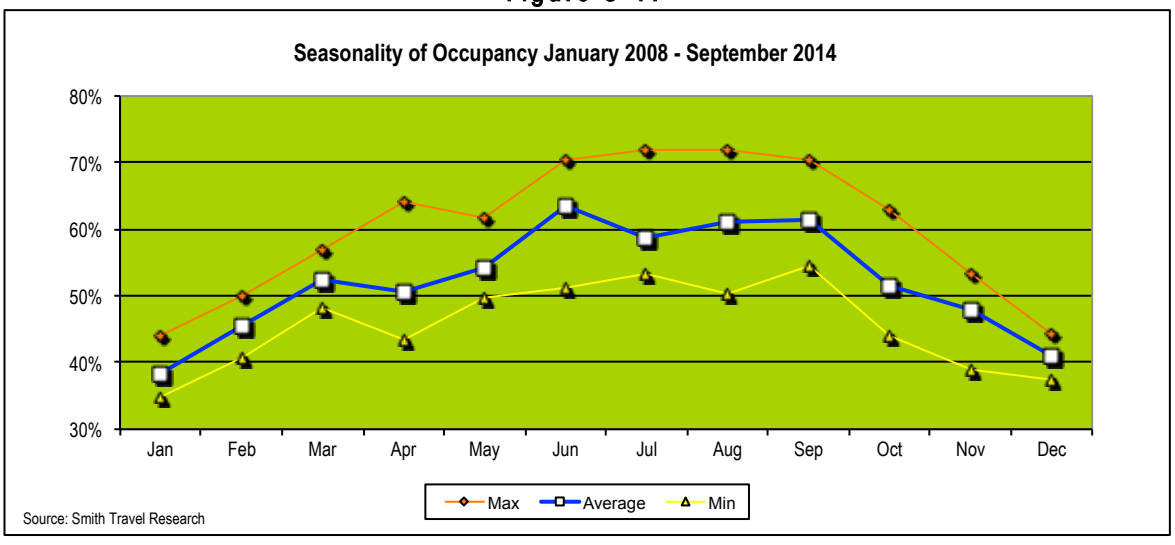
Figure 5-16



The black line above shows the 12-month moving average. The figure above shows RevPAR fluctuating seasonally between January of 2008 and July of 2014. As shown, the 12-month moving average has fluctuated primarily between $35 and $55. The trend has improved in recent months, with RevPar surpassing $65 in June of 2014. RevPAR has increased as new hotels have entered the market, suggesting a flight to quality.

The following figure displays the seasonality of occupancy for September 2013 through the end of September 2014.

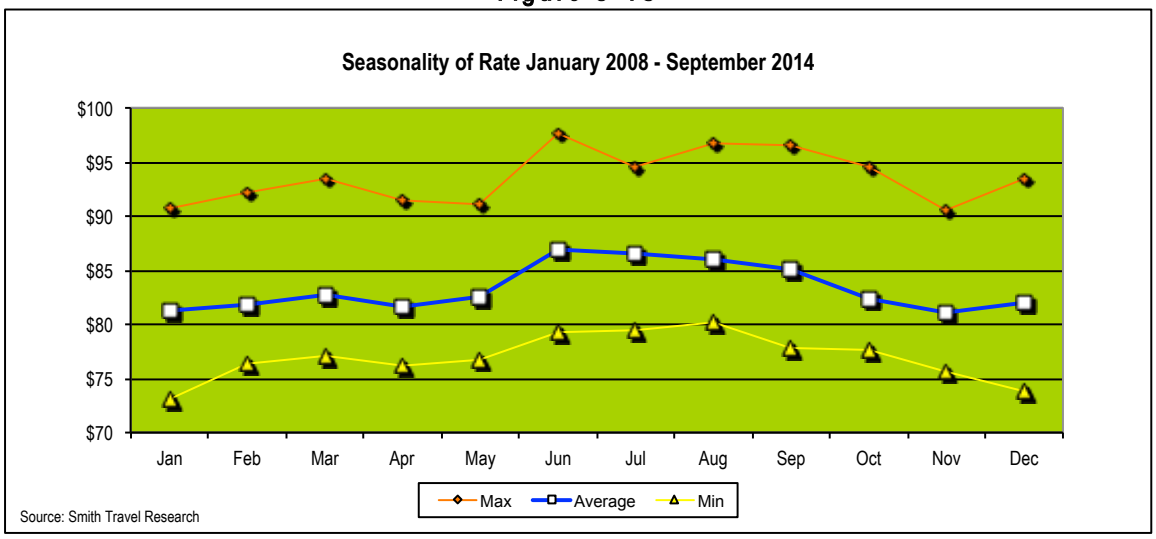
Figure 5-17



In terms of occupancy, June, August and September are the busiest months. June averages approximately 63 percent; August averages approximately 62 percent, while September also averages 62 percent. January and December are the slowest months, which is typical for cities with four seasons.

The following figure shows the seasonality of rate.

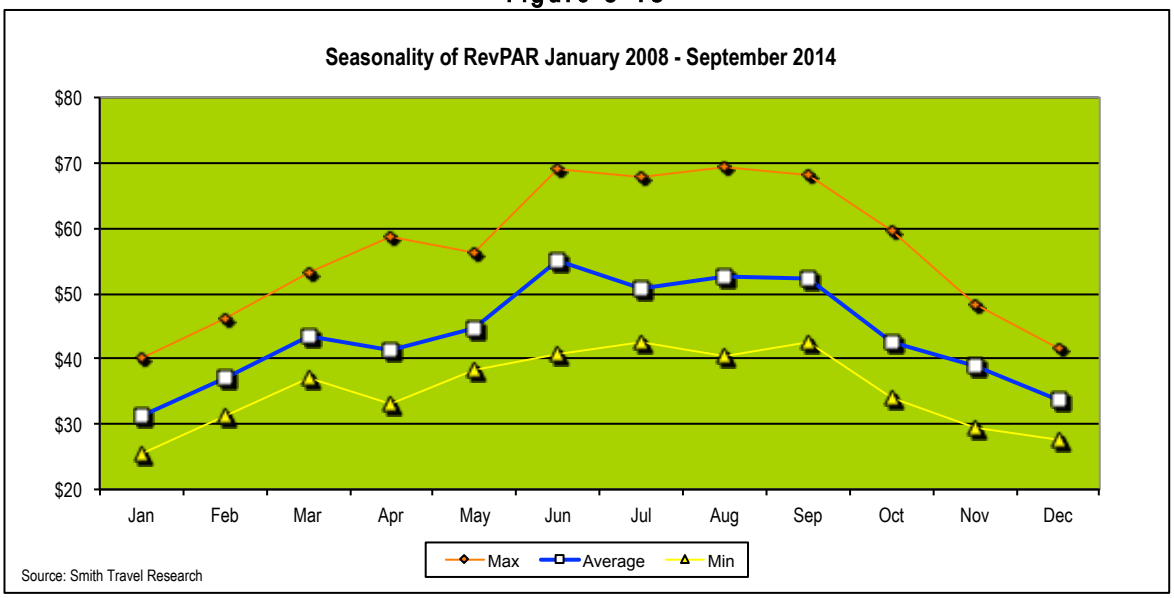
Figure 5-18



The average daily rate peaks in June, July and August, generally the warmest months in Sioux City, at approximately $86, then gradually decreases from through November to approximately $81. Beginning in January, the rate steadily climbs back up until it peaks again in June.

The following figure shows the seasonality of RevPAR, which is the product of rate and occupancy, and suggests overall revenue.

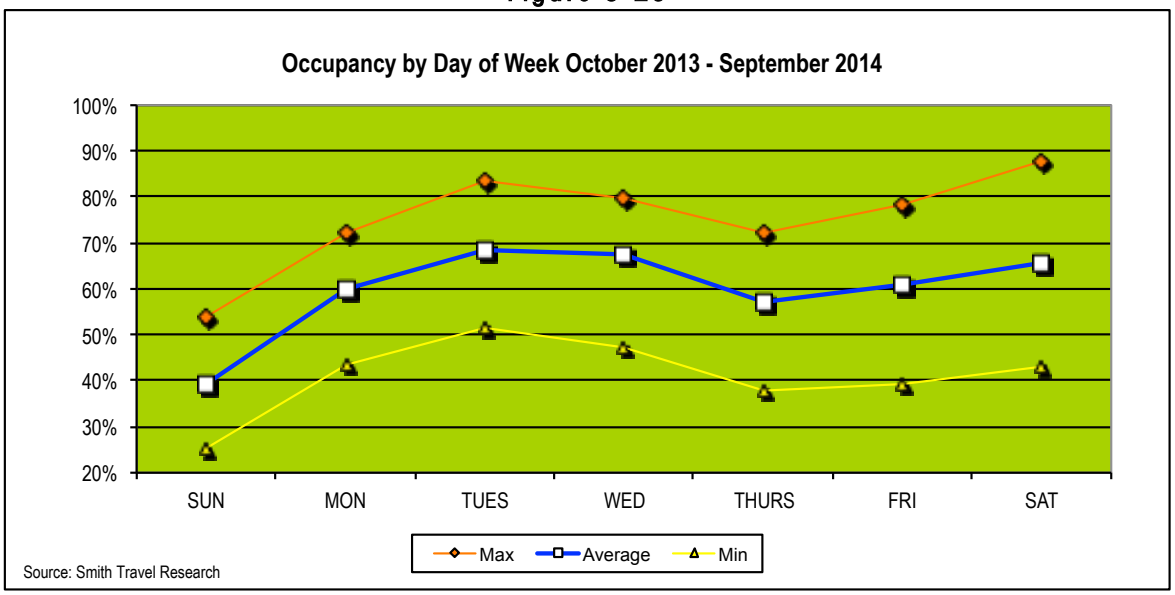
Figure 5-19



As with the other performance indicators, RevPAR data is consistent with the analysis of the prior graphs. RevPAR is highest during the months of June through September when the rate and the occupancy are high and at their peaks.

The following figure shows the occupancy by day of the week during the 12 months ending September 2014.

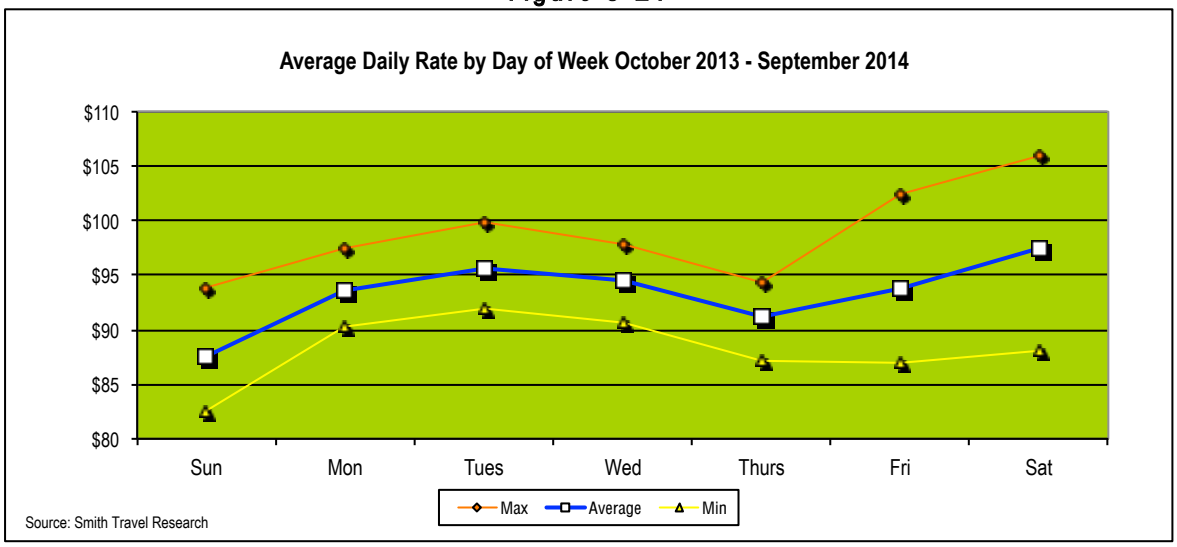
Figure 5-20



Occupancy is highest Tuesday and Wednesday, suggesting strong corporate market demand. Weekend occupancy, however, is strong as well, signifying significant leisure visitation. Occupancy is lowest on Sunday nights, which is typical for all markets. The best night of the week is Tuesday, driven by commercial demand.

The following figure shows the average daily rate by day of week.

Figure 5-21



Rates are lower on Sunday and Thursday, with Sunday averaging the lowest of the week at approximately $87. Monday through Wednesday and weekend rates are higher peaking on Saturday at approximately $97. This suggests that the leisure demand is willing and able to pay higher rates than the corporate traveler, due to strong performance on weekends. This is fairly unusual and positive in many respects. While hotels generally make their money during the week, which is fairly strong in Sioux City, the weekends are even stronger for ADR.

Unaccommodated Demand

Unaccommodated demand is defined as demand that would have been captured by the market but for a lack of available or quality rooms. This demand is therefore deferred to later dates, accepts lesser-preferred accommodations, moves just outside the competitive set, moves its business to another area, or cancels plans altogether. Therefore, as new properties are added to the market, it is expected that this demand will be accommodated by the new supply, suggesting that when new hotels are added, they do not cannibalize existing market demand, but accommodate previously unaccommodated demand.

The following table shows the occupancy by day of the week per month for the twelve months following September 2013. Days of the week with occupancy between 75 and 80 percent are shown in yellow, suggesting mild displacement and unaccommodated demand, while orange shows days with 80 to 90 percent occupancy, suggesting very likely displacement. Days in red are

for times when occupancy was beyond 90 percent for the set, suggesting near-certain displacement.

Table 5-13

Occupancy Percent by Day of Week by Month - October 2013 - September 2014

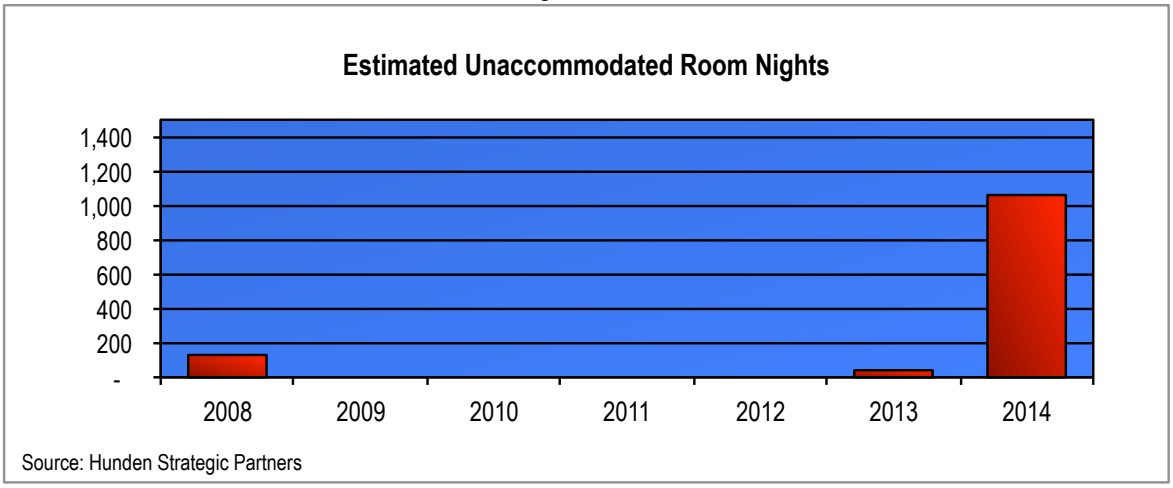
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Oct - 13	40.7%	65.4%	69.0%	70.9%	59.2%	64.2%	68.4%	62.9%
Nov - 13	34.2%	55.4%	62.0%	61.5%	51.3%	56.4%	52.9%	53.5%
Dec - 13	26.8%	43.7%	57.9%	52.1%	44.8%	39.8%	46.9%	44.4%
Jan - 14	25.3%	45.4%	51.7%	47.5%	37.8%	39.2%	42.9%	41.4%
Feb - 14	27.2%	54.6%	60.2%	59.7%	43.2%	47.6%	57.1%	49.9%
Mar - 14	33.2%	58.5%	66.9%	69.1%	56.8%	55.0%	58.2%	56.2%
Apr - 14	40.8%	65.0%	74.2%	71.7%	63.8%	65.1%	62.8%	64.0%
May - 14	42.5%	57.4%	66.8%	69.7%	58.9%	62.8%	71.1%	61.6%
Jun - 14	49.1%	67.9%	77.8%	76.6%	67.3%	78.5%	82.6%	70.5%
Jul - 14	50.0%	71.2%	77.3%	74.7%	66.6%	74.4%	88.0%	71.9%
Aug - 14	53.9%	72.2%	83.4%	79.0%	64.8%	72.9%	78.9%	71.8%
Sep - 14	47.7%	65.2%	73.9%	79.8%	72.5%	75.3%	79.8%	70.5%
Average	**39.9%**	**60.4%**	**69.0%**	**68.0%**	**57.5%**	**61.2%**	**66.4%**	

Sources: Smith Travel Research

As shown, Saturday occupancy during June 2014 through September 2014 was consistently high, with the majority of those days over 79 percent occupancy. During June, Tuesday, Wednesday, Friday, and Saturday occupancy was above 75 percent. Wednesdays in June through September showed some moderate strength with only July decreasing below 75 percent. Tuesdays in June through August were consistently above 75 percent occupancy, reaching 83.4 percent in August of 2014. These high rates of occupancy suggest significant displacement of room nights during the summer and early fall.

The following figure shows the estimate of unaccommodated room nights over the past several years.

Figure 5-5



Source: Hunden Strategic Partners

As previously mentioned, an unaccommodated room night is a night when a traveler seeking accommodations within the market must either cancel their stay or settle for accommodations of lesser quality because the desired facilities have no vacancies. The number of estimated unaccommodated room nights is determined in any month when occupancy is higher than 66 percent. Based on the prior table, there are sellouts at hotels during the week and over select weekends during the summer months. When rooms sell out or nearly do so, rates can be increased and the viability of new hotels is more likely.

Based on HSP estimates, unaccommodated room night demand for the competitive set has increased from almost none to more than 1,000 rooms nights. Knowing how much of a negative impact the Sioux City Hotel has on the market, the unaccommodated demand is likely much higher than shown above.

Sioux City Market Conclusions

The Sioux City hotel market is primarily composed of smaller, midscale hotels that are fairly dated, however there are some better performing upscale hotels with amenities. In general, the better quality the hotel (and newer), the better it performs. There has been a flight to quality, while there has been a flight from the lesser hotels, like the Sioux City Hotel. Unfortunately, there are no quality hotels within easy walking distance of the convention center and this is the primary issue facing the convention center's future. Without a package of quality, walkable rooms (suggested to total more than 400 rooms within walking distance), the city's investment in the convention center is at serious risk. With the new owners of the Sioux City hotel not planning a major renovation or switching the hotel to a strong brand, the competitive set does not offer what meeting planners want for their conferences or conventions.

However, there are enough quality hotels downtown, and the market is strong enough, that there is an opportunity for a successful convention package, if a headquarters hotel is developed adjacent to the convention center. Occupancy, rate and overall performance of hotels has improved to the point where developers are very interested in building new quality hotel product. The city has the

opportunity to seize this market situation and lure a hotel development that will create a viable product for meetings, conventions and events.

TABLE OF CONTENTS

----------	Executive Summary
Chapter 1	Economic and Demographic Analysis
Chapter 2	Conventions & Meetings Market Trends
Chapter 3	Convention Headquarter Hotel Trends
Chapter 4	Competitive Meetings Market Analysis
Chapter 5	Hotel Market Analysis
Chapter 6	**Recommendations**
Chapter 7	Demand and Financial Projections

SWOT Analysis and Recommendations

HSP considered the market realities and provided a discussion of strengths, weaknesses and opportunities, threats and implications for Sioux City's goal for a convention center and hotel package that will help it regain its ability to attract group and convention business.

Strengths

- **Rapidly Improving Hotel Market.** The hotel market in Sioux City is rapidly improving from one hurt by the recession, to one where new hotel developments are needed due to high occupancy rates and unaccommodated demand. Various economic development projects, corporate expansions, leisure travel expansion and other general economic improvements have led to a recent significant increase in occupancy, rate and overall hotel performance. This has led to the development of the Candlewood Suites in May of 2014. It also suggests why local hoteliers purchased the Sioux City Hotel, hoping to capture some of the increasing downtown demand with a remodel of that tired property. The development of the Hard Rock Casino & Hotel also gave downtown and the hotel market a major boost in 2014. All signs in the market suggest that more hotels will be developed. The city has a chance to capture some of that pent up demand with a new convention hotel.
- **Road Access.** Sioux City is easily accessible by car from the north and south on I-29 and is also fairly accessible from east or west on several routes. While not a major market with significant air access, it is generally easy to get to and is in the middle of the U.S.
- **Committed Community Leadership.** The City's leadership has demonstrated a commitment to stimulating redevelopment and reinvestment in the city, in downtown and other areas. The fact that this study was completed suggests how much local leadership is interested in the success of the downtown and convention center.
- **Walkable Downtown.** The downtown is extremely easy to get around by foot or car. Nearly all of the downtown's assets are located within a small area and many buildings are connected by skyway, making winter or inclement weather a non-issue.
- **Downtown Redevelopment & Recent Successes.** The development of the Hard Rock Casino & Hotel is only one of many recent downtown development successes. There has been redevelopment of historic buildings, investments in arts and culture, focus on 4th Street, development of residential opportunities, expansion of Mercy Hospital and others that suggest that downtown Sioux City remains the heart of the region.
- **Existing Convention Center and Past Success Hosting Events.** When the Sioux City Hotel was operating as a Hilton, it made an excellent headquarter hotel for the convention center and the city was able to host numerous state association

conferences and conventions, as well as major corporate functions for Gateway and others.

Weaknesses

- **Lack of Quality Hotel near Convention Center.** With the serious deterioration of the Sioux City Hotel, the prior Hilton of 188 rooms connected to the convention center, there is no quality hotel within easy walking distance of the convention center. This deterioration to an independent, low quality hotel has caused the convention center to be non-competitive for many types of events, especially the most impactful events that generate out of town room nights. While there are other hotels downtown, they are farther from the convention center and are not large enough to create the room blocks that meeting planners require and receive at other locations.
- **Small Market.** The Sioux City market is small enough that many major developers and brands are reticent to consider investing in the market. There is a concern that the depth of the market is too shallow to support a truly full-service hotel, given the costs involved in developing such a project. Without a significant amount of consistent customers willing to pay $150 or more per night for full service accommodations, the viability of a full-service hotel (or even select service hotel with full-service amenities) is limited.
- **Location and Lack of Access.** Sioux City has limited air service and is not centrally located within the state of Iowa. This fact limits the amount of group business that will be willing to come to Sioux City, no matter the package it builds for groups. Therefore, the community should develop a convention package that is appropriately sized for the market.

Opportunities

- **Flight to Quality.** There is a flight to quality that occurs when new, well-located hotels open with the services and amenities customers expect.
- **Lack of an Existing Upscale Hotel.** There is no direct competitor for an upscale, fuller-service branded hotel in the market, suggesting it would own its place in the market and should not displace much existing demand as current local hotels. Based on the limited number of existing quality hotels larger than 100 rooms, a new upscale hotel should continue to improve the reputation of Sioux City and attract more groups, leisure travelers and corporate travelers. Those who have a choice about where to stay may often stay in Omaha or Sioux Falls where there are better hotels. However, when there is a quality, branded hotel in downtown Sioux City, the market will retain those who are coming to town anyway. This is considered recaptured demand.
- **Growing Market Base.** As the market has been rebounding and improving, it has been attracting more investment and demand. There is more demand for the market and with better hotel product, this demand will be further enhanced.

- **Economic, Fiscal and Employment Benefits.** The hotel will entice visitors to visit Sioux City businesses, restaurants and entertainment facilities. These visits result in increased downtown spending, and in turn, an improved local business environment, additional tax collections and an increased number of employment opportunities. The visibility that visitors will have of the downtown from the new hotel will show off the community to a new population that may consider visiting again or even moving to the community.

Recommendations

Based on the current and expected conditions, HSP provides the following recommendations for the Sioux City's convention center and convention hotel challenge.

- **Develop a "Select-Service Branded Hotel with Full-Service Amenities of 150 Rooms.** A branded, select service hotel of 150 rooms within a major brand family of either Marriott, Hilton, Hyatt or Starwood with full service amenities like a small ballroom, meeting rooms, room service and a restaurant. Such hotels have been developed for convention centers in Fort Wayne, Indiana, Owensboro, Kentucky and Erie, Pennsylvania, among others. Recommended brands include:
  - Doubletree by Hilton
  - Courtyard by Marriott
  - Hyatt Place
- **Site**. The best site for a convention hotel is adjacent to or connected to the convention center. There is a site, currently used for surface parking, located to the east of the convention center. The farther the hotel is from the convention center, the less competitive it will be when the city is bidding for events. Any hotel site beyond three blocks should likely not be considered for a convention hotel. Even a site beyond one block away is a stretch in today's competitive environment.
- **Convention Center Ballroom.** The Sioux City Convention Center does not feature a dedicated ballroom, which most conferences and conventions require within the host facility. While such a large ballroom would not be feasible to develop within the hotel to share with the convention center (the hotel requires its own smaller amount of ballroom and meeting rooms), the Sioux City Convention Center should have its own ballroom. Significant catering income can be generated from new business lured to the city with such an addition. This will also allow the exhibit space to be utilized as exhibit space instead of as ballroom space. HSP recommends a ballroom of 9,000 – 12,000 square feet. It should be divisible into at least six sections. This will substantially enhance the flexibility and offerings of convention center. In the next phase of work, the detail on the ballroom will be determined. One lower cost option is to convert half of the exhibit hall to ballroom quality as opposed to building an addition to the building. However, a new ballroom would be ideal, as it would provide maximum space and flexibility.

The table below shows the detail of the recommended facilities, as well as the estimated costs.

Table 6-1

Recommended Sioux City Convention Package

	New Convention Hotel
Rooms	150
Ballroom (Square Feet)	6,000
Meeting Rooms (Square Feet)	2,500
Boardroom (Square Feet)	500
Total Meeting Space	9,000
Square Feet of Function Space/Room	60
Hard Cost	$20,250,000
Soft Cost	$3,645,000
Total	$23,895,000
Land Cost*	$0
Total Preliminary Development Cost	**$23,895,000**
Cost per Key (Rounded)	**$159,000**

	Convention Center Expansion
Ballroom (Square Feet)	9,000 - 12,000
Estimated Development Cost	$2.5 - $4 million

* Assumes site is east of Convention Center and owned by the City
Source: Hunden Strategic Partners

The expected cost of the full-service convention hotel with select service name brand is nearly $24 million, or approximately $159,000 per room. The expected cost of the ballroom expansion at the convention center could range from $2.5 to $4 million, depending on the quality and size and other renovations that would be necessary to match up the existing and new portions.

By enacting these recommendations, HSP believes the hotel will be a long-term success in Sioux City. However, to get through the first several years, the hotel will likely need public support in the form of development financing assistance, as will be discussed in the following chapter.

TABLE OF CONTENTS

----------	Executive Summary
Chapter 1	Economic and Demographic Analysis
Chapter 2	Conventions & Meetings Market Trends
Chapter 3	Convention Headquarter Hotel Trends
Chapter 4	Competitive Meetings Market Analysis
Chapter 5	Hotel Market Analysis
Chapter 6	Recommendations
Chapter 7	**Demand and Financial Projections**

DEMAND AND FINANCIAL PROJECTIONS

For this analysis, HSP projected the performance of the recommended 150-room convention hotel. This model assumes the hotel is located adjacent to the convention center and also assumes that the convention center has added its own ballroom, as recommended in the previous chapter.

A penetration and performance analysis is shown for the recommended project.

Demand Analysis

The following tables show the estimated growth of each market segment from 2014 through 2027 for the non-Blue Chip competitive set assuming the proposed hotel opens in 2016.

Table 7-1

Estimated Competitive Set Demand Growth by Segment - 150-Room Convention Hotel

Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2014	135,356	--	39,472	--	59,283	--	234,111	18.5%	393,105	10.7%	1,077	59.6%
2015	138,063	2.0%	39,867	1.0%	61,062	3.0%	238,991	2.1%	408,800	4.0%	1,120	58.5%
2016	140,134	1.5%	40,066	0.5%	62,283	2.0%	242,483	1.5%	408,800	0.0%	1,120	59.3%
2017	142,236	1.5%	40,066	0.0%	62,906	1.0%	245,208	1.1%	408,800	0.0%	1,120	60.0%
2018	148,636	4.5%	43,672	9.0%	65,737	4.5%	258,045	5.2%	463,550	13.4%	1,270	55.7%
2019	153,095	3.0%	46,292	6.0%	68,366	4.0%	267,754	3.8%	463,550	0.0%	1,270	57.8%
2020	155,392	1.5%	47,912	3.5%	70,759	3.5%	274,063	2.4%	463,550	0.0%	1,270	59.1%
2021	156,946	1.0%	49,110	2.5%	72,174	2.0%	278,230	1.5%	463,550	0.0%	1,270	60.0%
2022	157,731	0.5%	49,847	1.5%	72,896	1.0%	280,473	0.8%	463,550	0.0%	1,270	60.5%
2023	157,731	0.0%	49,847	0.0%	72,896	0.0%	280,473	0.0%	463,550	0.0%	1,270	60.5%
2024	157,731	0.0%	49,847	0.0%	72,896	0.0%	280,473	0.0%	463,550	0.0%	1,270	60.5%
2025	157,731	0.0%	49,847	0.0%	72,896	0.0%	280,473	0.0%	463,550	0.0%	1,270	60.5%
2026	157,731	0.0%	49,847	0.0%	72,896	0.0%	280,473	0.0%	463,550	0.0%	1,270	60.5%
2027	157,731	0.0%	49,847	0.0%	72,896	0.0%	280,473	0.0%	463,550	0.0%	1,270	60.5%

Source: Hunden Strategic Partners

The proposed Project will be the newest hotel development since the Hard Rock in 2014. Demand is expected to continue to increase, especially once the new hotel opens, which will add another high-quality option for travelers, and the only nationally-branded property of its size and quality. While such hotels do not have the ability to induce signfiicant demand, they can capture demand from other areas, recapture demand that was leaving for branded properties in other locations, and support an increase in market growth. Overall market performance is expected to improve due to the hotel, as it will induce more demand than it will take, especially in the group market. The group market is expected to increase from 40,000 room nights to 50,000 room nights, in HSP's conservative estimate. Leisure and corporate demand is also expected to increase.

The following table shows the estimated market penetration of the proposed hotel, based on how the hotel will penetrate various markets.

Table 7-2

Estimated Market Penetration for Proposed 150-Room Hotel

Year	Corporate Transient	Group	Leisure	Total Penetration	Projected Set Occupancy	Subject Occupancy
2018	93%	175%	55%	97%	56%	54%
2019	97%	185%	60%	103%	58%	59%
2020	100%	200%	65%	108%	59%	64%
2021	100%	200%	65%	109%	60%	65%
2022	100%	200%	65%	109%	61%	66%
2023	100%	200%	65%	109%	61%	66%
2024	100%	200%	65%	109%	61%	66%
2025	100%	200%	65%	109%	61%	66%
2026	100%	200%	65%	109%	61%	66%
2027	100%	200%	65%	109%	61%	66%

Source: Hunden Strategic Partners

The 150-room hotel is expected to have a total penetration rate of 109 percent at stabilization, due to the fact that it will be the newest hotel, the largest full-service branded hotel and well-located. Resulting occupancy is expected to be 66 percent, although HSP expects it could be several points higher.

The hotel is expected to primarily cater to the built in markets that are already in Sioux City for business, events and pleasure, yet should induce new demand as people gravitate towards a new, higher quality product. As a powerful branded hotel and newest hotel with the highest quality, it is expected to penetrate the corporate transient market well, at 100 percent. It is also expected to do extremely well with the group market since it will be located near the convention center and have function space. It will not likely penetrate the leisure market as well, as it will not be located near as many leisure destinations, like the Hard Rock Casino. However, it will reach this market as well.

The following tables show the estimated demand, by segment, for the proposed hotel based on the penetration rates established above.

Table 7-3

Projected Demand for Proposed 150-Room Hotel

Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	Total Rooms	Occupancy
2018	16,388	--	8,993	--	4,245	--	29,625	--	54,750	150	54.1%
2019	17,540	7.0%	10,115	12.5%	4,845	14.1%	32,500	9.7%	54,750	150	59.4%
2020	18,353	4.6%	11,318	11.9%	5,432	12.1%	35,104	8.0%	54,750	150	64.1%
2021	18,537	1.0%	11,601	2.5%	5,541	2.0%	35,679	1.6%	54,750	150	65.2%
2022	18,630	0.5%	11,775	1.5%	5,596	1.0%	36,001	0.9%	54,750	150	65.8%
2023	18,630	0.0%	11,775	0.0%	5,596	0.0%	36,001	0.0%	54,750	150	65.8%
2024	18,630	0.0%	11,775	0.0%	5,596	0.0%	36,001	0.0%	54,750	150	65.8%
2025	18,630	0.0%	11,775	0.0%	5,596	0.0%	36,001	0.0%	54,750	150	65.8%
2026	18,630	0.0%	11,775	0.0%	5,596	0.0%	36,001	0.0%	54,750	150	65.8%
2027	18,630	0.0%	11,775	0.0%	5,596	0.0%	36,001	0.0%	54,750	150	65.8%

Source: Hunden Strategic Partners

As shown, the majority of business is expected to come from corporate travelers, followed by the group segment.

The tables below show the estimated market segmentation for the proposed hotel versus the competitive set.

Table 7-4

Projected 150-Room Hotel
Stabilized Demand Mix vs. Comp Set

Segment	Hotel at Stabilization	Comp Set
Corporate	52%	56%
Group	33%	18%
Leisure	16%	26%
Total	100%	100%

Source: Hunden Strategic Partners

The hotel is expected to have higher group mix than the competitive set (33 percent versus 18 percent), with nearly 52 percent from corporate visitors. Only 16 percent of business is expected to be from the leisure market, compared with 26 percent estimated in the competitive set as a whole.

The next tables show the average daily room rate projections for the proposed hotel.

Table 7-5

Average Daily Room Rate Projections

Year	Comp. Set ADR	Annual Increase	Hotel Rate Penetration	Projected Hotel Rate	Annual Increase
2008	$79	--	--	--	--
2009	$79	-0.2%	--	--	--
2010	$78	-1.2%	--	--	--
2011	$81	3.7%	--	--	--
2012	$86	6.8%	--	--	--
2013	$92	7.3%	--	--	--
2014	$94	1.9%	--	--	--
2015	$96	2.5%	--	--	--
2016	$99	3.0%	--	--	--
2017	$102	3.0%	--	--	--
2018	**$103**	**1.0%**	**115%**	**$119**	--
2019	$105	1.5%	114%	$120	0.8%
2020	$107	2.0%	113%	$121	1.1%
2021	$110	3.0%	113%	$125	2.8%
2022	$114	3.0%	113%	$129	2.9%
2023	$117	3.0%	113%	$132	3.0%
2024	$120	3.0%	113%	$136	3.0%
2025	$124	3.0%	113%	$140	3.0%
2026	$128	3.0%	113%	$145	3.0%
2027	$132	3.0%	113%	$149	3.0%

Source: Hunden Strategic Partners

As shown, rates in the competitive set increased from $78 to $94 from 2010 to 2014. HSP expects those rates to increase slowly over the coming years and reach $103 by 2018, with three percent average growth after 2022. ADR growth nationally has generally increased at a slightly higher rate as inflation, although with much variability as shown from the recent past. The new hotel's penetration rate is expected to stabilize at 113 percent, leading to an ADR beginning at $119.

The next table shows a summary of expected performance of the hotel.

Table 7-6

Performance Projections - 150 Rooms

Year	Average Daily Rate	Occupancy	Revenue per Available Room	Annual Increase
2018	$119	54%	$64	--
2019	$120	59%	$71	10.5%
2020	$121	64%	$78	9.2%
2021	$125	65%	$81	4.5%
2022	$129	66%	$85	3.8%
2023	$132	66%	$87	3.0%
2024	$136	66%	$90	3.0%
2025	$140	66%	$92	3.0%
2026	$145	66%	$95	3.0%
2027	$149	66%	$98	3.0%

Source: Hunden Strategic Partners

Average daily rate is expected to increase from $119 to $149 over the period, while occupancy is expected to begin at 54 percent and increase to 66 percent (or better), leading to RevPAR of $64 in the first year, increasing to $95 by 2027. As mentioned, HSP believes the occupancy level could be as high as 70 percent if managed and marketed well. Other branded hotels in the market are performing at 70 percent or greater.

Financial Performance

Understanding how the hotel will perform internally is as important to the feasibility as the external occupancy and rate projections. The next table shows the performance of the proposed hotel based on a number of assumptions about the property.

The figures are shown as earned (cash basis) and in nominal amounts, not discounted. PAR stands for “per available room” and are shown on an annual basis and POR stands for “per occupied room” and are shown on a per night basis.

Table 7-7

Projection of Income & Expense: 150-Room Hotel - (in $000, inflated)

	Year 1				Year 2	Year 3	Year 4	Year 5		Year 10
Room Count	150				150	150	150	150		150
Available Room Nights	54,750				54,750	54,750	54,750	54,750		54,750
Occupancy Rates	54%				59%	64%	65%	66%		66%
Occupied Room Nights	29,625				32,500	35,104	35,679	36,001		36,001
Average Daily Rate	$119				$120	$121	$125	$129		$149
RevPAR	$64				$71	$78	$81	$85		$98
Percent of Change from Prior Year	--				10.5%	9.2%	4.5%	3.8%		3.0%
	$	%	PAR	POR	$	$	$	$	%	
REVENUE										
Rooms	$3,531	*68.2%*	*$23,537*	*$119*	$3,903	$4,263	$4,456	$4,627	*68.0%*	$5,363
Hotel Food and Beverage	1,390	*26.8%*	*$9,264*	*$47*	1,541	1,688	1,769	1,837	*27.0%*	2,130
Telephone	5	*0.1%*	*$34*	*$0*	6	6	7	7	*0.1%*	8
Other Operated Departments	154	*3.0%*	*$1,029*	*$5*	171	188	197	204	*3.0%*	237
Parking & Transportation	0	0.0%	$0	$0	0	0	0	0	*0.0%*	0
Rentals and Other Income	98	*1.9%*	*$652*	*$3*	108	119	124	129	*1.9%*	218
Total Revenue	$5,178	*100.0%*	*$34,517*	*$175*	$5,729	$6,263	$6,552	$6,804	*100.0%*	$7,955
DEPARTMENTAL EXPENSES										
Rooms	$1,020	*28.9%*	*$6,802*	*$34*	$1,050	$1,108	$1,158	$1,203	*26.0%*	$1,394
Hotel Food and Beverage	1,001	*72.0%*	*$6,670*	*$34*	1,094	1,198	1,238	1,286	*70.0%*	1,491
Telephone	57	*1100.0%*	*$377*	*$2*	63	69	72	75	*1100.0%*	87
Other Operated Departments	9	*6.0%*	*$62*	*$0*	9	9	10	10	*5.0%*	12
Parking & Transportation	0	*2.0%*	*$0*	*$0*	0	0	0	0	*0.0%*	0
Rent and Other Income	2	*2.0%*	*$13*	*$0*	1	1	1	6	*5.0%*	11
Total Departmental Expenses	$2,089	*40.3%*	*$13,925*	*$71*	$2,216	$2,386	$2,480	$2,580	*37.9%*	$2,995
Gross Operating Income	$3,089	*60.3%*	*$20,592*	*$104*	$3,513	$3,877	$4,072	$4,223	*62.1%*	$4,961
UNDISTRIBUTED OPERATING EXPENSES										
Administrative and General	$497	*9.6%*	*$3,314*	*$17*	$521	$539	$557	$578	*8.5%*	$676
Marketing	$352	*6.8%*	*$2,347*	*$12*	$361	$376	$387	$401	*5.9%*	$469
Utility Costs	$269	*5.2%*	*$1,795*	*$9*	$269	$276	$288	$299	*4.4%*	$350
Property Operations and Maintenance	$269	*5.2%*	*$1,795*	*$9*	$269	$276	$288	$299	*4.4%*	$350
Total Undistributed Expenses	$1,388	*26.8%*	*$9,251*	*$47*	$1,421	$1,466	$1,520	$1,578	*23.2%*	$1,846
Gross Operating Profit	$1,701	*32.9%*	*$11,342*	*$57*	$2,092	$2,412	$2,552	$2,645	*38.9%*	$3,115
Franchise Fees	$207	*4.0%*	*$1,381*	*$7*	$229	$251	$262	$272	*4.0%*	$318
FIXED EXPENSES										
Property Taxes	$150	*2.9%*	*$1,000*	*$5*	175	223	255	252	*3.7%*	301
Insurance	78	*1.5%*	*$518*	*$3*	80	81	85	88	*1.3%*	103
Management Fee	166	*3.2%*	*$1,105*	*$6*	183	200	210	218	*3.2%*	255
Reserve for Replacement	$52	*1.0%*	*$345*	*$2*	$86	$125	$229	$238	*3.5%*	$278
Total Fixed Expenses	$445	*8.6%*	*$2,967*	*$15*	$524	$630	$779	$796	*11.7%*	$937
Cash Flow from Operations	$1,049	*20.3%*	*$6,994*	*$35*	$1,338	$1,531	$1,511	$1,577	*23.2%*	$1,859
Gross 5% Sales Tax Generated	$177				$195	$213	$223	$231		$268
Sales Tax Avaialble for Incentive (4%)	$141				$156	$171	$178	$185		$215

Source: Hunden Strategic Partners

The property is projected to generate a total of $5.2 million in gross revenue in the first year, increasing to $6.8 million in the fifth year. Approximately $1 million would be available to satisfy debt and equity requirements in the first year (20.3 percent of gross revenue), increasing to nearly $1.6 million in the fifth year (23.2 percent of gross revenue).

In terms of the 5 percent sales tax generated, it is expected to total $2.3 million over the first ten years. There is the possibility of using 4.0 percent of the 5.0 percent for an incentive and that totals $1.8 million over the first ten years.

Explanation of Income and Expense Items

The estimates of income and expense statements are based on the results of operations of comparable select-service hotels. The income for each of these years is estimated based on the expected impact that the change in occupancy and average daily room rates is expected to have on income and expenses. Expense estimates are assumed to have both fixed and variable components, and vary based on projected occupancy levels.

Departmental Revenues and Expenses

Distributed Departmental Revenues and Expenses

Rooms Department: Room revenue is estimated by multiplying the occupancy rate by the average daily rate (ADR) projected in this analysis.

Rooms department expenses include payroll and related costs associated with the front desk and housekeeping, operating supplies, laundry linens, cable television, and other items necessary to maintain guest rooms.

Food and Beverage: Food and Beverage is comprised of ala carte food options available, and revenues from a restaurant. In the select-service hotel, this line item is expected to be minimal, with a free continental breakfast provided and only pantry items available for sale.

Food and beverage expenses are among the highest in a hotel's departments (outside of telecommunications). Hotels with significant food and beverage business tend to have lower net profit ratios, however catering expenses are often lower than expenses in restaurants.

Telephone Department: Estimated telephone revenue is based on the experience of the similar hotel properties. The increasing use of cellular phones and expectation of free high-speed internet access has cut the gross and net revenue figures in this department across the industry in the last few years where now for every dollar spent, the hotel spends nearly eight dollars. Some hotel chains charge a flat $10 per night fee for high-speed internet access, while others provide it gratis in select-service brands.

Other Operated Departments: This income category is typically comprised of smaller departments that generate income from activities such as valet laundry, business services, and similar others. It is figured based on a percentage of total revenue and the experiences of other select-service properties.

Rentals and Other Income: This income category is typically comprised of interest, commissions on vending machine sales, movies, and other miscellaneous income. This income category is typically highly dependent on occupancy and has a very low expense ratio.

Undistributed Operating Expenses

Operating expenses that are not chargeable to a particular operating department are presented as undistributed operating expenses in accordance with the Uniform System of Accounts for hotels. These expenses are discussed in the following paragraphs.

Administrative and General: This category covers expenses such as salaries and wages for management staff, bookkeeping, data processing charges, corporate office charges, office supplies, legal, accounting, allowance for bad debts, travel expenses, and similar items. General insurance (liability, business risk, etc.) is included in the Administrative and General (A&G) category. It is assumed that this expense begins as a higher percentage of gross revenue, then stabilizes by the fourth year.

Marketing Expenses: Marketing expenses include local advertising, marketing costs, the cost of printing brochures, and other related items. It is possible these figures could increase, depending upon the brand of hotel. It is assumed that this expense begins as a higher percentage of gross revenue, then stabilizes by the fourth year.

Utilities: This includes all utility expenses in the property, including electricity, gas and water. It is assumed that this expense begins as a higher percentage of gross revenue, then stabilizes by the fourth year.

Property Operations and Maintenance: Property operations and maintenance expenses include salaries and wages, employee benefits, other payroll costs, normal maintenance of the building and electrical and mechanical equipment. It is assumed that this expense begins as a higher percentage of gross revenue, then stabilizes by the fourth year.

Fixed Charges

Franchise Fees: Based on an average of considered brand agreements, the fees consist of fees and royalties of four percent of gross rooms revenue.

Property Taxes: are estimated based on the taxes paid per room in similar hotels in the area, although this is up to the discretion of the assessor, so amounts could vary.

Insurance: This insurance category covers only the cost of building and contents insurance and no liability insurance. The liability insurance is found in the A&G expense.

Management Fees: This fee is generally more complex and is figured based on a base fee as well as an incentive fee for bottom line performance. In this model, the fee is assumed to be 3.2 percent of total revenue.

Reserve for Replacement: As is standard for income-producing properties, a reserve for replacement for furniture, fixtures, and equipment, as well as other capital items has been included in this analysis. Recent studies have indicated that, over the long-term, a minimum of four percent

is required to properly maintain hotel facilities and actual costs could be higher. HSP projects a reserve level that increases as the property ages, beginning at one percent and stabilizing at three percent.

Financing Trends

The cap rates, discount rates and expected equity yields for hotels is are shown in the table below.

Table 7-8

Trend of Comparative Rates of Return for Hotel Transactions

	Cap Rate Based on Historical NOI	Cap Rate Based on 1st Yr. Projected NOI	Unlevered Discount Rate	Equity Yield
2013	6.1%	7.1%	10.6%	17.2%
2012	5.8%	7.2%	10.8%	16.5%
2011	6.1%	7.1%	11.7%	16.8%
2010	4.6%	5.4%	11.8%	15.9%
2009	8.0%	6.4%	13.7%	16.9%
2008	6.7%	5.8%	11.6%	19.3%
2007	6.0%	6.8%	11.6%	21.3%
2006	5.5%	5.7%	10.8%	18.9%
2005	5.2%	6.9%	11.4%	19.7%
2004	5.8%	7.4%	12.2%	19.7%
2003	7.9%	8.2%	14.0%	21.4%
2002	8.9%	9.8%	13.6%	21.0%
2001	8.2%	9.8%	14.6%	22.2%

Source: HVS

As shown, cap rates have been steady for the past three years, while the discount rate has decreased substantially since 2009. The equity yield expected has started to increase again after declining from 21 percent in 2007 to 15.9 percent in 2010. These figures are critical to understanding the level of risk and reward investors and banks are willing to take with hotels.

In table below shows these rates broken down by hotel type.

Table 7-9

Comparative Rates of Return for Hotel Transactions

	Cap Rate Based on Historical NOI	Cap Rate Based on 1st Yr. Projected NOI	Unlevered Discount Rate	Equity Yield
Full Service	6.2%	7.3%	10.6%	17.4%
Select Service & Extended Stay	7.4%	8.5%	11.1%	18.2%
Limited Service	9.2%	10.3%	12.7%	20.1%

Source: HVS

In general, full service hotels have lower cap rates and equity yields, while limited service and similar properties have higher yield expectations.

In the table below, hotel mortgage rates and 10-year treasury rates are shown, including the spread between the two. Ten-year treasuries are the basis upon which all commercial real estate transactions are made, as a ten-year "hold" is expected when calculating value. Also, the ten-year treasury is considered to be the safest security over that period, so anything else would be riskier and therefore should provide a greater return.

Table 7-10

Hotel Mortgage Rates, Cap Rates vs. 10-Year Treasury Yield

	Cap Rate - Historical NOI	Hotel Mortgage Rate	10-Year Treasury	Cap Rate Spread (Basis Points)	Mortgage Rate Spread (Basis Points)
2013	6.1%	4.7%	2.1%	400	260
2012	5.8%	5.0%	1.9%	390	310
2011	6.1%	5.8%	2.9%	320	290
2010	4.6%	6.2%	3.1%	150	310
2009	8.0%	8.0%	3.1%	490	490
2008	6.7%	6.5%	3.8%	290	270
2007	6.0%	6.0%	4.8%	120	120
2006	5.5%	6.4%	4.9%	60	150
2005	5.2%	5.7%	4.2%	100	150
2004	5.8%	6.0%	4.2%	160	180
2003	7.9%	5.7%	4.0%	390	170

Source: HVS

As shown, the spread between 10-year treasuries and hotel mortgage rates has declined from 490 (or 4.9 percent) in 2009 to 260 (or 2.6 percent) in 2013. This suggests that the lending market is less concerned about the risk from hotels than they were during the recession. However, the cap rate spread has increased, suggesting there is money to be made, since one can borrow money at a cheaper rate than the yield expected by the hotel asset. In this way, borrowing as much money as possible and investing it in a higher-yielding asset (like a hotel), should generate profit in the current financing market.

Supportable Equity and Debt

The cash flows of a hotel are used to repay bank loans and investor equity. Banks have a variety of rules or guidelines for providing loans for hotels and these vary from year to year, from cycle to cycle. Currently, these guidelines are slowly becoming less stringent than they were over the past few years. Many banks had bad hotel loans on their books and so were not anxious to repeat history with new, risky loans. As such, the loan-to-value amounts were reduced, coverage ratios increased and required equity increased. The hotels must be branded in order to receive a loan.

The model used by HSP assumes the following:

- 1.4x minimum debt service coverage in every year beginning in Year 2.
- No more than 70 percent loan to cost.
- Loan interest rate of 5.5 percent.
- Loans are full recourse.
- Refinance after stabilization.
- Construction mini-perm upfront, which funds construction for up to two years and the first three years of operations (construction should take no more than 12 months for either hotel).
- Equity required return of 18 percent averaged over ten years.

The supportable equity and debt is shown for below.

Table 7-11

Financing - 150-Room Hotel

	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	$0	$0	$1,049	$1,338	$1,531	$1,511	$1,577	$1,661	$1,704	$1,755	$1,806	$1,859
Interest and Debt Reserve W/D	$158	$474	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$158	$474	$1,049	$1,338	$1,531	$1,511	$1,577	$1,661	$1,704	$1,755	$1,806	$1,859
Debt Service Payment	($158)	($474)	($962)	($962)	($962)	($839)	($839)	($839)	($839)	($839)	($839)	($839)
Net Income to Repay Equity	$0	$0	$87	$376	$569	$671	$737	$822	$864	$915	$967	$1,020
Princ. Amount***	$2,875	$8,625	$11,500	$11,170	$10,822	$10,460	$10,144	$9,812	$9,463	$9,097	$8,712	$8,308
Interest	$158	$474	$633	$614	$595	$523	$507	$491	$473	$455	$436	$415
Less Payment	($158)	($474)	($962)	($962)	($962)	($839)	($839)	($839)	($839)	($839)	($839)	($839)
Loan Balance	$2,875	$8,625	$11,170	$10,822	$10,455	$10,144	$9,812	$9,463	$9,097	$8,712	$8,308	$7,884
Assumptions						**Refi**						
Loan Amount ($000's)	$11,500					$10,460						
Amortization Period (Years)	20					20						
Loan Interest Rate	5.5%					5.0%						
Annual Debt Service Payment ($000's)	($962)					($839)						
Equity:												
Developer's Equity ($000's)	$3,900	16%										
Private Debt	11,500	48%										
Total Private Financing	$15,400	64%	$102,667	per room								
Gap	$8,495	36%										
Project Amount ($000's)	$23,895	100%	$159,300	per room								
Debt (Private) Coverage Ratio			1.09	1.39	1.59	1.80	1.88	1.98	2.03	2.09	2.15	2.22
Return on Private Equity*			2.2%	9.6%	14.6%	17.2%	18.9%	21.1%	22.2%	23.5%	24.8%	26.2%
Return on Assets**			4.4%	5.6%	6.4%	6.3%	6.6%	7.0%	7.1%	7.3%	7.6%	7.8%

**On developer's equity only.*

***On project cost.*

****Assumes 50% draw in Construction Year 1; 75% average during Construction Year 2*

Source: Hunden Strategic Partners

In this model, the total estimated project cost is $159,300 per room or approximately $23.9 million. Supportable debt is $11.5 million, or 48 percent of project cost. Supportable equity is $3.9 million, unless the developer is willing to take less than an 18 percent return. The resulting gap is $8.5 million, suggesting that even this hotel is not currently feasible without some assistance to bridge the gap.

Combined with the recommended ballroom, the community should expect to create a package of funding or rebates that total approximately $8.5 million for the hotel and up to $3.5 million for the ballroom expansion at the convention center, or $12 million in total development assistance.

The project is an economic development project for the city and will induce group and event activity to the community (as well as their spending) that does not exist today.

IMPACT ANALYSIS

While the gross operations of the Project will generate a significant amount of sales tax and will support a number of new jobs onsite, the critical analysis is the amount of net new spending generated by the Project and what that supports in net earnings, jobs and what it generates in net new taxes.

The basis for the impacts will be the net new room nights due to the Project.

The first table shows the new room nights due to the Project and are considered "induced" or new room nights. It also shows the total new room nights by market segment (corporate, group, leisure) in the competitive set compared to the baseline without the Project.

Table 1

Projection of Net New Room Nights due to Hotel & Ballroom

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20
New Corp Transient Room Nights due to Project	4,978	8,001	8,846	8,935	8,979	8,979	8,979	8,979	8,979	8,979	8,979
New Group Room Nights due to Project	3,406	5,825	7,242	8,237	8,769	8,769	8,769	8,769	8,769	8,769	8,769
New Leisure Room Nights due to Project	2,516	4,830	6,905	8,001	8,402	8,402	1,242	8,402	8,402	8,402	8,402
Total New Room Nights due to Project	10,900	18,655	22,993	25,172	26,150	26,150	18,991	26,150	26,150	26,150	26,150

Source: HSP

As shown, there are expected to be 26,150 new room nights in the market annually upon stabilization due to the improved convention center and new hotel.

The next table shows the room rates for each market segment and the resulting new revenue from the new room nights.

Table 2

Projection of Room Revenue from Induced Room Nights

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20
Corp Transient Rate	$141	$145	$150	$154	$159	$163	$168	$173	$179	$184	$247
Corp Transient Net New Revenue (000s)	$702	$1,162	$1,323	$1,376	$1,425	$1,467	$1,511	$1,557	$1,603	$1,651	$2,219
Group Rate	$100	$103	$106	$110	$113	$116	$120	$123	$127	$131	$176
Group Net New Revenue (000s)	$342	$602	$771	$903	$990	$1,020	$1,050	$1,082	$1,114	$1,148	$1,542
Leisure Rate	$75	$78	$80	$82	$85	$87	$90	$93	$96	$98	$132
Leisure Net New Revenue (000s)	$190	$375	$552	$659	$713	$735	$112	$779	$803	$827	$1,111
Total Room Revenue from Induced Rooms	$1,233	$2,139	$2,646	$2,938	$3,128	$3,222	$2,673	$3,418	$3,520	$3,626	$4,873

Source: HSP

The average daily rates range from $75 to $141 in the first year and when multiplied by the new room nights for each segment total approximately $1.2 million in the first year, increasing to $4.9 million in the 20th year.

There will also be daytrippers who come to events at the hotel such as banquets and receptions.

The daily spending by visitors and the overnight spending by overnight visitors all contribute to the economic impact of the Project. Other spending includes entertainment, such as concerts and tours, as well as other non-specified spending.

These are shown in the next table.

Table 3

Estimated Spending Per Visitor per Day

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20
Spending per New Visitor - Overnight											
Onsite Food & Beverage (New)	$18.42	$18.97	$19.54	$20.13	$20.73	$21.36	$22.00	$22.66	$23.34	$24.04	$32.30
Onsite Food & Beverage (Existing)	$4.61	$4.74	$4.89	$5.03	$5.18	$5.34	$5.50	$5.66	$5.83	$6.01	$8.08
Offsite Food & Beverage	$15.66	$16.13	$16.61	$17.11	$17.62	$18.15	$18.70	$19.26	$19.83	$20.43	$27.46
Total Food & Beverage	$34.08	$35.10	$36.15	$37.24	$38.36	$39.51	$40.69	$41.91	$43.17	$44.47	$59.76
Lodging Spending	$82.00	$84.46	$86.99	$89.60	$92.29	$95.06	$97.91	$100.85	$103.88	$106.99	$143.79
Retail Spending	$9.72	$10.01	$10.31	$10.62	$10.94	$11.27	$11.60	$11.95	$12.31	$12.68	$17.04
Transportation Spending	$4.74	$4.88	$5.03	$5.18	$5.34	$5.50	$5.66	$5.83	$6.01	$6.19	$8.31
Other Spending	$6.22	$6.40	$6.60	$6.79	$7.00	$7.21	$7.42	$7.65	$7.88	$8.11	$10.90
Total Direct Spending	**$136.76**	**$140.86**	**$145.08**	**$149.44**	**$153.92**	**$158.54**	**$163.29**	**$168.19**	**$173.24**	**$178.44**	**$239.80**
Spending per Visitor - Day Trip											
Onsite Food & Beverage	$11.05	$11.38	$11.73	$12.08	$12.44	$12.81	$13.20	$13.59	$14.00	$14.42	$19.38
Offsite Food & Beverage	$10.49	$10.81	$11.13	$11.46	$11.81	$12.16	$12.53	$12.90	$13.29	$13.69	$18.40
Total Food & Beverage	$21.54	$22.19	$22.86	$23.54	$24.25	$24.97	$25.72	$26.50	$27.29	$28.11	$37.78
Retail Spending	$6.51	$6.71	$6.91	$7.11	$7.33	$7.55	$7.77	$8.01	$8.25	$8.50	$11.42
Transportation Spending	$3.18	$3.27	$3.37	$3.47	$3.58	$3.68	$3.79	$3.91	$4.02	$4.15	$5.57
Other Spending	$3.11	$3.20	$3.30	$3.40	$3.50	$3.60	$3.71	$3.82	$3.94	$4.06	$5.45
Total Direct Spending	**$34.34**	**$35.37**	**$36.43**	**$37.52**	**$38.65**	**$39.81**	**$41.00**	**$42.23**	**$43.50**	**$44.81**	**$60.22**

Source: HSP

The per-person per-day spending for overnight guests total $137 in Year 1 and increases with inflation. The daily spending per person for day trips is $34 in the first year.

Economic, Earnings, Employment and Fiscal Impact

In addition to the expected revenue generated onsite, the increased economic activity will result in higher fiscal activity, income and employment for the Iowa economy.

HSP uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the Iowa economy due to additional inputs. For example, for every dollar of direct new spending in Iowa, the IMPLAN model provides multipliers for the indirect and induced spending that will result.

The net new and recaptured direct spending discussed earlier in the chapter is considered to be the **Direct Impact**.

From the direct spending figures, further impact analyses will be completed.

- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, a visitor's direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.
- **Induced Impacts** embody the change in spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the visitor's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.
- **Fiscal Impacts** represent the incremental tax revenue collected by the Commonwealth due to the net new economic activity. The fiscal impact represents the government's share of total economic benefit. Fiscal impacts provide an offset to the potential public expenditures required to support the development.
- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with it. For example, the direct, indirect and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. HSP will show the number of ongoing jobs supported by the project and provide the resulting income and income taxes generated.

Direct, Indirect and Induced Impacts

The table below shows the direct net new spending, based on the analysis.

Table 4

Direct Net New Spending (000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
Food & Beverage	$575	$982	$1,259	$1,430	$1,533	$1,777	$2,388	**$34,590**
Lodging	$1,233	$2,138	$2,646	$2,938	$3,128	$3,626	$4,884	**$71,413**
Retail	$165	$281	$360	$409	$438	$508	$683	**$9,893**
Transportation	$81	$137	$176	$200	$214	$248	$333	**$4,827**
Other Local Spending (Recreation, etc.)	$102	$177	$227	$258	$277	$321	$431	**$6,246**
Total	***$2,156***	***$3,716***	***$4,669***	***$5,235***	***$5,590***	***$6,480***	***$8,720***	$126,969

Source: Hunden Strategic Partners

Spending on rooms/lodging is the largest component of new spending to Iowa, followed by food and beverage spending. Over the period, a total of nearly $127 million in direct new spending is projected from the Project.

The next table shows the direct, indirect and induced spending from the Project, based on the IMPLAN multipliers for Iowa.

Table 5

Direct, Indirect & Induced Net New Spending (000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
Net New Spending								
Direct	$2,156	$3,716	$4,669	$5,235	$5,590	$6,480	$8,720	**$126,969**
Indirect	$715	$1,232	$1,549	$1,737	$1,855	$2,150	$2,894	**$42,129**
Induced	$847	$1,459	$1,834	$2,057	$2,196	$2,546	$3,426	**$49,878**
Total	***$3,718***	***$6,406***	***$8,051***	***$9,029***	***$9,641***	***$11,176***	***$15,039***	$218,976

Source: Hunden Strategic Partners

The direct spending totals $127 million over the period, while the indirect and induced spending add another $42 and $50 million, respectively. In total, $219 million in economic impact is projected.

The following table shows the new earnings associated with the new economic activity.

Table 6

Net New Earnings from Direct, Indirect & Induced Spending (000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
Net New Earnings								
From Direct	$674	$1,160	$1,460	$1,638	$1,749	$2,028	$2,728	**$39,717**
From Indirect	$234	$404	$507	$568	$606	$703	$946	**$13,778**
From Induced	$257	$443	$556	$624	$666	$772	$1,039	**$15,131**
Total	***$1,165***	***$2,006***	***$2,523***	***$2,830***	***$3,022***	***$3,503***	***$4,714***	$68,626

Source: Hunden Strategic Partners

By the fifth year of operation, $3 million of new direct, indirect, and induced earnings are projected, with a total of $69 million over the period.

The table below shows the estimated full-time equivalent jobs created by the Project.

Table 7

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Average
Net New FTE Jobs								
From Direct	36	60	73	80	83	83	83	72
From Indirect	12	20	24	27	28	28	28	24
From Induced	14	24	29	32	33	33	33	29
Total	***62***	***103***	***126***	***138***	***143***	***143***	***143***	***125***

Source: Hunden Strategic Partners

New full-time equivalent jobs (FTE's) are projected to vary over the period based on the net new spending, averaging 125, but more than 140 for most of the period.

Fiscal Impact

The fiscal impact of the Project is the benefit to the state and city via taxes generated, essentially through new sales, lodging, property and income taxes. For the purposes of this report, the average income tax rate for the new jobs created is estimated to be 6.8 percent.

The following table shows the projections of both sales and income taxes.

Table 8

Estimated Fiscal Impact - Tax Impacts from Net New Spending (000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
Taxes Collected								
State Sales Tax	$46	$79	$101	$115	$123	$143	$192	$2,778
State Lodging Tax	$62	$107	$132	$147	$156	$181	$244	$3,571
State Income Tax	$79	$136	$172	$192	$205	$238	$321	$4,667
Local Sales Tax	$9	$16	$20	$23	$25	$29	$38	$556
Local Property Tax	$150	$175	$224	$256	$253	$302	$406	$6,048
Total	***$187***	***$322***	***$405***	***$454***	***$485***	***$562***	***$757***	***$11,015***

Source: Hunden Strategic Partners

Total state and local taxes generated from new economic activity is projected to total $11 million over the period.

Construction Impact

The one-time construction of the Project will impact the area as spending will occur via the purchase of materials (40 percent of the budget) and the payment of labor and service providers (60 percent of the budget). The net Iowa impacts are shown below for the construction impact.

Table 9

Construction Impact

	Impact
Direct Materials Spending	$ 9,220,000
Indirect Spending	$ 2,580,000
Induced Spending	$ 4,110,000
Total	$ 15,910,000
Direct Labor Spending	$ 10,368,000
Employment (Job Years)	191

Source: Hunden Strategic Partners

The table below shows the summary of impacts for the Project.

Table 10

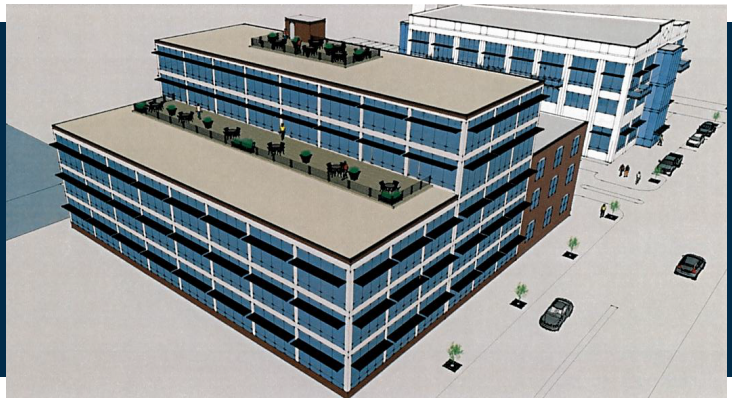
Summary of Impact (First 20 Years)	
Net New Spending	**(millions)**
Direct	$127
Indirect	$42
Induced	$50
Total	**$219**
Net New Earnings	**(millions)**
From Direct	$40
From Indirect	$14
From Induced	$15
Total	**$69**
Net New FTE Jobs	**Actual**
From Direct	80
From Indirect	27
From Induced	32
Total	**138**
Taxes Collected	**(millions)**
Sales Tax from Operations	$2.8
State Lodging Tax	$3.6
Sales Tax from Construction	$0.5
Income Tax from Operations	$4.7
Income Tax from Construction	$0.4
Local Sales Tax	$0.6
Local Property Tax	$6.0
Total	**$11.9**
Construction Impact	**(millions)**
New Materials Spending	$9.2
New Labor Spending	$10.4
Job-Years, From Construction	191

Source: Hunden Strategic Partners

The net new spending for the Project totals $219 million over the ten-year period, $69 million in new earnings, 138 new full-time equivalent jobs (Year 4) and $11.9 million in taxes collected from the ongoing operations and the one-time construction project impact.

B2

V-LOFT DISTRICT



B2 - PROJECT PLAN

V LOFT DISTRICT

Description and type of project (i.e. new lessor, new retail establishment, public improvement, etc.)

Interest in redevelopment of historic buildings in downtown Sioux City has grown in the last several years. Most recently in 2014 Ho-Chunk, Inc. acquired three former industrial buildings on 1st and Virginia Streets in downtown Sioux City with plans to redevelop them into mixed-use retail, commercial and market-rate residential developments. These historic buildings were built in 1912 & 1913 and have deteriorated in value over the last 15 years. With the reconstruction of Interstate 29 through downtown Sioux City, Virginia Street will soon be a new primary entrance into downtown, and the redevelopment of these three buildings into the "V-Loft District" will not only provide significant additional tax value in the area, but permanently transform the aesthetics of downtown.

The renovation of these three buildings is supported by recent neighboring rejuvenation of a number of warehouses in close proximity such as State Steel's office building and the United Center. The site for this project originally contained a number of historic railways including the Elevated, the Ground Lines and Shipping Transportation lines still used today. The redevelopment taking place in the V-Loft District is a true mixed-use development with a combination of retail and commercial space, as well as renter and owner occupied living units above.

The three buildings within the V-Loft District are known as the "Cold Storage" building, the "Hopper" building and the "Creamery" building due to their former industrial uses. The "Cold Storage" building is a 35,244 square-foot, three-level building that will be renovated to include 10,198 square-feet of retail and office space on the 1st floor, as well as a 4,650 square-foot garage for the building's residents to park. The 2nd and 3rd floors will consist of 10,988 square-feet of residential units, allowing for 10 units on each floor for a total of 20 units.

The "Hopper" building is an 82,500 square-foot, five-level building that will also be redeveloped into retail, commercial, and residential space. The first floor will include 11,800 square-feet of retail space and a 10,700 square-foot parking garage. The 2nd and 3rd floors will each consist of 7,500 square-feet of office space and 15,000 square-feet of market-rate residential units, allowing for 10 units on each floor. The 4th floor will consist of 7,500 square-feet of residential units consisting of 6 units, while the 5th floor will consist of 7,500 square-feet of residential units consisting of 2 units.

The "Creamery" building is a 33,435 square-foot, three-level building located directly adjacent to the other two properties. The 1st floor of the "Creamery" building will consist of 8,838 square-feet of retail, 2,307 square-feet of demo and 1,256 square-foot of outdoor deck/patio area. The 2nd floor will consist of 8,838 square-feet of residential units, for a total of 9 units and 2,307 square-feet of demo. The 3rd floor will consist of 8,838 square-feet of residential units, allowing for 9 units and 2,307 of square-feet of demo.

In total, these three buildings will add 66 market-rate residential units, which will more than double the current number of market-rate units in downtown Sioux City. These market-rate properties will most likely be critical for attracting talented workers to the community.

The V-Loft District will also consist of controlled entry/access for residents as well as designated parking. The project will provide roof top (courtyard) access to provide residents with entertainment and green space options. Other amenities will include outdoor basketball/play area, pet friendly units, basement storage, trash chutes, and free wifi. All residential units will also come furnished with Energy Star Rated appliances. In addition, extensive streetscaping will be included to visually add to this urban district, and will be extended north along Virginia Street to the Historic 4th District. This will enhance the livability and walkability of the entire area.

These three buildings are among the last remaining warehouses in Sioux City's former wholesale district. For decades these structures have essentially acted as a blighted front door to Sioux City. The renovation of these structures provides a significant opportunity for Sioux City to strengthen downtown's appeal.

Strengths and Assets of Downtown Sioux City Support the V-Loft District

Downtown Sioux City contains a wonderful assortment of historical buildings with notable and largely intact architectural detail. The unique architectural gems in downtown should be considered an asset that distinguishes it from other parts of the region. Sioux City's collection of rich, historic commercial architecture includes the Historic Fourth Street District, Badgerow Building, the United Center, Warrior Hotel, Orpheum Theatre, et al., most of which are on the National Register of Historic Places.

Overall, rental rates for commercial space in downtown Sioux City are quite affordable. Some recent site visit participants commented that downtown has attractive available space from $6 per square foot gross to $12 per square foot triple net[1] (about $15 per square foot gross).

There is new, demonstrated growing demand for downtown housing in the form of condominiums and residential rental units. These new residential developments (e.g., the United Center, Fourth and Jackson Building) are market rate and have begun attracting a mix of smaller (one- and two-person) households. These higher-end residential rental properties will most likely be critical for attracting talented workers that may want to rent (as opposed to buying) high-end residential space when moving to or working downtown.

ATTRACTIONS, AMENITIES AND SUCCESSES

Downtown has many positive attributes (both for residents and businesses) that other cities of similar size, population and character would likely find enviable. In addition to downtown's distinctive architecture and unique historic districts, other positive attributes include on-going renovations to key downtown offerings and recent business attraction successes.

Sioux City has done a remarkable job of locating important attractions, entertainment venues and downtown anchors that continue to help generate visitor traffic downtown. These attractions and investments include (a) the Sioux City Public Museum, (b) Tyson Events Center / Gateway Arena and Long Lines Recreation Center, (c) Sioux City Convention Center, (d) Sioux City Art Center, (e) the planned Children's Museum of Siouxland, (f) Sioux City Public Library, (g) Siouxland Regional Cancer Center, (h) Mercy Health Center, (i) Martin Luther King, Jr. Transportation Center, (j) Sioux City City Hall, (k) Orpheum Theatre, (l) Stoney Creek Inn, (m) Promenade Theater, (n) Riviera Theater, and (o) Historic Fourth Street.

Sioux City has seen a number of recent successful business expansions and attraction efforts, with the growth of such companies such as Sabre Industries' ongoing expansion, which includes 532 jobs. Sioux City continues to grow in commercial areas, healthcare, and new business park development.

INFRASTRUCTURE ASSETS

The Interstate 29 (I-29) corridor is considered by Iowa's transportation leaders to be of paramount importance to northwest Iowa, northeast Nebraska and southeast South Dakota's economic prosperity — especially greater Sioux City. A report on the economic benefits of I-29 to the Sioux City region noted that 57 percent of the regional workforce (i.e., 54,000 workers per day) commutes to jobs in Sioux City via I-29. The reconstruction and redevelopment of I-29 will alter traffic patterns in downtown and create opportunities for new development or redevelopment projects. According to the Iowa Department of Transportation recent and future developments to I-29 are expected to offer benefits in the form of:

- Transportation facilitation to improve the competitiveness of office and manufacturing facilities accessed by I-29 and help reverse the trend of recent job losses associated with the Terra Chemicals buyout and John Morrell & Company closing
- Improved intermodal transportation connections and possibilities (including regional trail systems and public transportation)
- Revitalized brownfield sites in downtown's urban core
- Improved access to US Highway 77
- Better access for daily commuting trips, special event trips, and interstate traffic through a more efficient transportation corridor along the Missouri River and through Sioux City
- Improved regional economic development opportunities, including growth in Sioux City's industrial sector
- Reduced traffic congestion on road networks on and around the I-29 corridor

Electrical and Telecommunications Infrastructure

The relatively low cost of electrical power and the Internet POP located in downtown are assets in recruiting potential back office and small data center tenants. This availability of electronic and telecommunications infrastructure should still be considered a strategic advantage for luring businesses downtown

Project Name: V Loft District			
Funding Uses		**Funding Sources**	
Site Preparation	$621,000	Cash/Equity from Owner	$2,650,000
Building Acquisition	$400,000	Tax Increment Financing/Debt Service**	$1,584,634
Building Construction	$4,752,556	NMTC or Additional Debt**	$3,306,069
Building Remodeling	$10,406,501	Iowa Reinvestment District**	$1,500,000
Fixtures	$100,000	Workforce Housing Program	$300,000
Architectural Design	$350,000	Long-term Debt Financing**	$7,499,354
Engineering Design	Combined w/ above	Retail Development	TBD
Construction Admin.	$60,000		
Other	$150,000		
Total Project Budget	**$16,840,057**	**Total Funding Sources**	**$16,840,057.00**

*Owner does intend on initiating new long-term debt as outlined above and can show current financing capacity if need be.

**Maximum debt on project will not exceed project costs.

Expected Timeline

Summary and Milestones		
Activity	**Start**	**Finish**
Building Acquisitions		Completed
Asbestos Removal		Completed
Demo of Cold Storage Addition		Completed
Hire A&E Firm		12/30/2014
A&E Schematic Drawings	1/1/2015	2/1/2015
Construction Estimate	1/1/2015	2/28/2015
Site Work Prep	2/1/2015	3/30/2015
Iowa Reinvestment Act Award		7/1/2015
IRA Contract Approval		3/1/2016
Rehab/Construction *	4/1/2015	12/30/2016 (25%)
		12/30/2017 (75%)
		6/30/2017 (100%)
*As building floors are completed, they will be leased or sold throughout the duration of the project		

Detailed budget for the project

CAPITAL BUDGET

V Loft DISTRICT

Hopper	Building Area		Shell Build Out		Interior Finishes	
	Units	Sq. Footage	Cost PSF	Total	Cost PSF	Total
Building Exterior		34,000.00	$ 28.25	$ 960,500.00		
Main Floor						
Retail		22,500.00	$ 30.39	$ 683,775.00	$ 46.57	$ 1,047,825.00
2nd Floor						$ -
Office		7,500.00	$ 26.33	$ 197,475.00	$ 49.87	$ 374,025.00
Residential	10	15,000.00	$ 32.39	$ 485,850.00	$ 61.62	$ 924,300.00
3rd Floor						
Office		7,500.00	$ 26.33	$ 197,475.00	$ 49.87	$ 374,025.00
Residential	10	15,000.00	$ 32.39	$ 485,850.00	$ 61.62	$ 924,300.00
4th Floor						
Residential	6	7,500.00	$ 32.39	$ 242,925.00	$ 61.62	$ 462,150.00
5th Floor						
Residential	2	7,500.00	$ 32.39	$ 242,925.00	$ 83.50	$ 626,250.00
Roof Top Patios		3,450.00	$ 35.00	$ 120,750.00		
Totals		85,950.00	**Total Shell**	$ 3,617,525.00	**Total Build Out**	$ 4,732,875.00
	Total Cost Per SF.	**$ 97.15**	**Total Construction Cost**	**$ 8,350,400.00**		

Cold Storage	Building Area		Shell Build Out		Interior Finishes	
	Units	Sq. Footage	Cost PSF	Total	Cost PSF	Total
Building Exterior		22,550.00	$ 33.42	$ 753,621.00		
Parking Garage		4,650.00	$ 42.50	$ 197,625.00		
Main Floor						
Retail		10,198.00	$ 30.39	$ 309,917.22	$ 46.57	$ 474,920.86
2nd Floor						
Office	N/A					
Residential	10	10,198.00	$ 32.39	$ 330,313.22	$ 61.62	$ 628,400.76
3rd Floor						
Residential	10	10,198.00	$ 32.39	$ 330,313.22	$ 61.62	$ 628,400.76
Totals		35,244.00	**Total Shell**	$ 1,921,789.66	**Total Build Out**	$ 1,731,722.38
	Total Cost Per SF.	**$ 103.66**	**Total Construction Cost**	**$ 3,653,512.04**		

V Loft DISTRICT

Creamery	Building Area		Shell Build Out		Interior Finishes	
	Units	Sq. Footage	Cost PSF	Total	Cost PSF	Total
Building Exterior		17,680.00	$ 41.12	$ 727,001.60		
Main Floor						
Retail		8,838.00	$ 30.39	$ 268,586.82	$ 46.57	$ 411,585.66
2nd Floor						
Office						
Residential	9	8,838.00	$ 32.39	$ 286,262.82	$ 61.62	$ 544,597.56
3rd Floor						
Residential	9	8,838.00	$ 32.39	$ 286,262.82	$ 61.62	$ 544,597.56
Dock Patio		1,350.00	$ 25.00	$ 33,750.00		
Roof Top Patio		1,500.00	$ 35.00	$ 52,500.00		
Totals		26,514.00	**Total Shell**	$ 1,654,364.06	**Total Build Out**	$ 1,500,780.78
	Total Cost Per SF.	**$ 119.00**	**Total Construction Cost**	**$ 3,155,144.84**		

General Site Cost				
	Units	Sq. Footage	Cost PSF	Total
Paving		53,950.00	$ 4.25	$ 229,287.50
Sewer & Water	3		$ 35,000.00	$ 105,000.00
Creamery Demolition	1			$ 90,000.00
General Excavation	1			$ 75,000.00
Site Lighting	15		$ 2,800.00	$ 42,000.00
Monument Sign	1		$ 50,000.00	$ 50,000.00
General Landscaping	1		$ 30,000.00	$ 30,000.00
				$ 621,287.50

Summery				
	Units	Sq. Footage	Cost PSF	Total
Building Shell Cost		147,708.00	$ 32.18	$ 4,752,556.12
Building Interior Finish Cost		147,708.00	$ 53.93	$ 7,965,378.16
Building Exterior Cost		74,230.00	$ 32.89	$ 2,441,122.60
General Site Cost				$ 621,287.50
Totals		**147,708.00**	**$ 106.83**	**$ 15,780,344.38**

HCI Real Estate Company
V-Loft District Project Projections
2016-2020

	2016	2017	2018	2019	2020	Total
Single Unit Sales (Condo) Revenues	$ 772,800.00	$ 1,567,680.00	$ 1,589,760.00	$ 805,920.00	$ -	$ 4,736,160.00
Commercial Rental Revenues	$ 187,841.00	$ 389,091.00	$ 561,591.00	$ 699,591.00	$ 837,591.00	$ 2,675,705.00
Residental Rental Revenues	$ 194,940.00	$ 413,820.00	$ 413,820.00	$ 413,820.00	$ 413,820.00	$ 1,850,220.00
CAM and Association Fees	$ 9,000.00	$ 22,950.00	$ 37,350.00	$ 44,775.00	$ 46,118.25	$ 160,193.25
Total Projected Revenue	$ 1,166,597.00	$ 2,395,558.00	$ 2,604,539.00	$ 1,966,125.00	$ 1,299,549.25	$ 9,422,278.25
COGS	$ 469,200.00	$ 993,600.00	$ 993,600.00	$ 496,800.00	$ -	$ 2,953,200.00
Gross Profit	$ 697,397.00	$ 1,401,958.00	$ 1,610,939.00	$ 1,469,325.00	$ 1,299,549.25	$ 6,469,078.25
Interest	$ 158,300.25	$ 308,805.82	$ 298,038.25	$ 286,804.04	$ 275,082.97	$ 1,327,031.33
Repair & Maintance	$ 28,708.58	$ 40,145.55	$ 48,770.55	$ 55,670.55	$ 62,570.55	$ 235,865.78
Depreciation	$ 82,651.72	$ 165,303.44	$ 330,606.88	$ 330,606.88	$ 330,606.88	$ 1,239,775.80
Management	$ 15,000.00	$ 40,145.55	$ 48,770.55	$ 55,670.55	$ 62,570.55	$ 222,157.20
Payroll Taxes	$ 1,200.00	$ 3,211.64	$ 3,901.64	$ 4,453.64	$ 5,005.64	$ 17,772.58
Sales & Leasing Commisons	$ 30,912.00	$ 62,707.20	$ 63,590.40	$ 32,236.80	$ -	$ 189,446.40
Misc	$ 10,000.00	$ 10,300.00	$ 10,609.00	$ 10,927.27	$ 11,255.09	$ 53,091.36
Insurance	$ 20,662.93	$ 21,282.82	$ 21,921.30	$ 22,578.94	$ 23,256.31	$ 109,702.30
Office Supplies	$ 1,000.00	$ 1,200.00	$ 1,300.00	$ 1,400.00	$ 1,500.00	$ 6,400.00
Marketing	$ 15,000.00	$ 10,000.00	$ 7,500.00	$ 3,500.00	$ 3,500.00	$ 39,500.00
Utilities	$ 24,000.00	$ 26,400.00	$ 29,040.00	$ 30,492.00	$ 32,016.60	$ 141,948.60
Property Taxes	$ 81,263.26	$ 243,789.79	$ 254,838.65	$ 207,145.85	$ 182,968.25	$ 970,005.79
Loan Amortization	$ 2,500.00	$ 2,500.00	$ 2,500.00	$ 2,500.00	$ 2,500.00	$ 12,500.00
Annual Expenses	$ 471,198.73	$ 935,791.81	$ 1,121,387.23	$ 1,043,986.52	$ 992,832.83	$ 4,565,197.13
Projected Net Profit	$ 226,198.27	$ 466,166.19	$ 489,551.77	$ 425,338.48	$ 306,716.42	$ 1,913,971.12

Expected debt associated with each project

Long-term debt financing: $7,499,354

Status of expected financing and financing gap

The remaining financing gap in this project is currently $1,500,000 which would be satisfied through an award from the Iowa Reinvestment Act. Ho-Chunk, Inc. currently has a line of credit readily available to use for this project and finance any gap for the project.

Expected state hotel/motel tax and/or state sales tax projections over 20 years. (Provide assumptions and detail related to these projections.)

SALES TAX PROJECTIONS	See notes 1-3 below.			
Revenue Category	Annual Sales Projection	Annual Sales Tax - 6%	20 Years Sales Tax - 6%	20 Years Sales Tax – 4%
Food & Beverage Sales	$ 2,403,771	$ 144,226	$ 2,884,524	$ 1,923,020
Service Related Sales	$ 893,618	$ 53,617	$ 1,072,342	$ 714,900
Retail Outlet Sales	$ 1,142,971	$ 68,578	$ 1,371,565	$ 914,376
TOTAL COST	**$ 4,440,360**	**$ 266,421**	**$ 5,328,432**	**$ 3,552,297**

(1) 101 S Court Street space will contain 8,834 sq. ft. of restaurant space expected to be leased in 2016 to generate food/beverages sales. 2016 is projected for 25% of the year and increasing at 3% from 2017 and beyond.

(2) 101 S Virginia Street space contains 67,500 sq. ft. of commercial/office/retail space. Initial anticipated professional lessees include a real estate brokerage office, real estate developer and possibly an office products supplier, attorney, and other professional services which will have taxable sales beginning in 2016 and increasing through 2019.

(3) Both 101 S Virginia Street and 103 S Virginia Street will contain retail spaces are expected to be leased to retail users that will have qualified retails sales beginning in 2017 and increasing 50% through 2019.

Visual aids which enhance the understanding of the project

Please see attached for images of the V Loft District.

Feasibility study conducted by an independent professional

Please see attachment for feasibility study conducted by the International Economic Development Council.

V Loft DISTRICT

PLAN ARCHITECTURE | HO-CHUNK INC. | HCI CONSTRUCTION

THE VIEW

The Creamery

The Cold Storage

The Hopper

EXISTING CONDITIONS

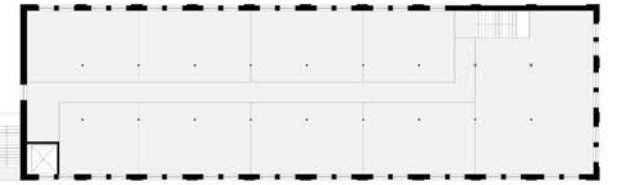
EXISTING 3RD FLOOR – HOPPER BUILDING

Schematic Site Plan

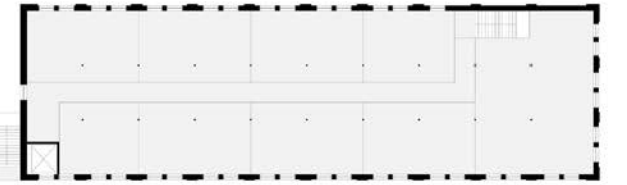
LOOKING AT SOUTHWEST CORNER OF CREAMERY WAREHOUSE

LOOKING AT SOUTHEAST CORNER OF CREAMERY WAREHOUSE

GROUND FLOOR

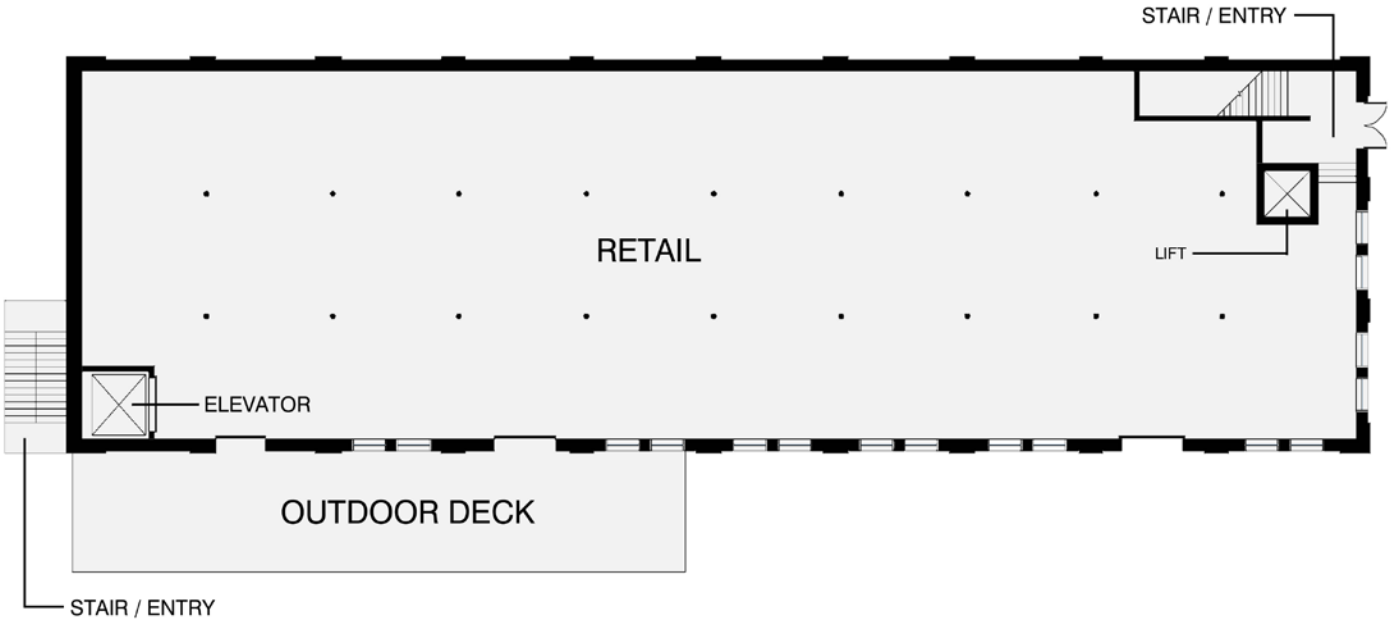


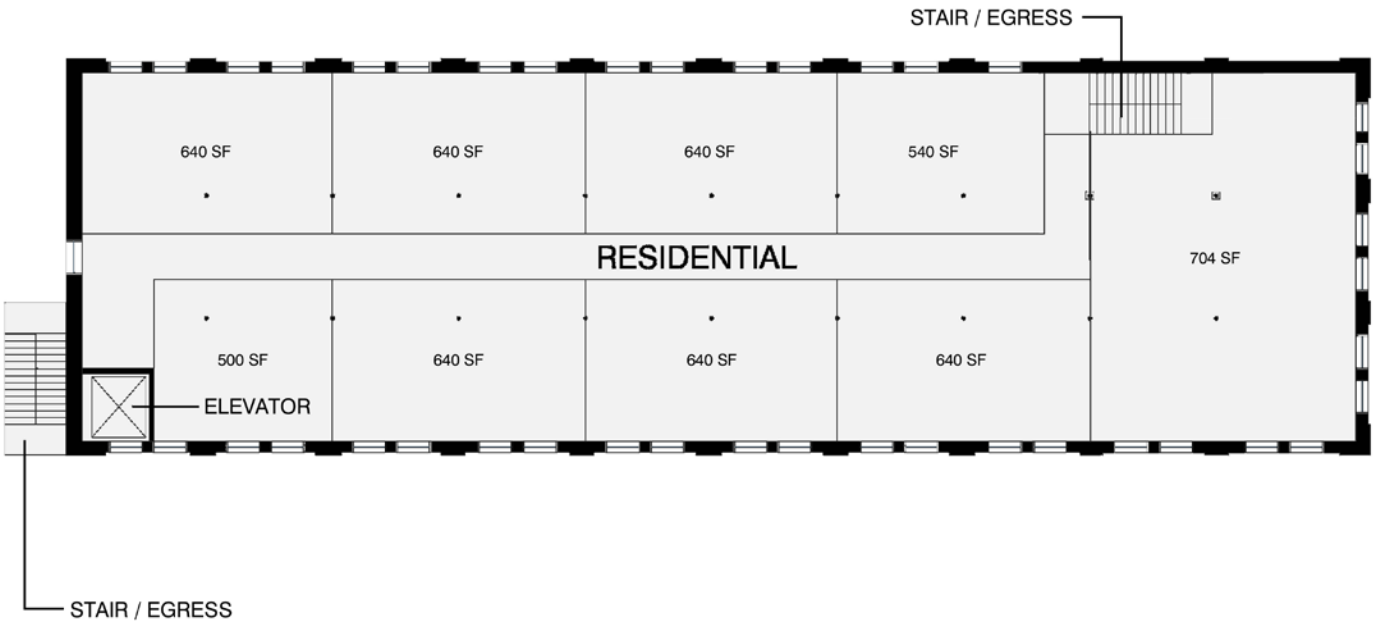
SECOND FLOOR



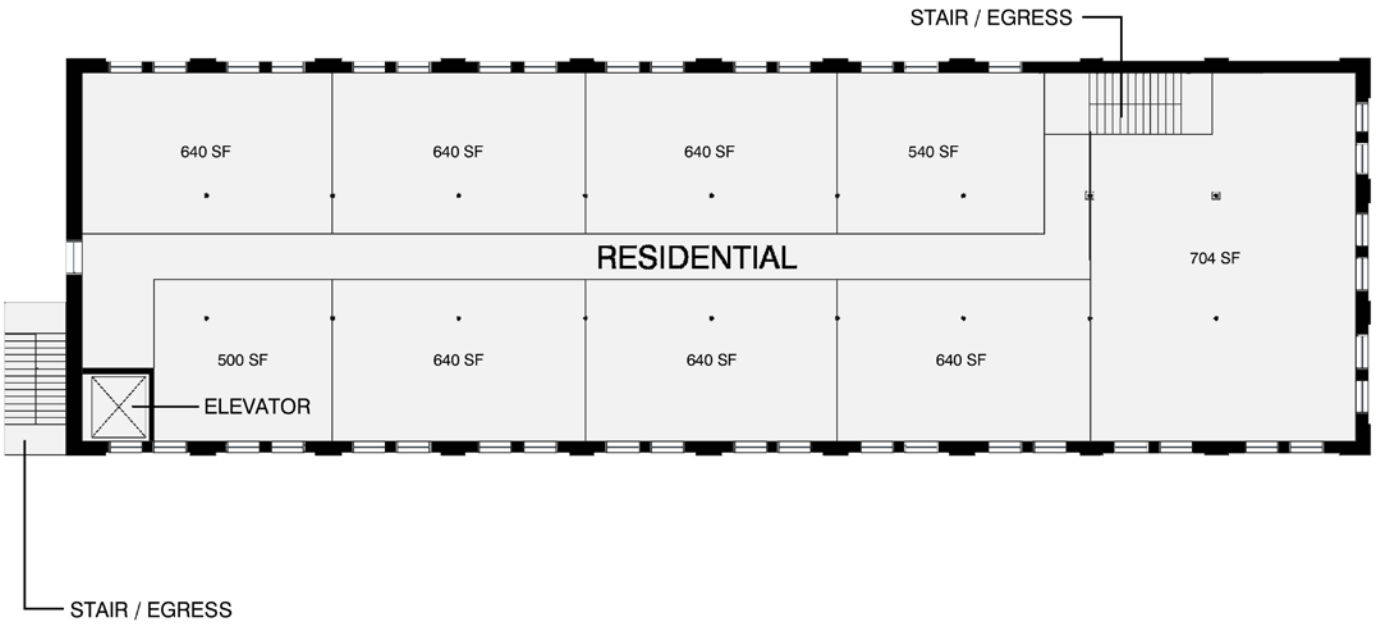
THIRD FLOOR

The Creamery


STAIR / ENTRY
RETAIL
LIFT
ELEVATOR
OUTDOOR DECK
STAIR / ENTRY


STAIR / EGRESS
640 SF
640 SF
640 SF
540 SF
RESIDENTIAL
704 SF
500 SF
640 SF
640 SF
640 SF
ELEVATOR
STAIR / EGRESS

3RD FLOOR

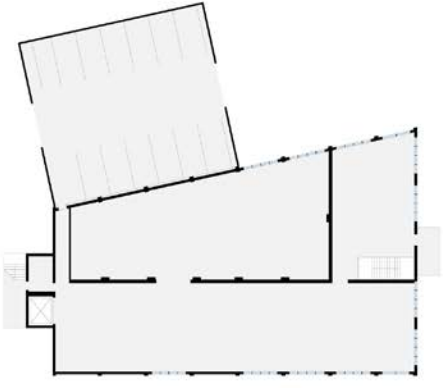


The Creamery

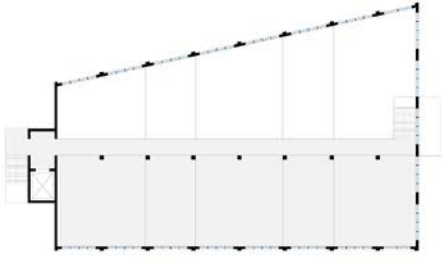
LOOKING SOUTHEAST CORNER OF COLD STORAGE WAREHOUSE

LOOKING AT NORTHEAST CORNER OF COLD STORAGE WAREHOUSE

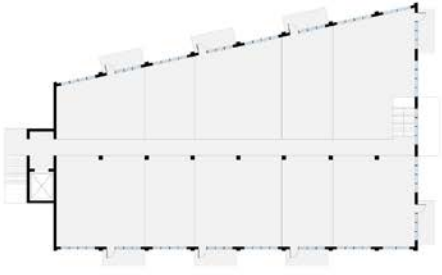
The Cold Storage



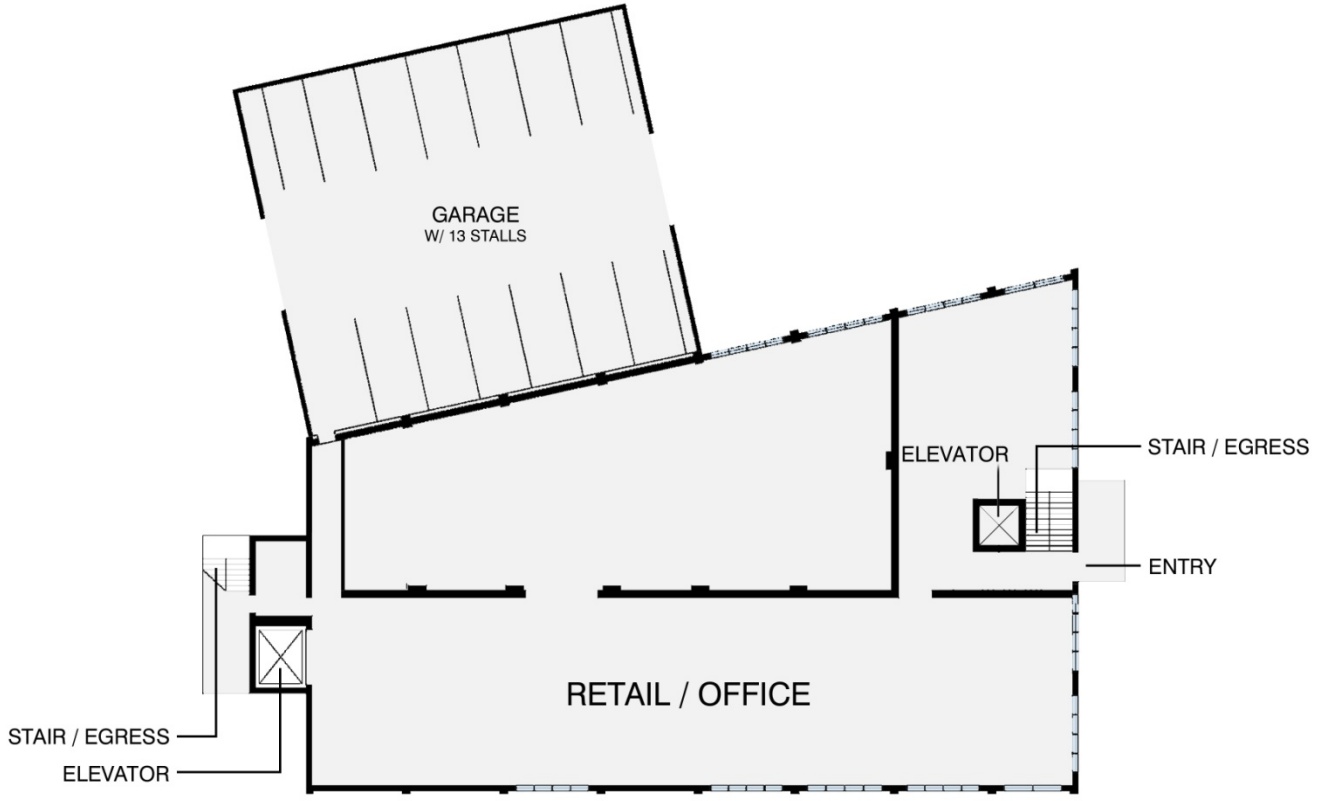
GROUND FLOOR

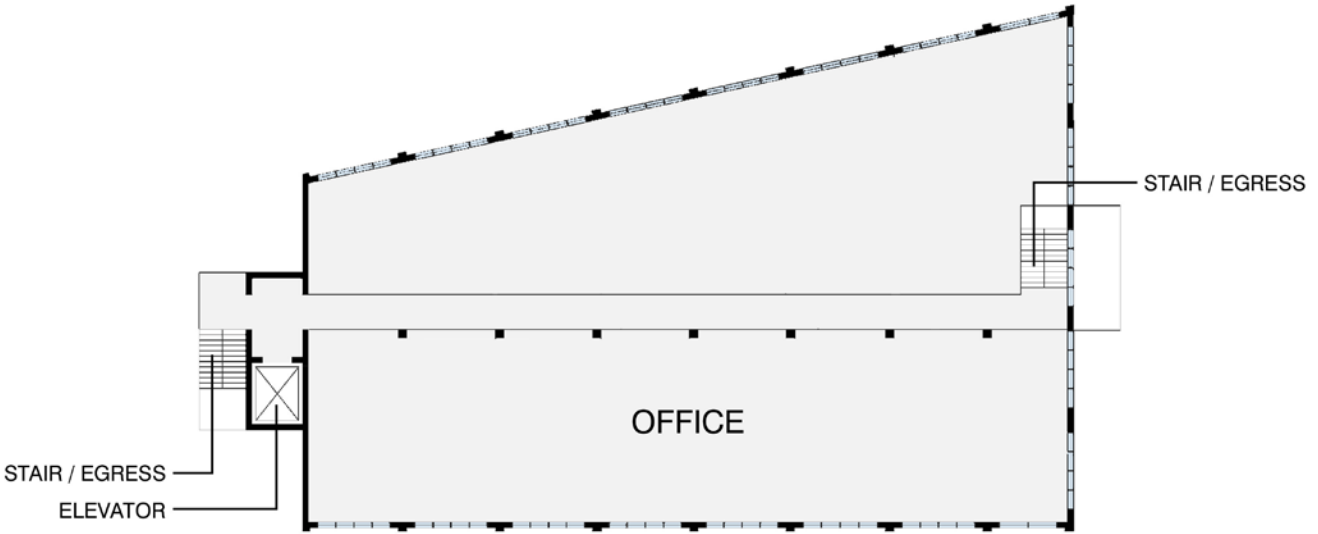


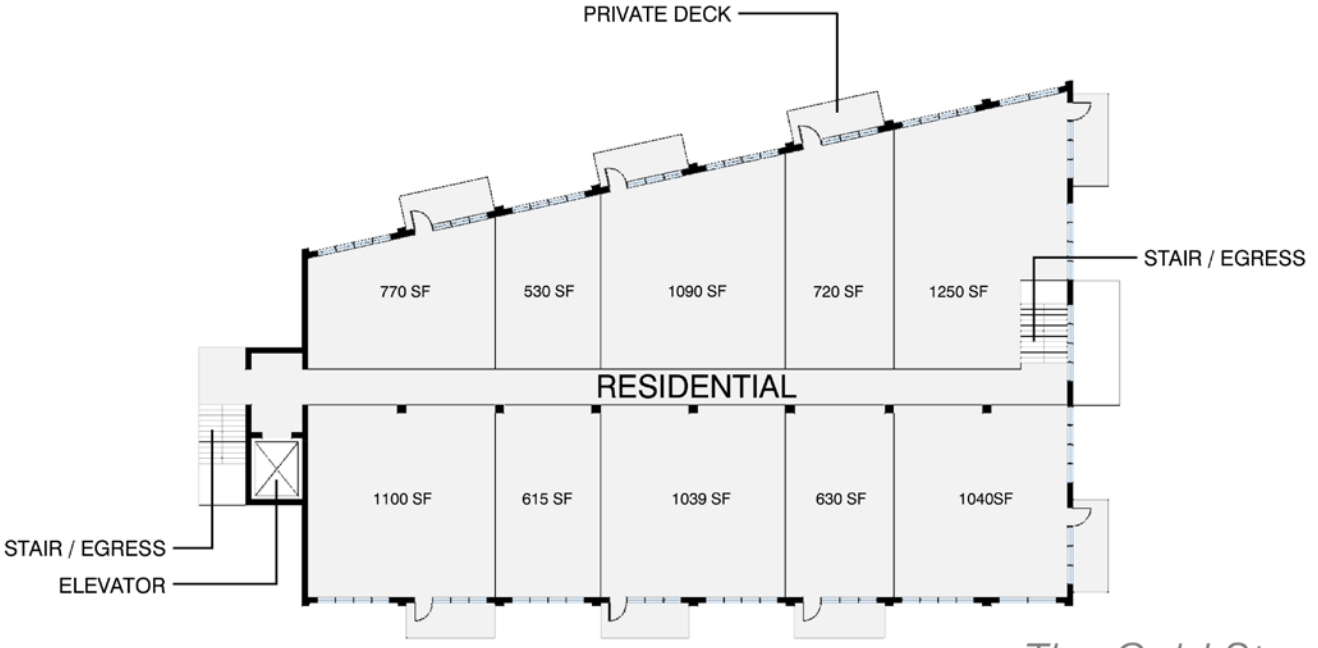
SECOND FLOOR



THIRD FLOOR


GARAGE
W/ 13 STALLS
ELEVATOR
STAIR / EGRESS
ENTRY
RETAIL / OFFICE
STAIR / EGRESS
ELEVATOR

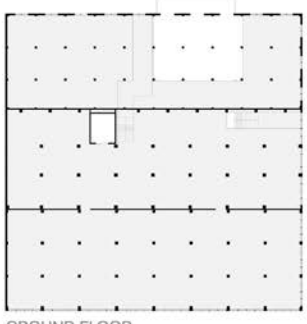

STAIR / EGRESS
OFFICE
STAIR / EGRESS
ELEVATOR


PRIVATE DECK
STAIR / EGRESS
770 SF
530 SF
1090 SF
720 SF
1250 SF
RESIDENTIAL
1100 SF
615 SF
1039 SF
630 SF
1040SF
STAIR / EGRESS
ELEVATOR

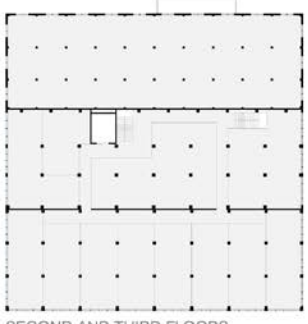
The Hopper

LOOKING AT SOUTHEAST CORNER OF HOPPER WAREHOUSE

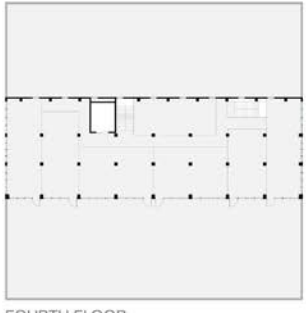
LOOKING AT NORTHEAST CORNER OF HOPPER WAREHOUSE



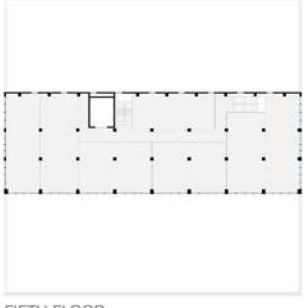
GROUND FLOOR



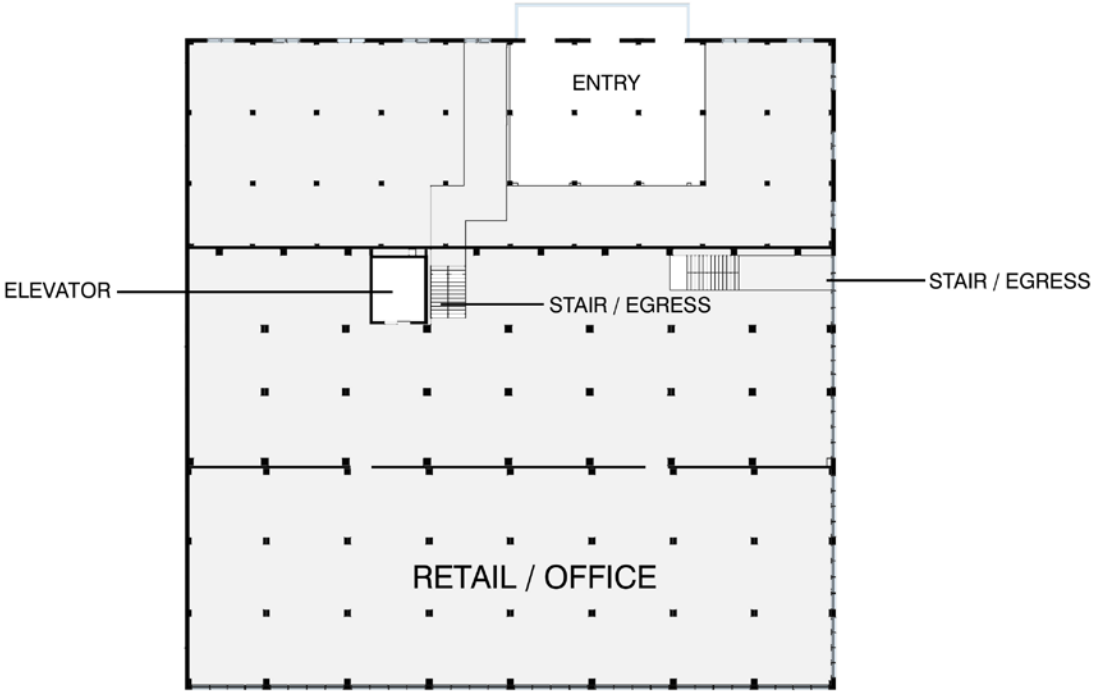
SECOND AND THIRD FLOORS

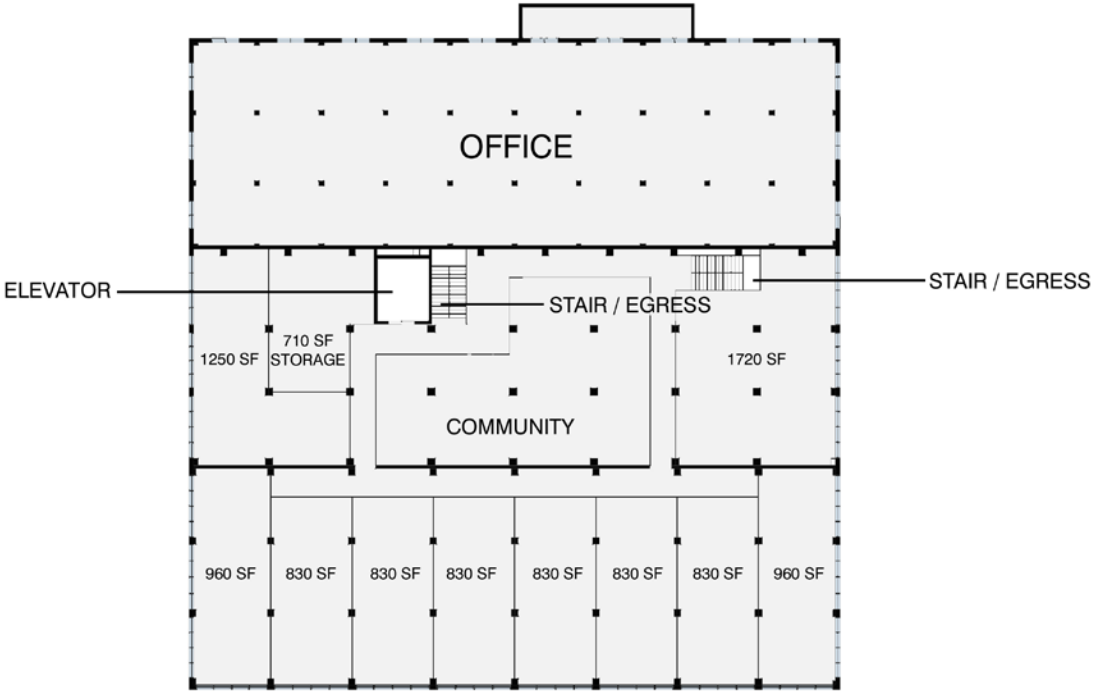


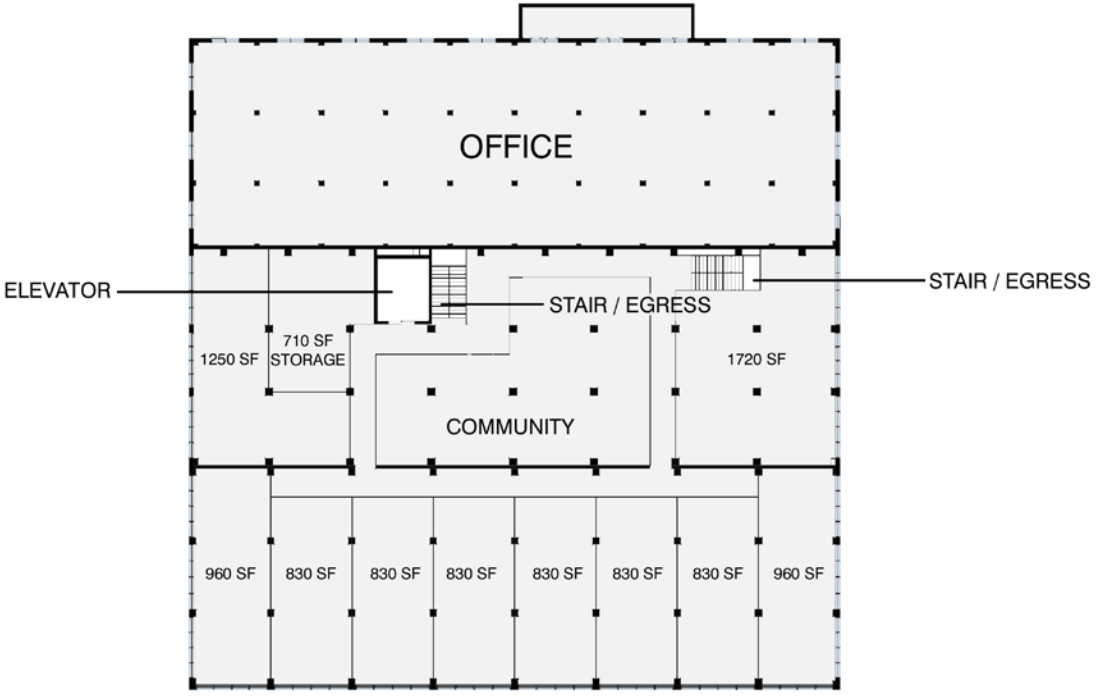
FOURTH FLOOR

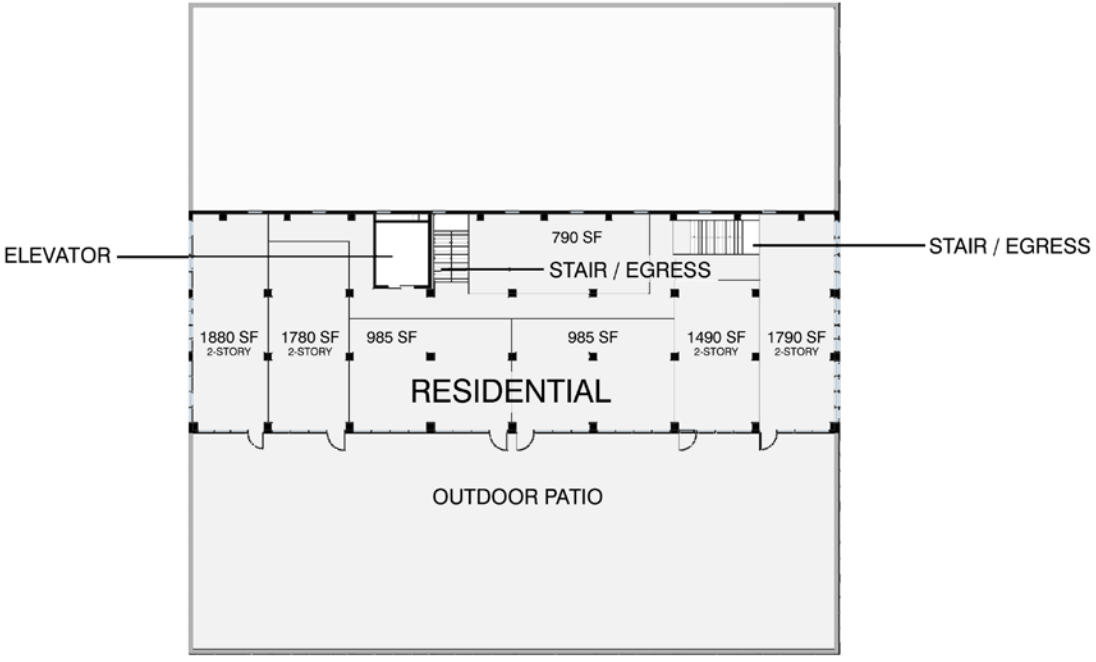


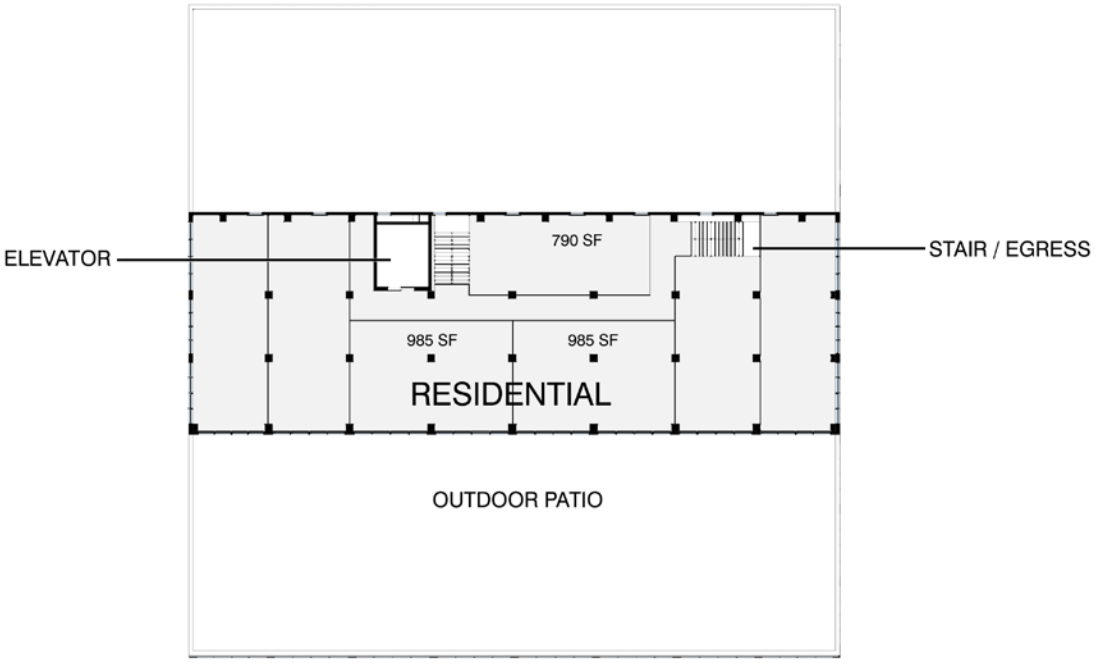
FIFTH FLOOR


ENTRY
ELEVATOR
STAIR / EGRESS
STAIR / EGRESS
RETAIL / OFFICE

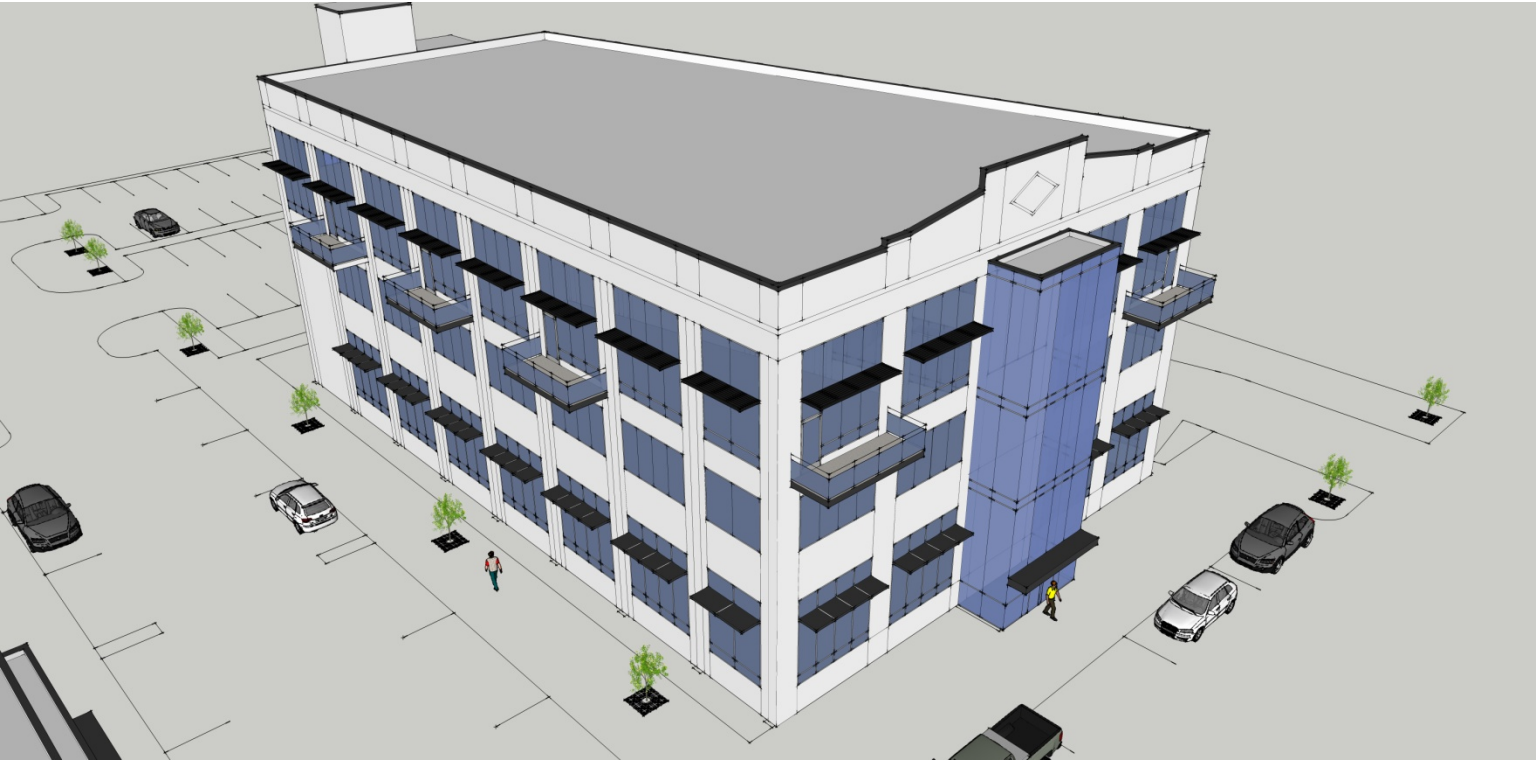

OFFICE
ELEVATOR
STAIR / EGRESS
STAIR / EGRESS
1250 SF
710 SF
STORAGE
COMMUNITY
1720 SF
960 SF
830 SF
830 SF
830 SF
830 SF
830 SF
830 SF
960 SF

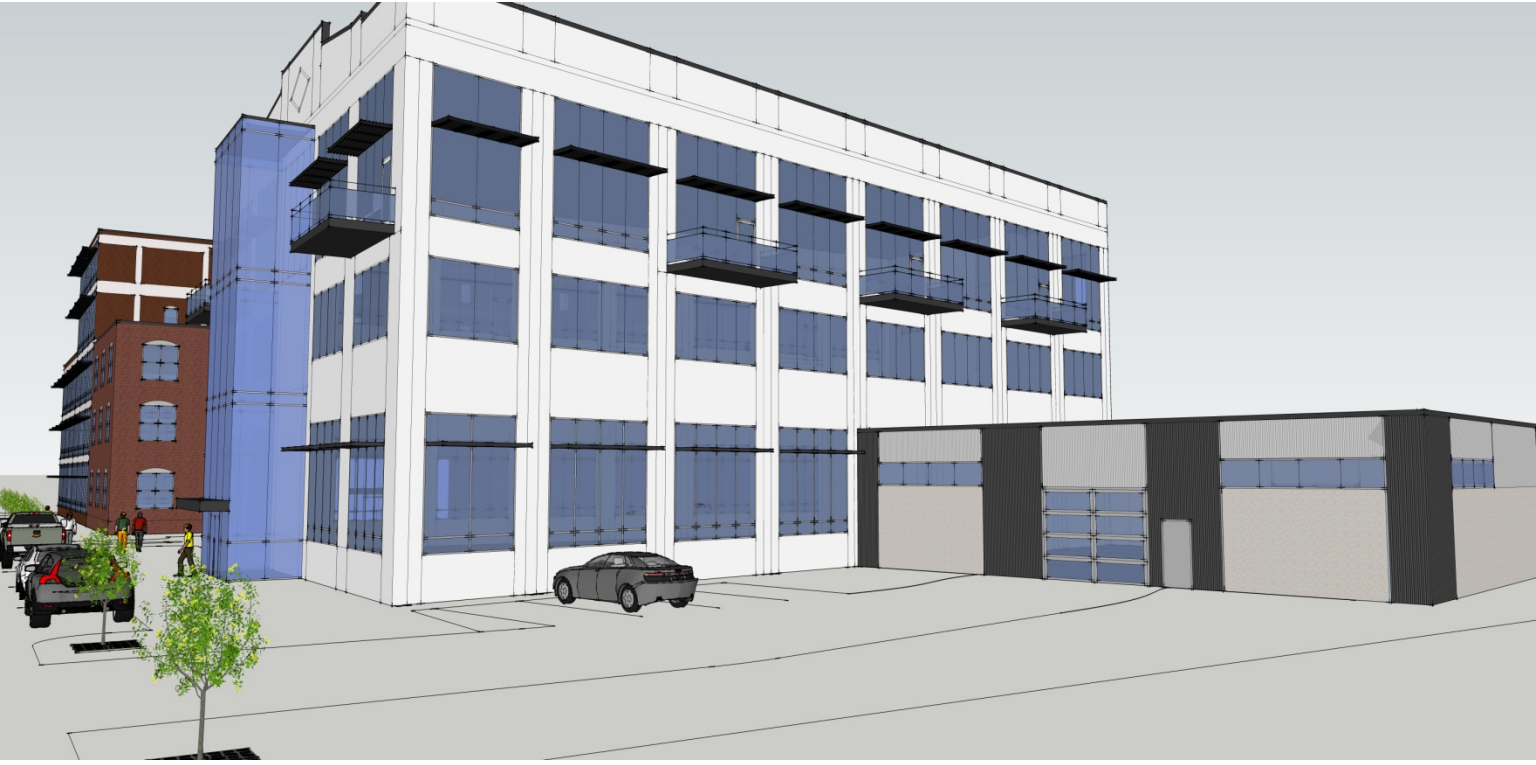

OFFICE
ELEVATOR
STAIR / EGRESS
STAIR / EGRESS
1250 SF
710 SF
STORAGE
COMMUNITY
1720 SF
960 SF
830 SF
830 SF
830 SF
830 SF
830 SF
830 SF
960 SF


ELEVATOR
790 SF
STAIR / EGRESS
STAIR / EGRESS
1880 SF
2-STORY
1780 SF
2-STORY
985 SF
985 SF
1490 SF
2-STORY
1790 SF
2-STORY
RESIDENTIAL
OUTDOOR PATIO

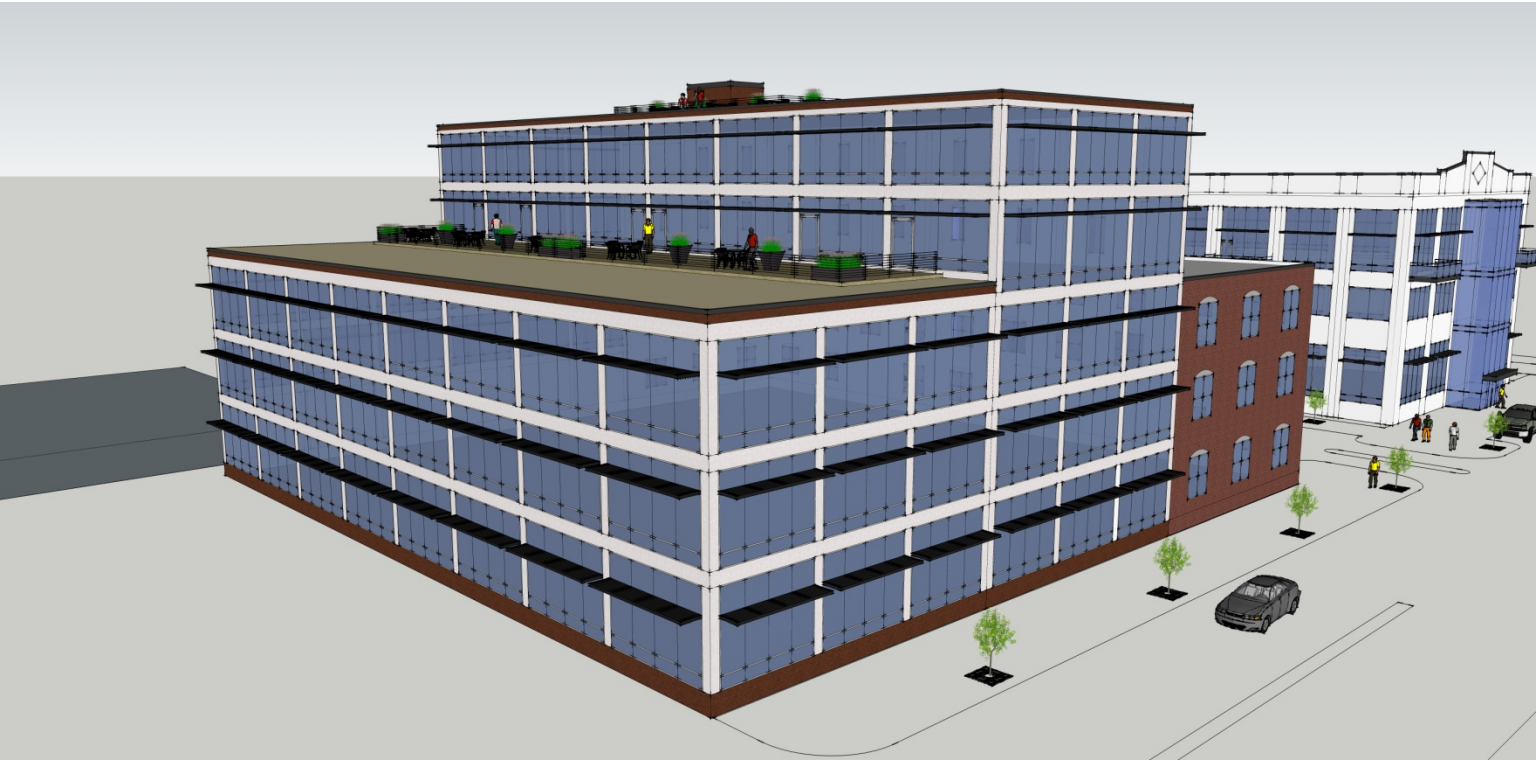

ELEVATOR
790 SF
STAIR / EGRESS
985 SF
985 SF
RESIDENTIAL
OUTDOOR PATIO

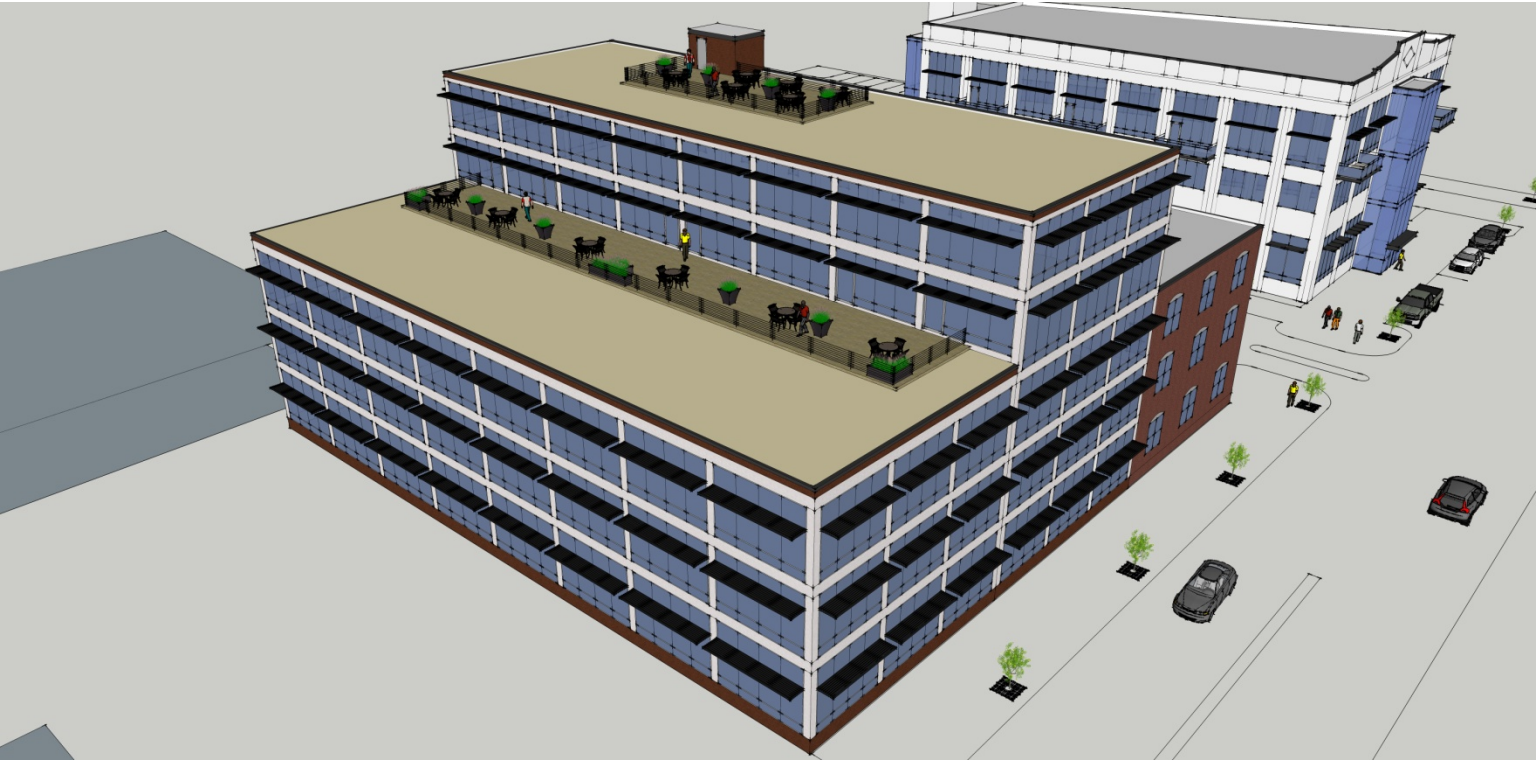
LOFT
DISTRICT

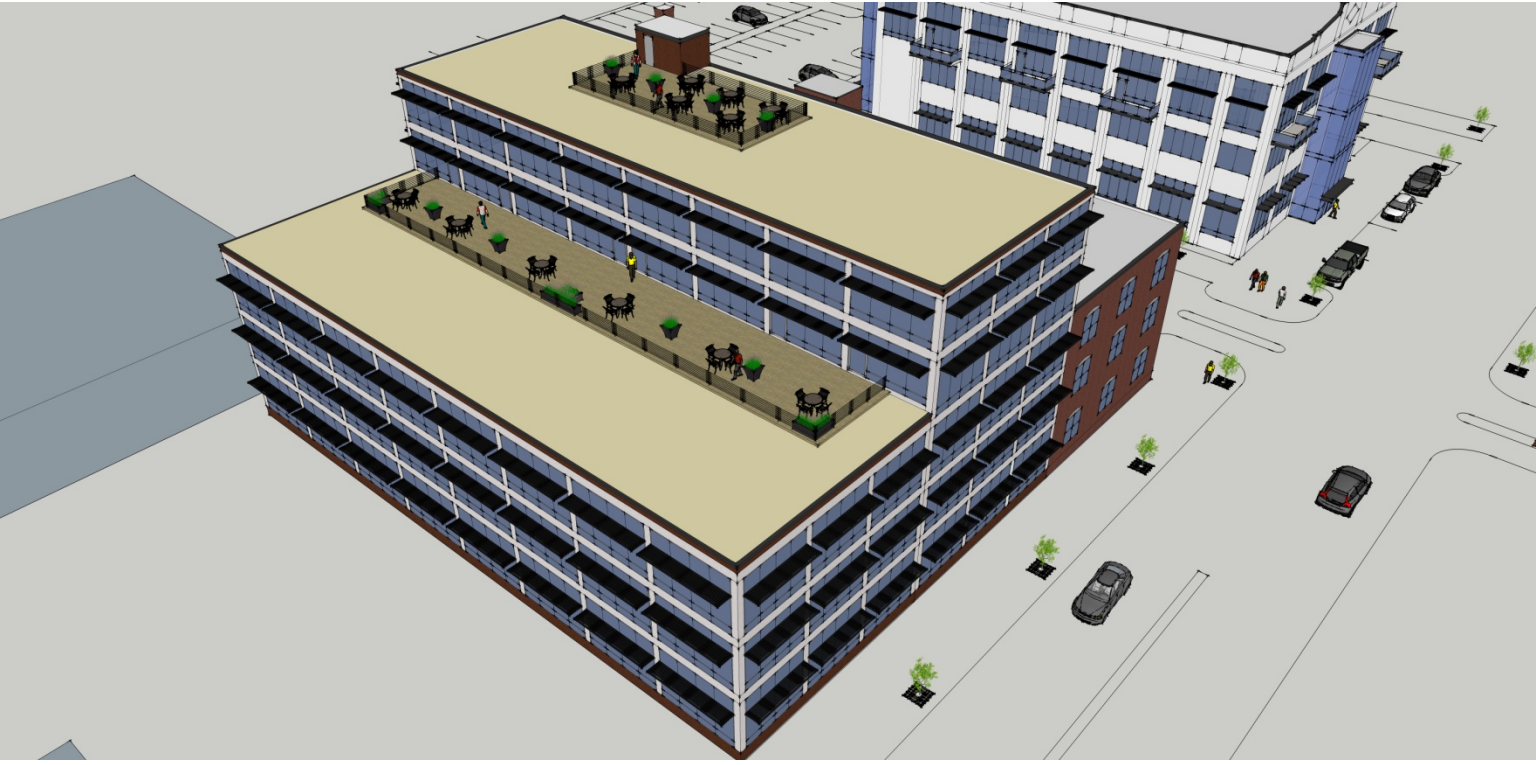




V
LOFT DISTRICT







V
LOFT DISTRICT

V
LOFT

V
NORTH

TECHNICAL ASSISTANCE REPORT

SIOUX CITY

SEPTEMBER 2012

INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

The Power of Knowledge and Leadership

International Economic Development Council
734 15th Street NW, Suite 900
Washington, DC 20005

IEDC ADVISORY TEAM

IEDC greatly appreciates input and assistance received from stakeholders who participated in the project's site visit, and would like to also thank the IEDC Advisory Team for its time and contributions.

- Jane Jenkins, Downtown Oklahoma City
- Eduardo Santana, RCLCO
- Michael Stumpf, Place Dynamics
- Nancy Whitworth, City of Greenville, South Carolina

ABOUT IEDC

Based in Washington, DC, the International Economic Development Council (IEDC) is the premier economic development membership association in the United States. IEDC helps its members create high-quality jobs, develop vibrant communities, and improve the quality of life in their regions. IEDC's over 4,500 members represent the entire range of economic development experience — from public to private, rural to urban and local to international. IEDC relies significantly on the expertise of its members to educate on industry trends, introduce best practices, and set high standards of practice in the economic development field.

PROJECT STAFF

- Swati Ghosh, Director of Research and Technical Assistance
- Louise Anderson, Senior Associate
- Brian Overington, Senior Associate
- Chelsea Couette, Research Intern

Table of Contents

OVERVIEW 4

PART A

OBSERVATIONS 7
- Strengths and Assets 7
- Challenges 11

RECOMMENDATIONS 14
- Continue Leveraging Strengths and Assets 14
- Make It a Place 15
- Grow Organically and Think Small 20
- Maximize Partnerships and Collaboration 22

CASE EXAMPLES 28
- Davenport, Iowa 28
- La Crosse, Wisconsin 34
- Chattanooga, Tennessee 36

PART B

EXECUTIVE SUMMARY 42
- Findings and Conclusions 42

IMPACT OF WALKABLE URBAN PLACE 46

RETAIL ANALYSIS 48
- Existing Inventory 48
- Regional Retail Trends 48
- Primary Market Areas 49
- Retail Demand Overview 49
- Retail Leakage Analysis 49

RESIDENTIAL ANALYSIS 52
- Existing Inventory 52
- Residential Demand Overview 52
- Recommendations 53

OFFICE MARKET ANALYSIS 55
- Current Inventory 55
- Employment Overview 55
- Office Demand Overview 56
- Recommendations 57

CRITICAL ASSUMPTIONS 58

GENERAL LIMITING CONDITIONS 60

SUPPORTING EXHIBITS 61
- I. Summary of Conclusions 61
- II. Urban Walkable 61
- III. Retail Analysis 64
- IV. Residential Demand Analysis 67
- V. Office Analysis 76

OVERVIEW

The purpose of IEDC's strategic assessment is to assist Sioux City's downtown revitalization efforts — emphasizing downtown's unique real estate offerings. As downtown's inventory of vacant space has increased, this project was conducted to (a) help improve the chances for successfully revitalizing downtown, and (b) to assist the effort to maintain downtown's status as the cultural center of the region.

This strategic assessment for downtown builds upon an earlier site visit by an IEDC Advisory Team of four IEDC members who are active economic development practitioners with significant downtown revitalization experience. This team consisted of Jane Jenkins of Downtown Oklahoma City, Eduardo Santana of RCLCO, Michael Stumpf of Place Dynamics, and Nancy Whitworth of the City of Greenville, South Carolina. This assessment builds on the team's presentation of preliminary findings and recommendations on the site visit's final day, and focuses on the following items.

- Establishment of objectives for downtown's revitalization (based on a market rate real estate analysis)
- Encouragement of private sector investment, and attraction of quality jobs downtown
- Re-purposing downtown's inventory of underutilized or vacant real estate
- Development of additional downtown market-rate housing to attract new residents to downtown's core
- Identifying steps to create further economic activity based on developing existing cultural and event facilities
- Coordination of efforts to brand, market and further develop downtown's identity, and strengthen commitment of downtown's stakeholders and business / property owners
- Comparison of downtown Sioux City to comparable communities with successfully revitalized downtown areas, including discussions on relevant economic development issues facing downtown, such as: (a) sustainability, (b) tax base growth, and (c) organizational leadership and stakeholder engagement

IEDC, in partnership with RCLCO, prepared this report to offer additional information, observations and recommendations for Sioux City's downtown. It is an attempt to provide guidance on ways Sioux City might augment its downtown revitalization to help set the stage for future growth and job creation.

This report is divided into two parts. Part A reviews observations from the site visit and details downtown's strengths and assets, and possible challenges. It outlines possible recommendations to build upon downtown's current revitalization successes, and supplements these recommendations by highlighting case examples that help illustrate how other communities have approached downtown revitalization efforts and initiatives.

Part B is a real estate economic and market analysis prepared by RCLCO. It builds upon Part A by estimating the impact of existing and potential economic forces on downtown's built environment. Part B's objectives are:

1. Quantify short and long term market demand for Sioux City's real estate product types including:
    a. Residential
    b. Office and Retail (Regional, Urban Entertainment and Local)
    c. Educational / Institutional
    d. Arts / Cultural / Civic
    e. Hospitality / Resort

2. Craft capture analysis that reflects the supportable quantities of aforementioned land uses within the downtown study area
3. Synchronize the market demand referenced above with Part A of the report (conducted by IEDC) to develop a clear understanding of probable market outcomes
4. Translate market demand forecasts into estimates of product types and absorption that reasonably reflect the probable market outcome possibilities
5. Test the analysis referenced above to adjust for anticipated changes, which may be influenced by catalytic development projects, infusions of resources, targeted economic development activities, public or private investment intentions, or other market interventions
6. Model the scenarios mentioned above to develop a series of three development forecasts that quantify (by amount and type of development) what can be reasonably anticipated within a five to ten year timeframe in downtown under both current and catalytic scenarios

PART A | STRATEGIC ASSESSMENT

OBSERVATIONS

STRENGTHS AND ASSETS[1]

Downtown Sioux City contains a wonderful assortment of historical buildings with notable and largely intact architectural detail. The unique architectural gems in downtown should be considered an asset that distinguishes it from other parts of the region. Sioux City's collection of rich, historic commercial architecture includes the Historic Fourth Street District, Badgerow Building, the United Center, Warrior Hotel, Orpheum Theatre, et al., most of which are on the National Register of Historic Places.

Overall, rental rates for commercial space in downtown Sioux City are quite affordable. Some site visit participants commented that downtown has available space from $6 per square foot gross to $12 per square foot triple net[2] (about $15 per square foot gross).

There is new, demonstrated demand for downtown housing in the form of condominiums and residential rental units. These new residential developments (e.g., the United Center, Fourth and Jackson Building) are market rate and have begun attracting a mix of smaller (one- and two-person) households. These higher-end residential rental properties will most likely be critical for attracting talented workers that may want to rent (as opposed to buying) high-end residential space when moving to or working downtown.

There are some residential areas in or near downtown that hold the potential to help transform Sioux City. Two of these examples are the neighborhoods of Prospect Hill and Rose Hill. According to site visit participants, Rose Hill is approximately seventy percent rental homes and thirty percent owner-occupied housing.

ATTRACTIONS, AMENITIES AND SUCCESSES

Downtown has many positive attributes (both for residents and businesses) that other cities of similar size, population and character would likely find enviable. In addition to downtown's distinctive architecture and unique historic districts, other positive attributes include on-going renovations to key downtown offerings and recent business attraction successes.

Sioux City has done a remarkable job of locating important attractions, entertainment venues and downtown anchors that continue to help generate visitor traffic downtown. These attractions and investments include (a) the Sioux City Public Museum, (b) Tyson Events Center / Gateway Arena and Long Lines Recreation Center, (c) Sioux City Convention Center, (d) Sioux City Art Center, (e) the planned Children's Museum of Siouxland, (f) Sioux City Public Library, (g) Siouxland Regional Cancer Center, (h) Mercy Health Center, (i) Martin Luther King, Jr. Transportation Center, (j) Sioux City City Hall, (k) Orpheum Theatre, (l) Stoney Creek Inn, (m) Promenade Theater, (n) Riviera Theater, and (o) Historic Fourth Street.

Sioux City has seen a number of recent successful business expansions and attraction efforts, such as Sabre Industries' ongoing expansion, which includes 532 jobs. Sioux City continues to grow in commercial areas, healthcare, and new business park development.

---

[1] This section contains information intended to highlight a few of the most important real estate-related observations for downtown. A more complete analysis of downtown's real estate market is detailed in Part B of this report.

[2] A "triple net" lease is a property lease agreement wherein a tenant agrees to pay all (1) real estate taxes, (2) building insurance, and (3) maintenance costs. These three items are referred to as the "three nets". In a "triple net" lease, the lessee agrees to pay the "three nets" plus any usual fees associated with a lease agreement (e.g., utilities, rent, etc.). Under this type of lease, the tenant is therefore responsible for all costs associated with repair or maintenance of common areas. This type of lease typically used for freestanding commercial buildings.

IMPORTANT LEADERS, PARTNERS AND RESOURCES

The commitment of myriad Sioux City residents, business owners, government officials, etc., and the desire of so many stakeholders to improve downtown is an asset that should be further encouraged in future endeavors. Downtown Partners Sioux City is a particularly important asset. Downtown-centric non-profit organizations working in conjunction with local government and private sector allies are at the core of successful downtown revitalization in many communities. The importance of having an entity whose sole purpose is to champion the cause of downtown revitalization is critical.

The City of Sioux City and its many key public sector and non-profit partners (e.g., Economic Development Department, Convention Center, City Manager, City Council, Downtown Partners, et al.) should be lauded for their role as strong, committed partners in the redevelopment of downtown. The city and these partners have used a number of important tools to support downtown development.

Self-Supported Municipal Improvement District (SMID)

The purpose of downtown's SMID is to provide improvements or services exclusive to this district. The result is an additional measure of taxation added to properties within this district. As an indication of the SMID's popularity, slightly more than of seventy-two percent of downtown's taxable property owners supported the SMID's renewal (December 31st 2007), representing just over sixty-seven percent of the district's taxable value. Downtown Partners Sioux City manages and oversees the funds' use and represents businesses and property owners in the district.

Downtown Partners Sioux City Targeted Revitalization Fund

The Targeted Revitalization Fund is intended to improve the overall quality and appearance of downtown's streetscapes. The fund supports downtown's service area by targeting specific problematic properties and new development demands that positively impact downtown. For properties within the district's service area that plan and implement permanent improvements to building exteriors and storefronts, some funding can be made available.

Tax Increment Financing (TIF)

Sioux City has successfully used Tax Increment Financing (TIF) to promote new growth of both commercial and industrial development. TIF has been used for infrastructure investment and to increase the competitiveness of the region. TIF has specifically been used for recent downtown revitalization efforts such as the Badgerow Building, the United Center, the Fourth and Jackson Building, and Pearl Street.

Façade Program

Sioux City recently initiated a façade improvement grant program that has been used in the Pearl Street District for the successful renovation of a number of storefronts. The façade program augments TIF funds and infrastructure investments for street improvements in downtown's west end.

Targeted Jobs Withholding Tax Credits

The Targeted Jobs Withholding Tax Credit Pilot Program is a state level incentive program enacted in 2006 to allow for the "diversion of withholding funds paid by an employer to be matched by Sioux City (a designated "pilot" city) to create economic incentives that can be directed toward the growth and expansion of targeted businesses located within Urban Renewal areas."[3] Sioux City may enter into a withholding agreement with (a) a business locating to a community from another state that creates targeted jobs in an urban renewal area, or (b) an

[3] Iowa Economic Development Webpage, "Targeted Jobs Withholding Tax Credit Pilot Program". Accessed at: www.iowaeconomicdevelopment.com/business/targeted_jobs.aspx

existing Iowa business creating ten new targeted jobs or making a qualifying $500,000 investment in an urban renewal area.

CURRENT AND FUTURE OPPORTUNITIES

Relocation of Land-Based Casino Downtown

As noted in the real estate and economic market analysis completed by RCLCO (the full content of which is included in Part B of this report), the potential addition of land-based casino to an already compelling downtown entertainment program — including many of the aforementioned attractions — would very likely strengthen the appeal of downtown as a destination for entertainment. Relocating the casino to a downtown location would potentially drive more traffic in and around other downtown attractions.

Increasing downtown's entertainment offerings could ultimately broaden Sioux City's appeal outside of the immediate region, drawing consumers from various areas across the Midwest. In the near term, the result of this scenario would be improved demand for downtown retail. It would also hold the potential to stimulate additional demand for residential housing by (a) households that are attracted by this type of urban, entertainment development and (b) casino employees who may prefer to live downtown. As described in the real estate and economic market analysis, almost one million households with annual income greater than $75,000 currently live within a three hour drive of downtown. If ten percent of these households visited the casino just once per year, an additional 100,000 square feet of retail in downtown could be justified.

Several options for the downtown casino relocation were presented during the IEDC Advisory Team's site visit including a site on Pearl Street, the former Warrior Hotel building, and the former Bomgaars building. As negotiations with the casino have continued, no site has yet been agreed upon, though some potential sites have been crossed off the list including a site at or near the Sioux City Convention Center.

Negotiations between the various parties involved in the potential casino relocation deal are still ongoing. The position that City of Sioux City staff have taken is that the casino entertainment facility is inappropriate anywhere other than in downtown.

Relocation of Large Employer Downtown

Sioux City has made extensive efforts to attract a large employer downtown. The broader Siouxland region offers a workforce and economic infrastructure that are seen as attractive benefits to employers in the computer technology industry (who could potentially employ remaining Gateway Computers' employees who still reside in Sioux City and the region), the insurance industry, and agri-business and technology industries. The successful attraction of one or more of these types of companies to downtown would likely further stimulate demand for office, residential and retail uses by signaling that downtown continues to be a vital investment location.

Farmers Market

During the site visit the IEDC Advisory Team heard several comments on the current success of Sioux City's Farmers Market as well as support and interest in expanding the presence of the farmer's market in downtown. The farmers market is supported and strengthened by local area growers and farmers and local and organic farming initiatives from Woodbury County.

Young Entrepreneurial Citizens

The IEDC Advisory Team met with a variety of entrepreneurs, both in the form of new downtown business owners and novel organizations like the Sioux City Growth Organization (GO). The energy and sense of Sioux City pride among these various groups is an asset and an opportunity that should continue to be nurtured.

Infrastructure Assets

The Interstate 29 (I-29) corridor is considered by Iowa's transportation leaders to be of paramount importance to northwest Iowa, northeast Nebraska and southeast South Dakota's economic prosperity — especially greater Sioux City. A report on the economic benefits of I-29 to the Sioux City region noted that 57 percent of the regional workforce (i.e., 54,000 workers per day) commutes to jobs in Sioux City via I-29. The reconstruction and redevelopment of I-29 will alter traffic patterns in downtown and may create opportunities for new development or redevelopment projects. According to the Iowa Department of Transportation recent and future developments to I-29 are expected to offer benefits in the form of: [4]

- Transportation facilitation to improve the competitiveness of office and manufacturing facilities accessed by I-29 and help reverse the trend of recent job losses associated with the Terra Chemicals buyout and John Morrell & Company closing
- Improved intermodal transportation connections and possibilities (including regional trail systems and public transportation)
- Revitalized brownfield sites in downtown's urban core
- Improved access to US Highway 77
- Better access for daily commuting trips, special event trips, and interstate traffic through a more efficient transportation corridor along the Missouri River and through Sioux City
- Improved regional economic development opportunities, including growth in Sioux City's industrial sector
- Reduced traffic congestion on road networks on and around the I-29 corridor

Electrical and Telecommunications Infrastructure

The relatively low cost of electrical power and the Internet POP located in downtown are assets in recruiting potential back office and small data center tenants. Despite the recent loss of the Delta Airlines Call Reservation Center, this availability of electronic and telecommunications infrastructure should still be considered a strategic advantage for luring businesses downtown.

Other Important Strengths

Sioux City has garnered positive praise and accolades from major national publications, including:

- *Money Magazine* deemed Sioux City a "Contender" in an August 2010 ranking of "Best Places To Live"[5]
- *Site Selection Magazine* has ranked the Sioux City metropolitan region as the number one US metropolitan area for economic development (of communities with populations under 200,000) in 2008[6] and 2007[7]
- In *Business Facilities* magazine's August 2010 issue Sioux City's metropolitan region ranked number one in the nation for "Food Processing Industry Growth"[8]

---

[4] Iowa Department of Transportation. Transportation Investment Generating Economic Recovery II (TIGER II) – Grant Application. Interstate Highway 29 – Segment 2. Accessed at: www.iowadot.gov/tiger2/pdfs/iadothwy-0801%20_I29Narrative.pdf
[5] CNN Money Best Places To Live. Accessed at: http://money.cnn.com/magazines/moneymag/bplive/2010/snapshots/PL1973335.html
[6] Site Selection Magazine. Top Metros of 2008. March 2009 Issue. Accessed at: www.siteselection.com/issues/2009/mar/top-metros/
[7] Site Selection Magazine. Top Metros of 2007. March 2008 Issue. Accessed at: www.siteselection.com/issues/2008/mar/topMetros/
[8] Business Facilities. 2009 Metro Rankings. Accessed at: http://businessfacilities.com/articles/cover-story/2009-metro-rankings-2/

- The Sioux City metropolitan region also earned the accolade of third best U.S. metropolitan region for "Metro Economic Growth Potential" (for communities of less than 200,000 people) in 2009[9]
- The Siouxland Initiative (TSI) was named one of the ten best economic development organizations in the country in 2008 by *Site Selection Magazine*[10]

Low Unemployment

The unemployment rate for the Sioux City region dropped below five percent in May 2012. This is the first sub-five-percent unemployment rate in the region since 2008 and is well below (–3.3%) the US unemployment rate (8.2% in 2012)[11]. It results from an additional six hundred non-farm jobs from local employers.

CHALLENGES

REAL ESTATE

The interesting collection of unique commercial architecture is a potential attraction for additional residents and visitors, yet there appears to be an abundance of large scale commercial vacancies downtown, with a few buildings that seem to lack consistent maintenance. This may be because some building owners intend to redevelop these facilities with modern amenities that newer, younger businesses may find attractive.

Class A office space was until recently relatively full in downtown. Yet, with the Terra Centre mostly vacant this trend appears to have reversed. Along with increasing Class A office space vacancy rates, there appear to be some Class B and Class C office buildings that are largely empty. Some downtown stakeholders have noted the concern that this commercial space vacancy may be creating a negative perception for downtown.

There may also be some type of mismatch in terms of the value that downtown commercial building owners expect to be compensated for and what the market believes downtown's commercial real estate value is. There may also be a similar mismatch of the expected quality of downtown's commercial real estate and what the market perceives as high-quality Class A and Class B commercial real estate. It may be that some downtown building owners view their space as higher quality than some market experts — and potential tenants — view them.

Long-term ownership of some downtown buildings potentially presents a challenge to redevelopment. Some building owners may not have the resources — and may be penalized by capital gains taxes — if they sell their property. Some of these buildings may be providing a revenue stream to owners with little cost, leaving little incentive to change, modify or sell these buildings and create new opportunities.

Some site visit participants noted that some potential businesses have indicated downtown rents may be too high, which may be a reflection of higher-end rental rates for some of the most desirable space downtown. While downtown's commercial space is generally affordable, there are some exceptions. Retail space in the Promenade Theater might be above market price at $21 per square foot. The Promenade's movie theaters have been financially successful — accounting for approximately 60% of the local theater market share — but currently there is only one successful retail store, while the remaining retail space has not to date seen long-term financial success.

Downtown is surrounded by mostly low- to moderate-income neighborhoods (some of which are occupied by a substantial senior population) that, for the most part, lack strong architectural or historic interest to help spur further

[9] Business Facilities. 2009 Metro Rankings. Accessed at: http://businessfacilities.com/articles/cover-story/2009-metro-rankings-2/
[10] Conway Data, Inc. Press Release. May 4th 2009. Accessed at: www.conway.com/press/pdf/TopDealsGroups2008.pdf
[11] Department of Numbers. Accessed at: www.deptofnumbers.com/unemployment/iowa

downtown revitalization. Over one-quarter of downtown residents (within a one mile radius) earn a relatively low income[12], suggesting room to improve and diversify downtown's economic base.

Support for Small Businesses and Entrepreneurs

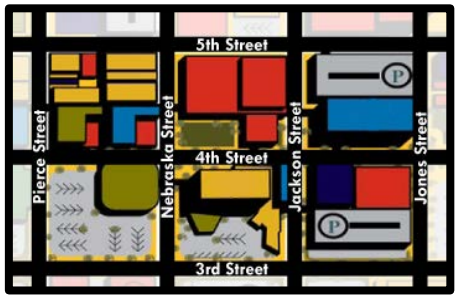
There is some indication that companies in some higher-skilled industries feel a need to look outside downtown to attract and recruit higher-skilled workers. This concern is part of the broader "brain drain" challenge across the state of Iowa.[13] It will be an important factor to address for downtown's future economic development success.

In a memorandum titled "Challenges and Opportunities for the Siouxland Region," eight issue areas were identified that could help improve the competitiveness of the region's workforce[14]. The study focused on the region as a whole, but the points raised (below) may also be relevant for downtown's workforce.

- Adapt to a dwindling, but more diverse workforce
- Transform the regional economy from one traditionally dominated by giant, low-wage industries
- Demand higher, more specialized skills of workers
- Address a need for substantially more entrepreneurial skills
- Maximize early (K-12) educational resources in support of industry demands
- Better leverage post-secondary education
- Increase the growth of talent for the region's economic base
- Make the region's workforce system more capable of meeting the needs of individuals and businesses

Western Iowa Technical Community College's (WITCC) Small Business Development Center (SBDC) has done an admirable job providing small business support services in the area. However, much more needs to be done to harness their full potential and further build on their existing successes as part of a broader regional effort to support and enhance downtown's small business development delivery system. The WITCC could be a key player in the next local business success story like Terra Chemicals.

Downtown Connectivity



Sioux City has done a tremendous job in developing and redeveloping important, strategic downtown areas and could potentially benefit from a more comprehensive plan. Some newer buildings, particularly between Pierce Street and Jones Street (see map), break up the traditional street-level storefront pattern, creating a sense of fragmentation among downtown retail and service uses. The reopening of Fourth Street and newer developments that have accompanied it has helped connect parts of downtown. However, overall connectivity could be enhanced in large areas of downtown. Overall, these downtown areas appear to lack the critical mass to draw in shoppers or retailers.

The vision for the downtown area between Third Street and the Missouri River that encompasses a mix of commercial, industrial, residential and civic uses could also be enhanced. Newer development in this area appears to have a suburban character that could potentially detract from downtown's viability. Part of the land area in this

[12] Less than $15,000 income annually
[13] From 1995 to 2000, Iowa lost more young people than any other state in the country, besides North Dakota. Accessed at: www.kmeg.com/story/12080334/home-again-fights-iowa-brain-drain?clienttype=mobile&redirected=true
[14] Challenges and Opportunities for the Siouxland Region Memorandum. Center for Regional Economic Competitiveness. University of Northern Iowa Institute for Decision Making. October 2009.

portion of downtown is underutilized, and its connectivity to downtown attractions (e.g., the Tyson Event Center, the Missouri River and Riverfront Park, etc.) could be augmented.

Infrastructure

There are opportunities associated with the redevelopment of I-29, yet there is also a risk that the redevelopment process itself could displace downtown businesses. Once completed, the newly redeveloped interstate could alter traffic patterns in a way that might decrease demand and access to successful downtown companies.[15]

Connections to Natural Amenities

Connections to traditional natural amenities (e.g. green space and parks) for downtown residents could be enhanced. The City of Sioux City has been in the planning process for the proposed Cone Park and improvements to the riverfront connection as part of the I-29 project but, where possible, these efforts should be augmented. Establishing convenient connectivity to the riverfront is a goal that should probably continue to be at the forefront of downtown's redevelopment. This connectivity could potentially be enhanced if approached from the perspective of pedestrians, recreational cyclists, and automobile drivers, which may require bike access enhancements and improved trail system connections.

Case Example:
Davenport Riverfront Re-Connectivity

Davenport, Iowa is a noteworthy example of coupling downtown and riverfront revitalization efforts, and building on a framework of walkable urban areas visually tied to the Mississippi River. In a relatively short period of time downtown Davenport successfully transformed by using its riverfront as a central focus of its downtown revitalization strategy. A concerted, comprehensive redevelopment effort in 2001 known as the *River Renaissance* was initiated by the city, the community and the local private sector resulting in investments of over one hundred million dollars of public and private funding. A second planning process known as the *River Vision* included roughly 1,000 residents from both sides of the Mississippi River (Davenport, Iowa and Rock Island). From this process a *River Vision Plan* was born, out of which came further reinvention and revitalization projects in both Davenport and Rock Island's riverfront areas — including the conversion of a former city landfill into a 50 acre multimillion-dollar public recreation area (Centennial Park) with the Midwest's largest skate park. Economic development officials in Davenport have credited their success to "maximizing the river".

Parking

Parking costs — and associated fines for violations thereof — is viewed by some building owners and businesses as an impediment to attracting downtown visitors. Some site visit participants commented on the aggressiveness of downtown's parking enforcement methods. While parking enforcement data were not available for the current year, a 2010 parking assessment for downtown revealed a sixteen percent increase in the number of parking citations issued from 2009 to 2010. The parking assessment also noted the current parking violation fine ($9.00) does not seem to deter chronic parking meter violation / abuse, despite expressed fears that fines will drive people away from downtown.

There are several city and privately-owned parking facilities located throughout downtown. The real estate and economic market analysis notes that several Sioux City area professionals mentioned concerns that parking may become inadequate based on the opinion that most parking structures are seeing larger numbers of parkers — despite several downtown office buildings remaining mostly vacant. Although there are a number of vacant spaces available in several parking ramps, long term improvements in Sioux City's real estate market unaccompanied by additional parking holds the potential to adversely impact downtown and hinder real estate market growth.

[15] Dave Dreeszen. Sioux City Journal. I-29 Work to Force Exodus of Some Businesses. June 10, 2012. Accessed at: http://siouxcityjournal.com/business/local/article_56e1aa08-e17f-5ea2-a1c1-da86d0e6e963.html.

Conclusion

The challenges confronting downtown are significant but manageable if Sioux City leaders are able to maintain strong, open lines of communication with partners that were evident during the IEDC Advisory Team's site visit. The ability to maintain dialogue and leverage input from partners and the public will serve Sioux City well going forward. The next section will discuss recommendations for downtown's continuing revitalization efforts.

RECOMMENDATIONS

Continue Leveraging Strengths and Assets

Downtown competes for residents and businesses on both costs (e.g., taxes, fees, parking, etc.) and benefits (e.g., unique cultural offerings, etc). Sioux City may want to consider concentrating on leveraging the benefits of its existing collection of interesting commercial architecture that other areas may not offer. The strategy should be to minimize costs where possible, but also to educate and sell the unique benefits that downtown offers that help justify potentially higher costs of living compared to other neighboring areas. In economic terms, product differentiation and added value tend to command higher monetary premiums. A community like Sioux City that strives to be a "valuable place" should continue identifying and developing unique attributes that add to downtown's differentiation from any other place.[16]

Sioux City should continue its current strategy of ensuring that efforts are made to concentrate development opportunities and funding to the revitalization and rehabilitation of its architecturally significant historic buildings. Efforts should also be made to upgrade the current office inventory to Class A and reduce the overall office space inventory through residential conversions. Each decision about changes to the physical form of downtown's existing architecture should be evaluated by how it will effect downtown's "competitive position — its realistic ability to compete nationally for residents and businesses."[17]

Despite vacancies in some of downtown's buildings, it should not necessarily be considered a failure if no immediate uses or tenants can be found for these facilities, as "an empty building is a much better neighbor than an empty lot."[18]

Build on Renewed Residential Housing Demand

RCLCO's residential real estate analysis estimates that 1,300+ eligible households (1-2 person) annually will be in the market for a residential unit, based on relevant competitive supply and units vacated through turnover in the downtown submarket. Of these (assuming no changes in downtown), RCLCO's analysis estimates an annual demand ranging from 40 to 100 units in downtown. Furthermore, of these 40 to 100 units, RCLCO estimates 25 to 65 will demand for-sale housing and 14 to 35 will demand a market rate rental apartment in downtown.

RCLCO further estimates that a potential 4,500+ households annually would be in the market for a residential unit if downtown were positioned as a more family-friendly, neighborhood-oriented environment. In this scenario, RCLCO's analysis estimates an annual demand range of 115 to 220 for a residential unit in downtown. Of these, RCLCO estimates 85 to 140 will demand for-sale housing and 30 to 80 will demand a market rate rental apartment in downtown.

---

[17] Jeff Speck. The City Livable: Modest Proposals for Reviving Downtown. Report to the Citizens of Davenport, Iowa. September, 2008.
[17] Ibid.
[18] Ibid.

Sioux City may want to carefully consider the overall impact of proposals to add more low-income housing downtown. It may be preferable for downtown to focus more on adding market rate rental and ownership units, which will help raise the profile of downtown as a residential area. RCLCO's consumer research supports this notion. Their analysis indicates that younger generations (e.g., Generation Y — those born from roughly 1980 to 2000) are typically willing to pay more for the conveniences and lifestyle amenities associated with urban living. More than one half of Generation Y respondents to RCLCO's consumer survey research indicated a willingness to substitute lot sizes for an ability to walk to shopping or jobs. Even for families with children, one-third of all respondents to RCLCO's consumer research indicated they would be willing to trade lot size and "ideal" homes for walkable, diverse communities.

In order to position downtown as an attractive, competitive destination for potential residents and businesses, Sioux City should focus on enhancing the availability of higher-end housing that is attractive to younger populations with comparatively higher disposable income. In other words, from a residential standpoint, Sioux City should consider prioritizing the unique benefits of premium downtown living over other factors in which it may have less of a competitive advantage compared to other areas (e.g., cost of living, which tend to be higher in premium downtown areas).

Continue Encouraging Conversion of Some Office Space to Residential

RCLCO's analysis of downtown's real estate market found anecdotal evidence of a modest recovery in Sioux City's local real estate markets, which should be viewed as an opportunity for the city to strengthen downtown's appeal with improvements to livability and walkability. The two recent notable adaptive use projects have proven that there's interest in rental and condominium housing in the downtown. This newly redeveloped residential space has been absorbed quickly and achieved rents and sales figures at the top of their markets. This should be taken as a signal of growing appeal for interesting, higher-end residential space in downtown.

This approach to residential redevelopment in downtown is seemingly replicable. There are plenty of other existing underperforming office buildings that may be similarly ideal — in terms of location, historic significance, and architectural charm — for similar redevelopment. Such redevelopment efforts will result in additional downtown residents. Sites around Historic 4th Street, south of 3rd Street, and in the West End are primed for redevelopment into new residential or mixed-use buildings.

Make It a Place

A key guiding principle Sioux City should consider for its downtown revitalization efforts is investing in enhancing the "sense of place" in downtown. Enhancements to downtown's walkability, urban design, connectivity, green space and unique amenities, could help set the stage for future development and encourage private investment. The unique physical environment and architecture that serve as attractions for downtown have been noted, and Sioux City should build on these assets and further develop downtown as a place that fosters dense activity and a vibrant atmosphere. It will further solidify downtown's position as a unique cultural center unlike any other within hundreds of miles, and continue making downtown a place that people and businesses want to be.

Continue Walkability Enhancements

According to the 2010 Census, there were 814 people living in the area bounded by Wesley Parkway on the west, Floyd Boulevard on the east, 9th Street on the north, and the Missouri River on the south[19]. This might be

[19] Source: US Census Bureau.

considered the "walkable" area of downtown. Sioux City should make it a goal to increase residential density in this walkable zone.

RCLCO's analysis notes that local efforts to invest in downtown, including improvements to walkability, could result in a transformation that could position Sioux City to emerge as one of the Midwest's premier urban districts by offering an attractive quality of life for those that choose to live, work and find entertainment in downtown districts. Though there are enhancements that could be made, downtown offers amenities and infrastructure that constitute a strong foundation for a walkable urban core.

Augmenting Parking Awareness and Connectivity

Sioux City should develop a public education and promotion campaign regarding downtown parking. Some residents and business owners have expressed concern that parking costs and associated parking enforcement fines in downtown may be driving customers away.

Yet, parking turnover is the lifeblood of downtown economic activity. As mentioned during the site visit, where free parking is allowed (with resulting lack of turnover in downtown parking areas), this almost certainly means employees, residents, and visitors will occupy available parking in front or near key shopping and consumer areas in downtown. A likely result will be *less* business traffic to downtown businesses and retailers. Instead Sioux City should develop a campaign to continue to encourage and drive downtown visitors to parking ramps. The campaign should start by focusing on the business owners who will need to be convinced of the benefits of parking turnover, and how these benefits are generally preferable to other alternatives.

Case Example:
La Crosse, Wisconsin Streetscaping

Downtown La Crosse's successful revitalization involved several streetscaping projects. This venture involved everything from changing existing street lamps to 1930s and 1940s style street lamp designs, to recreating streets with brick in lieu of pavement, to bike rack installations, to strategically located visitor kiosks, to trash receptacles. Effectively La Crosse's overall streetscaping program "covered everything from the building facades out to the streets." All of which resulted in an improved presence of downtown residents, employees and visitors and improved property values for downtown residents and business owners. Funding sources for these projects varied, with funds for bike rack projects coming from a local YMCA via a federal government grant for Pioneering Healthy Communities, and funds for visitor kiosks and way finding improvement projects coming from the City of La Crosse. Since these projects began in the mid-1990a the City of La Crosse has now developed a maintenance program to ensure the quality of these improvements is maintained and the hard-earned downtown improvements are not diminished.

Case Example: Davenport, Iowa
New Business Parking Incentive Program

Davenport, Iowa has developed and implemented a structured, tiered parking incentive program for new downtown businesses. The approach is to offer a defined number of parking spaces at a free or discounted rate that gradually increases on an annual basis, such that at the end of a predetermined time frame (e.g., five or ten years) the downtown business then pays the full parking rate for its business and employees.

Continue to Optimize Green Space

As additional residents migrate downtown, Sioux City should consider augmenting the volume and character of downtown's green space. Improving downtown's green space could potentially improve downtown's ability to successfully encourage more residents and housing. The future addition of Cone Park could prove to be catalytic, and has the potential to attract increased foot traffic downtown. Cone Park's development could also help leverage additional development and activity generation downtown.

There seems to be a need for small, one- to three-acre parks at both the east and west ends of downtown. Future residential development in Sioux City's West End district would be well served by green space around the Battery Building. The eastern end of the Post Office block, a portion of which is currently listed for sale, might be an ideal location for a park serving downtown's east end. If a portion of the Post Office parking lot could also be acquired, park development might be accompanied by new housing fronting on the park.

Sioux City should consider a coordinated campaign to plant more trees across downtown. There are many benefits to planting trees downtown. They generally create more comfortable year-round "microclimates". On the business side, trees routinely improve property value and generate higher income streams for businesses. On the environmental side, they reduce storm-water run-off. On the infrastructure side, trees lengthen the life of pavement. In a study performed for Davenport, Iowa, the report referenced a statistic noting that for the $250-$600 planting costs of a single tree, it returns over $90,000 of direct benefits throughout its lifetime.[20]

CONTINUE FOCUSING ON KEY DOWNTOWN SITES

Drive Decision for Land-Based Downtown Casino Location

One of the most important immediate opportunities for Sioux City is the likely development of a land-based casino and relocation of the current casino site on the Missouri River to a downtown location. The IEDC Advisory Team believes that Sioux City leaders should ultimately drive the choice of location for the casino's relocation, as opposed to waiting for others to propose or select potential sites for the casino.

During the site visit, the IEDC Advisory Team heard about several different options that have been presented to date (e.g., Pearl Street site, former Warrior Hotel, Sioux City Convention Center, the former Bomgaars store site, etc.). While the IEDC Advisory Team is not in an appropriate position to recommend an exact location for the relocation of the casino, the team believes that the decision should ultimately be driven by Sioux City leaders who, in conjunction with the casino owners, need to carefully consider the pros and cons of each location.

Additionally, the IEDC Advisory team recommends that the new land-based casino should be viewed as an anchor to support other existing and future businesses. As part of this, Sioux City should encourage the land-based casino to develop and engage other street-level activity as much as possible to help drive foot traffic around other proximate areas of downtown. Similarly parking for the casino could be dispersed in downtown such that increased foot traffic is driven to strategic areas around downtown. Sioux City should also encourage the casino to develop multiple entries to disperse foot traffic to and from the casino to different areas in downtown. In sum, Sioux City should consider how to best integrate the casino into the fabric of downtown in order to make it a destination and to ensure that the casino works for Sioux City by maximizing the benefits it offers.

Retail Strategy

While there may be some retail chain stores that will consider a downtown location, many chain stores are likely to continue to be drawn to Lakeport Commons or other major shopping districts in the region. A business attraction strategy focusing mainly on chain businesses may be unlikely to generate substantial overall economic impact for downtown. Sioux City should consider an approach that targets retail and restaurant entrepreneurs and existing independent or regional chain businesses within roughly a one hundred mile radius of downtown.

Sioux City should identify priority retail sectors for attracting businesses. This could extend as far as Omaha, Sioux Falls, Des Moines, and Mason City, as well as some distance west. Businesses will need to be screened to determine if they are a good fit for one of the downtown retail districts, which may require a blind visit to observe business practices and merchandise selection.

Targeted businesses should then be approached to open a downtown location. Sioux City may need to offer some incentives to attract the business. These can include the potential to open a kiosk or booth space in the proposed Sioux City Marketplace, the ability to test the market with a pop-up store in vacant space at free or discounted lease rates; rent abatements; sign and façade grants; and marketing assistance to improve cash flow and customer awareness during the first six to twelve months in which a store or restaurant is open. These programs should only be available to businesses locating downtown and remaining there for some number of years after opening. Sioux

[20] Jeff Speck. The City Livable: Modest Proposals for Reviving Downtown. Report to the Citizens of Davenport, Iowa. September, 2008.

City should also consider modifications to its existing façade improvement program and offer forgivable loans for façade improvements in which, over the course of 5-7 years, a certain percentage of the loan is forgiven every year. If the business moves out of the targeted area where incentives are offered, they should pay at least the remaining portion of the outstanding loan and potentially some small fees or fines.

Continue Efforts to Develop Critical Mass

There are three areas of downtown (Historic Fourth Street District, West Fourth Street Area, and the Historic Pearl District) that Sioux City should target with the intent of generating a critical mass of businesses to draw in customer traffic in each area.

Historic 4th Street District

Historic 4th Street was once Sioux City's "red light" district and has more recently emerged as the city's chief entertainment district with several quality restaurants (e.g., Rebo's, Luciano's, etc.) and a small number of retailers. The dearth of remaining available space in this district (with the notable exception of the Promenade shops) likely means that only a few additional businesses can locate in the Historic 4th Street District.

Central Core Area

The central core area is the remnant of what was once downtown's retail core. While the former Younkers has been repurposed as HOM Furniture retail store, the former Bomgaars store is empty and listed for lease. This vacant retail space could be subdivided to create storefront openings onto both Pearl Street and 4th Street. It is also a more likely prospect that these types of smaller, sub-divided spaces would lease more quickly — and for better uses — than would the entire space as currently configured.

The former Bomgaars store could be divided to open up storefronts onto Pearl Street, addressing the long blank wall created by this building, the MidAmerican building, and the parking garage. Downtown should consider developing a "Sioux City Market", perhaps in the former Bomgaars store or other potential sites such as the Battery Building. This type of market could include kiosks or booth space for several vendors selling specialty and prepared foods, and other products. It would provide an opportunity to recruit local manufacturers to open an "outlet" for their goods. Sue Bee Honey, Jolly Time Popcorn, and Wells Blue Bunny are examples of such manufacturers.

Case Example:DavenportOne NewVentures Center, Saint Ambrose University and Eastern Iowa Community College (EICC)

The DavenportOne NewVentures Center in downtown Davenport, Iowa is a good example of how a small but growing university presence in downtown can help revitalize downtown areas. The NewVentures Center began a decade ago (2002) and offers technical services to colleges, universities and businesses. The business incubator facility was initially intended to have an agricultural theme, but the facility eventually evolved to become a more general business incubator. The center also houses Eastern Iowa Community College's Small Business Development Center.

The presence of the NewVentures Center eventually attracted the interest (and ultimately presence) of higher education institutions in downtown Davenport. This process began with the location of Saint Ambrose University which moved its Master of Organizational Leadership degree program (and several MBA courses) into the center's office space and "smart classrooms". Saint Ambrose University offers evening courses to its largely adult student population.

This initial university presence then attracted the attention and eventual expansion of the region's community college (Eastern Iowa Community College), which opened up literally just across the street from the NewVentures Center. In addition to evening classes, the community college offers daytime courses as well. This university presence, in turn, led to a genuine cluster of students whose presence in downtown began to increase demand for goods and services therein (retail, restaurants, bars, etc.). Economic development officials in Davenport noted that this was incredibly helpful to enticing other businesses to locate downtown and helping "fill in the blanks" of downtown. As a consequence, downtown Davenport has now begun to see the return of more professional firms (e.g., engineering, insurance, financial, and legal) that had moved to the suburbs decades ago.

Historic Pearl Street District

Pearl Street was Sioux City's first "Main Street" before it declined and became a secondary commercial corridor. Pearl Street's opportunities for retail are challenged by long blank walls along the east side of the street from 3rd Street north to 5th Street. Opening the Bomgaars frontage with new storefronts will help to overcome this hurdle.

There are small buildings in this area that have ideal floor areas for the kind of independent retail and other uses that Sioux City can expect to attract to this area.

West End Development

Some of the smaller buildings in the West End district provide opportunities for ownership for small to mid-sized businesses, which may not be available within the downtown core of Sioux City. Sioux City should leverage this benefit as a recruitment strategy for this area.

This West End district could be considered a good location for a kitchen incubator. A kitchen incubator would provide shared commercial kitchen equipment for potential businesses that may not have the capital to invest in a commercial kitchen during the early stages of the business. It also allows potential businesses to test local market demand for their services before making additional investments. This type of venture could be located in an existing building, or perhaps along with a "Sioux City Market" in the former Bomgaars building, or the Battery Building where it might be used by other food preparers, or incubator tenants may sell their goods.

CONSIDER DEVELOPING A DOWNTOWN UNIVERSITY CENTER

The West End district would also be a good location for a potential "university center" shared by area colleges and state universities (e.g., Briar Cliff College, Western Iowa Technical Community College, Morningside College, Iowa State University, University of Iowa, University of South Dakota, et al.). Day and evening classes offered at this kind of downtown university center would attract students into the West End district (or downtown generally) and help to anchor the area as a live-work-play destination for younger adults. There may also be other locations in the downtown that may be well suited to a University Center. More details on increasing downtown university presence are discussed later in the report.

CONSIDER A NON-PROFIT LAND BANK

Land banking is the process of buying land (typically undeveloped) with the goal of holding the land until it's considered profitable to sell to others (for a higher price than the initial investment). The desired value or price increase of the land can be the result of inflation or conversion for different uses (e.g., residential, commercial or industrial — depending on zoning requirements), among other reasons.

Land parcels that lie in the direct path of development or growth in developing cities are generally considered desirable for a land bank. Typically, the objective is to ascertain such parcels well ahead of developers and to then await their value to come to full fruition. Sioux City may consider establishing a non-profit land bank to acquire, prepare, and make sites and buildings available for redevelopment. Advantages of a land bank include:

- The ability to acquire and hold property until the desired kind of development can be achieved.
- The ability to assemble multiple parcels to enable larger-scale redevelopment.
- The ability to move quickly to acquire properties that come on the market, faster than government can usually act.
- The ability to tap grants and other sources of funding available to a non-profit, in addition to funds provided through local and state government programs.

- The potential to provide tax benefits to sellers, as well as the opportunity to receive donated property.
- The ability to enact covenants or deed restrictions as a means of securing positive benefits for the district (such as historic façade easements or public access easements).

Grow Organically and Think Small

Sioux City should further augment its downtown job growth strategy by building on previous successes and continuing with the development of a multi-faceted small business and entrepreneurship development strategy aimed at growing additional jobs from within downtown. In short, downtown should "think smaller" and focus on organic small business-driven job growth.

During the past decade, newly self-employed persons accounted for a third[21] of all net job growth in Iowa. The remaining two-thirds of new jobs were in establishments of two to nine employees. By comparison the net change in jobs at larger establishments was negative, and, at the same time, nearly all of the net job losses in Iowa were accounted for by companies based in other states.

Put differently, Iowa's small home-grown businesses have been responsible for a majority of the job growth in Iowa. This does not imply that some larger operations do not grow or locate in Iowa, but given this information, it appears the odds of filling space with several smaller companies may be greater than landing one large company. For example, the real estate and economic market analysis points to local evidence that a Sioux City-based small business could grow and expand into a large regional employer, just as Terra Industries did.

Therefore, Sioux City should enhance efforts to target local small business growth. This could include efforts to support self-employment and micro-businesses (five or fewer employees), as well as establishments with up to 20 employees. However, growth patterns nationwide (and in Iowa) show that a majority of net new employment occurs in much smaller establishments.

Sioux City will need to modify downtown development and real estate tenanting strategies to reflect this focus on fostering small business development. This should include exploring whether downtown could enhance its offerings for smaller office uses. It may be that some downtown building owners will reconsider strategies for providing additional office suites in the range of 5,000 to 10,000 square feet — and potentially even smaller.

Downtown leaders may find it beneficial to further identify specific industries suited to downtown. Sioux City should also consider offering additional financial incentives from its economic development arsenal (e.g., TIF funds, façade grants, loans) for downtown-specific or downtown-only projects and prospects, in order to steer potential employers towards a downtown location.

Economic Gardening

Economic gardening is an approach to economic development that stresses growing local businesses over recruitment. Key elements of an economic gardening initiative include connecting businesses to resources, providing access to information, and developing the local capacity/environment in which local businesses can grow. Sioux City should examine the merits of this approach, given the importance of local businesses to its economy.

IEDC offers a publication titled *Unlocking Entrepreneurship: A Handbook for Economic Developers* that contains rich information on economic gardening strategies. The Edward Lowe Foundation is also an excellent resource for information on economic gardening and strategies therein. Additionally, a popular statewide economic gardening program in the state of Florida known as GrowFL (administered by the University of Central Florida), is an

[21] National Employment Time Series Database. Edward Lowe Foundation. Accessed at www.youreconomy.org

excellent resource for economic gardening resources. Finally, the Iowa Economic Gardening Network is a resource that Sioux City, if not already involved in, should strongly consider joining or enhancing (if a relationship with this group already exists) in order to access information on technical assistance related to economic gardening in Iowa.

Coworking

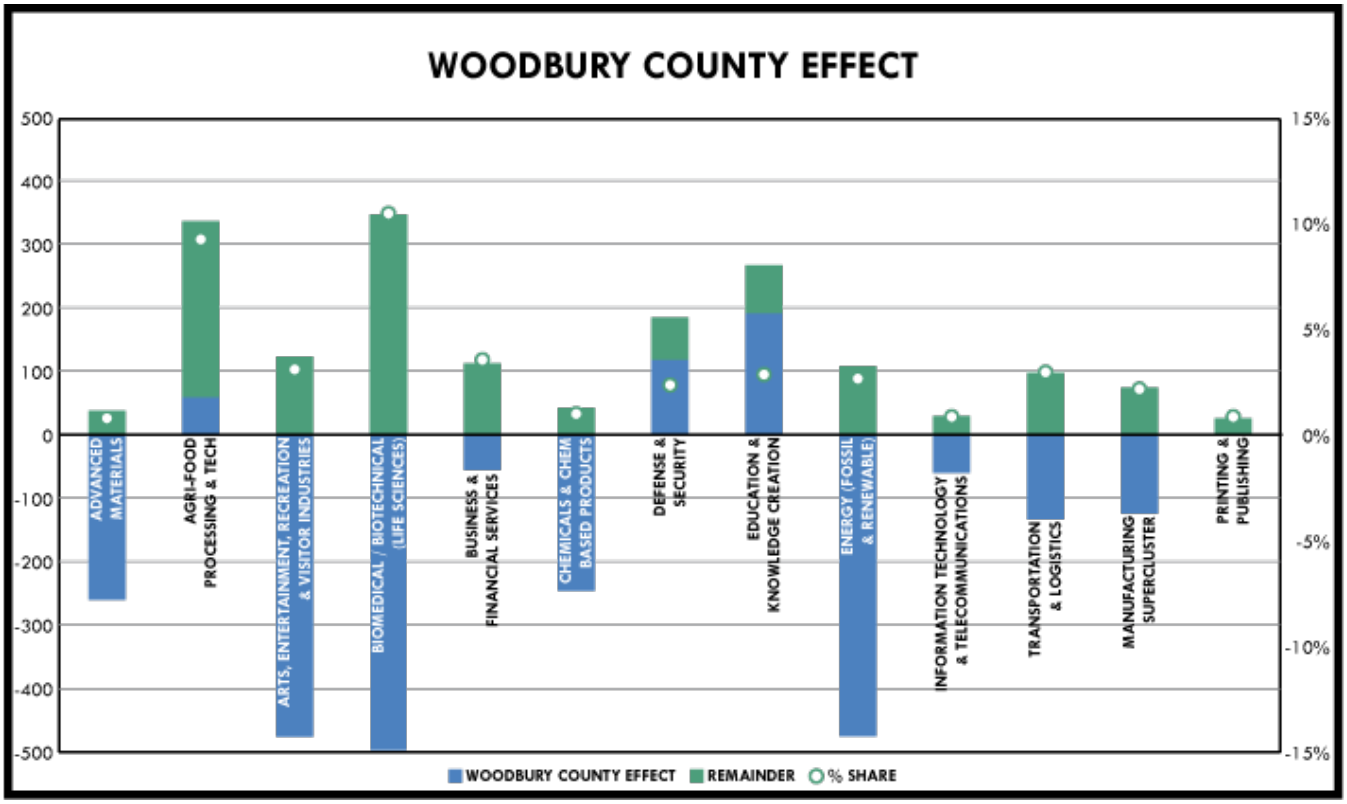
Coworking is increasingly being seen as a strategy for supporting business creation and growth. Coworking is an environment for solo workers and small businesses, creating a supportive community within shared workspace. Coworking can be part of an economic gardening strategy as well. There are a number of coworking spaces in Iowa with varied levels of success. A successful example is in Des Moines, Iowa called Foundry Coworking that offers "a creative, open workspace for entrepreneurs, startups, and mobile professionals"[22] Several other examples of coworking spaces exist in Iowa City as well.

Shift-Share Analysis

The real estate and economic market analysis employed a shift-share methodology to look at (a) historical employment growth by industry in both Woodbury and Polk Counties in comparison to (b) the total employment growth in Iowa during from 2003 and 2008 — a period of sustained economic growth. A shift-share analysis identifies a jurisdiction's competitive advantage (or disadvantage) in industry employment by comparing a particular industry's growth in the specific jurisdiction to general employment growth in the region and to regional employment growth in that particular industry. RCLCO deems this competitive advantage the "Woodbury County Effect".

The real estate and market analysis identifies economic sectors that are especially attracted to (or repelled by) these counties. RCLCO results illustrate three industry clusters show growth resulting from a local effect: Agri-Business and Food Processing, Defense and Security, and Education and Knowledge Creation. RCLCO's analysis indicates that growth in all other industry clusters can be attributed to industry and statewide factors.

[22] Foundry Coworking. Accessed at: http://foundrycoworking.com/about



Build on and Strengthen Downtown Small Business Partnerships

Sioux City should begin to strengthen partnerships with its Small Business Development Centers (e.g. WITCC), colleges and universities (e.g., Morningside College, Briar Cliff University), and other sources of technical assistance. Most SBDCs offer assistance to small businesses in the form of free one-on-one business counseling, market research services, business education classes, et al. and these services will need to be strengthened to increase the odds of downtown's ability to successfully create small, homegrown businesses.

Sioux City should consider carefully screening potential downtown start-up businesses to determine their viability because a number of new businesses that open and then quickly fold could create a negative image for downtown as a place to open a business (which may ultimately hinder new growth downtown). Local leadership should carefully weigh the pros and cons of such an approach and its potential impact on Sioux City's growth and branding.

Maximize Partnerships and Collaboration

On the economic development webpage of the Siouxland Initiative's website, the following text appears:

> *"The key advantage of the Sioux City metro's business environment is diversity. Because of its unique location at the confluence of Iowa, Nebraska and South Dakota, business prospects have a choice of three economic development programs, three tax structures and regulatory environments of three states."*

It is the belief of the IEDC Advisory Team that, where possible, direct reference or encouragement of competition between the three states of Iowa, Nebraska and South Dakota (such as the way the previous statement is framed) should be avoided. The above statement paints a limited picture of what the region as a whole has to offer in

terms of workforce supply and quality, educational institutions, access to major markets, quality of life indicators, etc. Every community within the region is different and offers some unique benefits to prospective businesses. Sioux City should work with its regional economic development partners to encourage them to avoid mention or inferences of competition between communities in the Tri-State region that are based solely on tax structures and regulatory environments while encouraging them to instead focus on other positive business benefits (such as those referenced above) in describing the advantages of different communities and the region to potential business clients.

The IEDC Advisory Team recommends the Siouxland Chamber/Initiative partner with the City of Sioux City and Downtown Partners Sioux City to help implement the recommendations of this study and actively promote and market downtown as a key element of regional economic growth.

Further Enhance Local Arts-Related Developments

Sioux City may want to consider encouraging Siouxland Artists, Inc. (whose primary goal is helping develop deeper understanding of art within the Siouxland community) to find gallery space in a prominent downtown location in which to offer its programs, exhibitions and art sales. A downtown Siouxland Artists, Inc. gallery could be a way to grow a community of artists who want to connect with this organization's annual arts shows and downtown art walks.

During the IEDC Advisory Team's site visit, the team learned about a previous assessment of downtown by ArtSpace that identified demand for up to 25 live/work artist units in downtown. There are several buildings in the Historic West End District that can be adapted or redeveloped in order to meet this potential demand. This effort should try to find ways to involve other organizations in the Sioux City arts community, such as Sculpt Siouxland and ISU Design West.

Case Example:
Incenting Local Arts in Chattanooga, Tennessee (ArtsMove)

As part of Chattanooga Tennessee's downtown revitalization effort, a financially-incented housing program was developed to help attract artists to downtown Chattanooga. The Allied Arts of Greater Chattanooga (AAGC) — a 43 year old private, non-profit arts council — created an artist relocation program known as ArtsMove that provides homebuyer incentives of up to fifteen thousand dollars in the form of a five year forgivable mortgage. The ArtsMove program was intended to encourage artists to live and work in one of five Chattanooga neighborhoods identified for redevelopment.

Sioux City should also augment their existing relationship with ISU Design West to encourage greater downtown involvement. One possibility is to work with Iowa State University officials to further develop the ISU Design West program, starting with informal dialogues with the program's administrators to review the needs and desires of the program and explore additional ways downtown could partner on potential program expansion. Another possibility is to enhance existing connections to ISU Design West by developing a program that helps display works of ISU Design West students at downtown galleries, buildings, skywalks and other open areas for public art. Examples of Sioux City art created by ISU Design West students can be seen at: www.flickr.com/photos/drawia/sets/72157620594421913 (Title: Sioux City IA Buildings).

Create Opportunities to Partner with Sioux City Growth Organization (GO)

The Sioux City Growth Organization (GO) spawned from the ambition and initiative of young entrepreneurs in Sioux City. Although the real estate and economic market analysis didn't evaluate the viability of member businesses or business concepts presented at this year's Innovation Market, Sioux City appears to have the infrastructure, talent, support network and historical precedence to nurture the growth of successful local companies. The City of Sioux City has supported these efforts, including sponsoring the Innovation Market. These efforts should be continued and further built upon.

ENCOURAGE DEVELOPMENT OF LOCAL ENTREPRENEURSHIP EDUCATION

Entrepreneurship should be a part of the K-16 educational system. Educating students about entrepreneurship benefits and processes helps them become aware of their potential as entrepreneurs and of the tools needed to successfully start their own businesses — which can effectively lower the unemployment rate, increase job creation, diversify the economy, and reduce the number of small business failures.[23] There are numerous ways that economic development organizations can and do support entrepreneurship education in their communities, including advocating for entrepreneurship education in local schools, engaging business communities in entrepreneurship education processes, and supporting entrepreneurship education programs through grant development. Sioux City should consider developing an entrepreneurship education initiative in conjunction with area high schools and universities. This could begin as a pilot program at a handful of area schools and universities then broadened throughout the region. Success in this realm would go a long way to rebranding downtown as a place that caters to and develops entrepreneurship.

DEVELOP A DOWNTOWN UNIVERSITY PRESENCE

Sioux City should develop a small but significant downtown university presence. While expectations for an immediate downtown transformation should be tempered, a significant downtown university presence would ultimately go a long way to benefitting the development of the city's workforce by helping to attract young, educated students downtown. The Iowa State University Design West facility in downtown is a significant start, and expansion of this program or the addition of other complementary university facilities in downtown should likely be a priority for downtown.

Sioux City should consider developing a downtown university center in partnership with area or state universities. This type of university center could be tailored to particular industries Sioux City and its downtown have identified as targets for future economic development efforts. Moreover, a university center needn't involve just one university. It could be a joint program of different universities.

There are several important benefits that this type of university center development could bring to downtown. First, it could send a signal (to targeted industries and businesses) that Sioux City is developing expertise in a particular industry, which helps begin to brand the region. Second, it might begin to lay the groundwork for modest, but important future workforce development and may even help begin to reverse the trend of brain drain. Third, a built-in core of students and university employees (whether faculty or administrators) could increase daytime (and potentially evening) demand for downtown goods and services (particularly if students resided downtown).

BUILD UPON DOWNTOWN MARKETING CAMPAIGN

Sioux City has worked with Downtown Partners to develop marketing and branding concepts that emphasize the advantages of doing business and living downtown. Sioux City and Downtown Partners should consider enhancing this campaign. One approach is to profile residents or business owners who have made the decision to live or work downtown. "I live downtown" or "I work downtown" can profile individuals with a photograph and a few written lines of information about the person and why they made the choice to live downtown. Additionally, advertising in local magazines could be coupled with low-cost techniques such as printing "I work downtown" posters to hang in public places, such as throughout the skywalk system. Other activities that could be explored as part of a broader marketing campaign include:

- Conducting additional tours of rehabilitated buildings during cultural festivals and events of local and regional significance

[23] International Economic Development Council (IEDC). Economic Development Research Partners. Unlocking Entrepreneurship: A Handbook for Economic Developers. 2011.

- Partnering with area colleges so that downtown is included in university tours to potential students, parents, investors, etc. and discussing downtown development plans
- Showcasing plans for future developments in and around downtown at local events
- Wine tasting(s) at newly rebuilt housing and retail spaces to attract potential tenants and buyers

Sioux City should continue efforts to design and promote additional events (e.g., Fridays on the Promenade, Art Walk, etc.) that drive traffic to retail shops and restaurants downtown. A marketing assistance program (which could encompass both technical and financial assistance) for downtown retail and restaurant businesses can be offered to provide additional support. Marketing assistance is a core component of economic gardening discussed earlier in the report.

Sioux City should consider developing a marketing program for downtown that pairs local students with marketing and graphic design skills and interest with downtown areas and businesses that can utilize these services. In this scenario, under the supervision of university faculty or capable volunteers, the marketing program could have students work to identify markets, put together marketing strategies, initiate web and social media strategies (including training for business owner's to maintain in the future), and design promotional materials such as advertising, logos, menus, etc.

Sioux City should further develop and provide new downtown businesses with a collection or package of marketing materials to raise awareness of new business openings. This effort would build upon current branding and marketing efforts underway and would include working with local media to provide coverage, other forms of notification through organizations such as the Siouxland Chamber of Commerce and civic organizations, and grants for promotion and advertising efforts.

Sioux City may also want to consider providing funds (if possible) for cooperative advertising based around special events or holidays. It would be preferable if this type of cooperative promotion and advertising ensured that downtown shopping and dining opportunities were featured in tourism promotion efforts.

PROMOTIONAL RECOMMENDATIONS

The City of Sioux City has many partners working to attract new industry downtown, including the Iowa Economic Development Authority (IEDA), MidAmerican Energy, the Siouxland Initiative, local realtors and local developers. The Sioux City Economic Development team works closely with Badgerow Building developer Bruce DeBolt who travels the globe working to recruit companies to locate data centers in the beautifully restored historic downtown building. The City also attends industry specific tradeshows around the country with IEDA and met with companies with an Iowa presence on annual "Sell Iowa" trips. Utilization of strategically placed online promotion of the City's assets with web banners and highlighted listings targeting site selectors in search optimization engines has yielded an increase in web traffic to the city's economic development website.

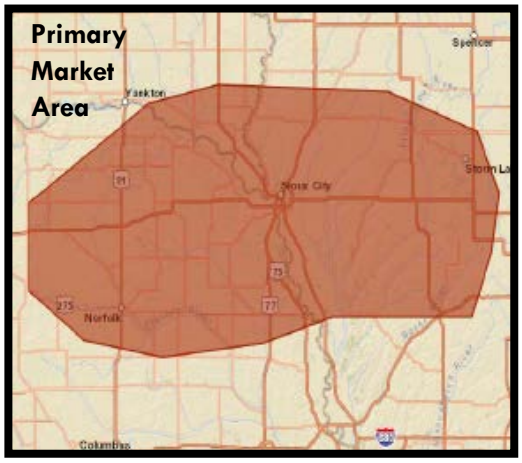
These efforts should be continued, particularly with respect to partnering with local developers and regional economic development organizations to build relationships with potential prospects. Moreover, there are associations and related trade shows that may be worth considering, such as the International Downtown Association, the International Council of Shopping Centers, and the National Trust for Historic Preservation's annual National Main Streets Conference.

Regarding site selectors, the IEDC Advisory Team recommends a strategy of continuing to further develop the downtown "product" and enhancing downtown's compelling story while establishing relationships with site selectors through its network of partnerships, such that, when the downtown is "ripe" for engaging site selectors, the city is prepared. Engaging site selectors prematurely during the redevelopment process may mean that site selectors

aren't able to see the fully finished "downtown" product and the strategic advantages that the fully redeveloped downtown may offer.

Augment Downtown Marketing Opportunities

The real estate and economic market analysis estimates current demand for an additional 150,000 ft.^{2} of downtown retail space. This is believed to be achievable if Sioux City can strengthen its competitive position with respect to its neighboring metropolitan areas in Sioux Falls, South Dakota and Omaha, Nebraska. RCLCO's analysis notes that a majority of this retail space demand derives from an existing under-supply of retail space within the primary market area (see map to the right) — as opposed to expected growth — causing expenditure leakage to retail stores outside the primary market area. This anticipated retail demand includes several different retailer types, including furniture stores, restaurants, office supplies and clothing and accessories retailers.



Sioux City could consider initiating efforts to promote its downtown as a place to begin a retail or dining business venture. Downtown holds a comparative advantage in terms of its lease rates which already favorably compare to those in larger retail concentrations in the region, such as Lakeport Commons. As a critical mass of similar businesses materializes, downtown should be able to attract customers who value the "local" experience — as opposed to the more homogenous area strip malls and power centers at the edge of town.

Summary

In conclusion, downtown is strongly positioned to build upon its successes and address current challenges to maintain its position as the cultural and entertainment center for the region. It also has the potential to enhance its position as a main contributor and driver of economic activity in Sioux City. Collaborative working with all downtown stakeholders will be the key to success in revitalizing downtown Sioux City.

Below is a summary of the recommendations organized by priority. The chart below highlights the "low-hanging fruit" — these are the recommendations that the city can embark upon in the short term (low resources) but will potentially impact the downtown revitalization effort in a significant way (high priority). In order to maintain the continued success of downtown in the long term, the city should not begin working on other high priority recommendations that will likely need more preparation and resources for implementation.

RESOURCE AXIS

PRIORITY AXIS

High Resources, Low Priority

— Encourage downtown relocations for arts communities
— Consider establishing non-profit land bank
— Develop entrepreneurship education initiative
— Coordinated downtown tree planting campaign
— Modify downtown development /real estate tenanting strategies to foster small business development

High Resources, High Priority

— Replicate downtown residential / mixed use conversions and redevelopment approach
— Focus on adding market rate rental and ownership units / raise downtown's residential profile
— Prioritize unique benefits of premium downtown living
— Encourage casino to engage street-level activities, disperse, and parking develop multiple entries
— Increase volume of downtown green space / parks
— Streetscaping and walkability enhancements to downtown urban core
— Develop University Center in downtown

Low Resources, Low Priority

— Encourage Siouxland Artists, Inc. to locate downtown
— Strengthen small business partnerships (e.g. SBDC, universities, et al.)
— Explore downtown economic gardening strategy
— Develop opportunities to partner with Sioux City GO

Low Resources, High Priority

— Downtown parking public education /promotion campaign
— Join / deepen relationship with Iowa Economic Gardening Network
— Encourage more ISU Design West involvement downtown
— Work with regional partners to promote unique downtown business advantages
— Partner with Siouxland Chamber/Initiative and Downtown Partners to implement study recommendations
— Build on downtown marketing campaign
— Identify specific businesses and industries suited to downtown

CASE EXAMPLES

DAVENPORT, IOWA

"THE RIVER IS OUR QUALITY OF LIFE"

Davenport, Iowa declares that "The (Mississippi) River is our quality of life." Following years of planning and investment, downtown and riverfront revitalization efforts have helped return the riverfront and Davenport's quality of life to its former glory. The Mississippi River has played a significant role in the economic and cultural history of Davenport and the greater Quad Cities region (Davenport and Bettendorf in Iowa, Rock Island and Moline in Illinois). After decades of economic decline in the 1970's and 1980's, the river has become a central, strategic component to Davenport's redevelopment efforts.

The city began revitalization efforts to restore its downtown and riverfront through the *River Renaissance* program that involved aggressive investments in projects that would anchor development. Subsequent efforts known as the *River Vision* master plan embarked on a novel bi-coastal (Iowa and Illinois) riverfront plan to reinvigorate both Davenport and its Illinois neighbor, Rock Island.

Davenport's extensive and multifaceted approach to downtown and riverfront revitalization owes its success to years of inclusive planning, pride and commitment from the community and local businesses, unique partnerships, and the use of public funding to attract private investment. These various core components of Davenport's revitalization have helped ensure the future economic, cultural and environmental vitality of the city and the region as a whole.

ECONOMIC HISTORY

The economy of Davenport is directly and intimately connected with that of the broader Quad Cities region. Following the farm crisis of the 1980's, major agricultural manufacturers began to close and scale down facilities in the region, and a subsequent, seemingly inevitable, economic decline ensued[24]. The loss of core manufacturing jobs, coupled with the effects of suburbanization and exodus of retail from the heart of the city, left downtown Davenport with few resources with which to recover. Recognizing the need for economic growth, stability and downtown revitalization, the city partnered with private sector business and investors, and with the help of state funding (primarily in the form of a $20 million Vision Iowa grant), the *River Renaissance* plan was formed and initiated in 2001.

RIVER RENAISSANCE

River Renaissance was a revitalization effort to catalyze redevelopment and private investment in downtown Davenport and its riverfront. The program leveraged the $20 million of funding from the *Vision Iowa* grant to subsequently raise more than $90 million in public and private funds that were used to develop myriad projects aimed at enhancing the city's economic and cultural offerings. Each new project was implemented as part of the overall *River Renaissance* vision that furthered the city and community's commitment to reinvent itself. These projects included:

[24] www.quadcities.com/about/history

NEWVENTURES CENTER[25]

Constructed in 2002, the *DavenportOne NewVentures Center* is a regional business incubation center housing (among others) the *NewVentures Initiative (NVI)*. *NVI* is a non-profit organization chiefly devoted to the growth and development of small businesses and entrepreneurs in Davenport and the region.

FIGGE ART MUSEUM[26]

Opened in 2005 in the heart of downtown Davenport, the *Figge Art Museum* provides residents and tourists with a rich cultural experience through the museum's various visual art exhibits. An architectural glass gem of British architect David Chipperfield, the museum has become a unique, modern fixture anchoring downtown Davenport.

SKYBRIDGE

The *SkyBridge* is a multifunctional structure that provides both exceptional views of the Mississippi River and a safe manner in which to bypass a major downtown thoroughfare (River Drive). The *SkyBridge* has become a regional attraction and key connection between downtown Davenport and is riverfront, LeClaire Park and the city's bike paths.

RIVER MUSIC EXPERIENCE[27]

An excellent example of adaptive reuse, the *River Music Experience (RME)* is a non-profit organization, located in the historic *Redstone Building*. *RME* provides the community with opportunities to "listen, learn and play music." The *RME* also seeks to educate and entertain the community through its focus on the music of the Mississippi River.

PUBLIC PARKING GARAGES[28]

Anchor projects are used to attract development, business and people downtown. Two public parking structures were constructed to support new development and these structures have been credited with helping to attract construction of Davenport's first Class A office building in over twenty years. Moreover, Davenport has developed and implemented a tiered parking incentive program for new downtown businesses. The approach is to offer a defined number of parking spaces at a free or discounted rate that gradually increases on an annual basis, such that at the end of a predetermined time frame (e.g., five or ten years) the new downtown business then pays the full parking rate for its business and employees.

River Renaissance projects were the fuel the city required to garner public support and attract private investment for further redevelopment, and 'represented the economic, cultural, educational, and recreational facets of the community."[29] Moreover, *River Renaissance* projects seemingly 'transformed Davenport nearly over night,' and significantly strengthened the Davenport community's sense of civic pride. For continued economic growth and diversification of the city, however, businesses and residents recognized the need for a long term plan to continue downtown revitalization efforts and to enhance the riverfront experience. Davenport embarked on a unique bi-coastal plan known as *River Vision* to further enhance the downtown and riverfront connection of both Davenport and Rock Island, Illinois.

[25] www.newventuresinc.com/index.php?option=com_content&task=section&id=7&Itemid=35
[26] www.figgeartmuseum.org/About/Museum.aspx
[27] www.rivermusicexperience.org/Home.aspx
[28] Pam Miner. Sustainable Redevelopment in Downtown Davenport. Public Management (PM) Magazine. June 2012. Volume 94. Number 5.
[29] www.iowagreatplaces.gov/profiles/assets/davenport-gp.pdf

CROSS-RIVER ECONOMIC DEVELOPMENT (RIVER VISION)[30,31]

The planning process from which the *River Vision* plan was ultimately born is a unique example of intergovernmental coordination that resulted in a 20-year bi-coastal, comprehensive plan for the cities of Davenport, Iowa and Rock Island, Illinois. Through an extensive and highly inclusive visioning process, these two neighboring river communities produced a plan that furthers regional goals while identifying specific projects to enhance the economic and social vitality of each individual city.

The *River Vision* plan focused on the reinvigoration and reclamation of the riverfront in both communities. As noted in Davenport's *Iowa Great Places* grant proposal — which serves as a continuation of Davenport's *Vision Iowa* projects — "More than bricks and mortar and economics, our community had to pull together. Together, we have achieved a level of consensus we have not always had. Together, we have communicated more effectively. Together, we have learned to listen to one another more attentively. Together, we have learned to trust and ultimately agree. Joint programming, planning and implementation, as stipulated in the *River Vision* Coordinating Committee's Intergovernmental Cooperation Agreement, is what will make *River Vision* succeed."[32]

Fortunately, *River Vision* was not a master plan that was intended to sit on a shelf. The involvement of the broader involvement along and the leadership of Downtown Davenport Partnership, Inc. (DDP)[33] kept the plan in the forefront of discussion and successfully guided development.

ANTI-POACHING AGREEMENT

The Quad Cities region has always maintained an informal agreement to resist any temptation to pillage other communities' businesses, but it also developed a formal agreement to, in effect, codify this sentiment.

Davenport and the three other communities of the Quad Cities that straddle both Iowa and Illinois across the Mississippi River have addressed issues of regional competitiveness by developing a novel anti-poaching agreement related to businesses in the region.

This document — signed by all four Quad Cities' communities — effectively spells out that, in the event that a business in one community begins to explore alternative location options in any of the other three communities, the communities involved will notify one another of this interest.

For example, if business currently located in Rock Island, Illinois expresses interest finding a location in Davenport, Iowa, Davenport's economic development officials will first contact Rock Island economic development officials to allow them to a chance to work with the business to keep them in Rock Island.

RIVER VISION PLANNING AND PROCESS

The *River Vision* process took a full eighteen to twenty months, and initial engagement was high. Davenport economic development officials note that the greater challenge than generating initial interest was sustaining this engagement throughout the full process. The key to the *River Vision*'s planning success was to ensure that any credible input that was offered and received was actually incorporated in the plan and implementation of downtown Davenport's revitalization. By including the input that was received as a result of the *River Vision* planning process, this led to a much greater buy-in and commitment from the broader community in support of Davenport's downtown and riverfront revitalization goals. It also had the tertiary effect of creating credibility for the plan and its vision in the eyes of the broader community.

[30] Davenport – Iowa's Front Porch. Accessed at: www.iowagreatplaces.gov/profiles/assets/davenport-gp.pdf
[31] Pam Miner. Sustainable Redevelopment in Downtown Davenport. Public Management (PM) Magazine. June 2012. Volume 94. Number 5.
[32] Davenport – Iowa's Front Porch. Accessed at: www.iowagreatplaces.gov/profiles/assets/davenport-gp.pdf
[33] http://downtowndavenport.com/work/plans-statistics-demographics/

DOWNTOWN DAVENPORT PARTNERSHIP, INC.

Downtown Davenport Partnership, Inc. was the primary lead organization involved in planning, coordinating, and implementing Davenport's downtown revitalization vision. The organization effectively began as a downtown-oriented division of the local chamber of commerce and now administers the city's Self-Supported Municipal Improvement Districts (SMIDs). Downtown Davenport Partnership, Inc., in effect, took ownership of the city's downtown and riverfront revitalization and redevelopment plans, and pushed to make certain that the ideas embodied in the revitalization planning were kept front and center in the public mind.

In addition to this, the group actively, consciously and conspicuously ensured that each redevelopment and revitalization project for Davenport's downtown and riverfront was tied directly back to the *River Vision* plan, even if this meant occasionally forgoing other potential projects outside the scope of the plan. The importance of this was stressed because the organization viewed the *River Vision* plan as a sort of binding contract with all the community members that participated in the planning process, and thus the plan was treated as a largely finalized list of commitments to implement, rather than a living, breathing editable document.

Moreover, the relative political freedom of Downtown Davenport Partnership, Inc. meant that, even with changes in the political landscape of the community, the organization could continue with its efforts without having to necessarily report to new administrations directly. In effect, the most important role that Downtown Davenport Partnership, Inc. played in the city's riverfront and downtown revitalization was to keep all invested parties focused solely on carrying out and completing the actions embodied in the *River Vision* plan.

CIVIC ENGAGEMENT AND PRIDE

Davenport's economic development leaders deliberately set out to leverage the city's sense of local civic pride — both from businesses and citizens — in order to further the city's economic development goals expressed in its various development plans. By initiating and leading redevelopment efforts from the public sector side of the equation, Davenport was able to attain buy-in from local private sector businesses and residents its downtown revitalization efforts. The level of civic pride that was generated by the construction and success of River Renaissance, in addition to the level of commitment shown by the City created a favorable environment with which to attract private partnerships and investment. This private sector confidence to invest in downtown Davenport has been seen through the presence and commitment of companies outside the region, such as Ryan Companies, Inc. and Restoration St. Louis. The commitment to help redevelop downtown Davenport by outside businesses like Ryan Companies, for example, eventually led to the commitment of local companies that also felt a sense of Davenport-centric pride and connection and wanted to become part of efforts to improve downtown Davenport.

INVESTMENT ATTRACTS INVESTMENT

Davenport economic development officials note that the announcement of Davenport's twenty million dollar Vision Iowa grant, caught the attention (and eventual partnership) with a Wisconsin-based design and engineering firm. The key point, they stress, is that a sizeable public investment almost immediately generated interest from private sector resources, even beyond regional and state boundaries.

After initial successes on various redevelopment projects in downtown Davenport, the Wisconsin-based firm began exploring, and ultimately completing, other redevelopment projects throughout the region, including a current project in Moline, Illinois — just over the Mississippi River.

RYAN COMPANIES[34]

Ryan Companies US, Inc. is a Minnesota based development and construction company that has had an official presence in Cedar Rapids, Iowa since 1990. Ryan Companies was chosen to be the developer of the first multi-tenant office building, Mississippi Plaza building, in Davenport since 1983. Completed in 2004, Mississippi Plaza was the only office building in downtown Davenport to have the amenities and environment to be classified as a Class A office space, attracting a large publishing company and accounting firms as anchor tenants. Ryan Companies' development of Mississippi Plaza provided more to the community than just Class A office space: it signaled to Davenport's own private sector business community that a company outside the region had taken notice, to the point that it saw enough profitability in downtown Davenport to move forward and encourage others to commit to Davenport's downtown and riverfront revitalization.

RESTORATION ST. LOUIS

Another example of attracting outside investment and furthering the vision outlined by *River Vision* plan can be found in the redevelopment of the Blackhawk Hotel by a company known as Restoration St. Louis. The company has, in effect, made Davenport, Iowa its "second home".[35] Participants in the *River Vision* planning process had identified the refurbishment and reopening of the emblematic Blackhawk Hotel a top priority for the city's downtown revitalization.

The city of Davenport initially took ownership of the building after a series of previous ownership changes. Through a Request for Proposal (RFP) process, Restoration St. Louis was selected to redevelop the historic structure. The ninety-plus year old, four hundred room hotel required a blend of funding sources in the form of "historic tax credits, traditional financing, tax increment financing from the city, gap loan financing from the city, and other private sources". After thirty-five million dollars the Hotel Blackhawk was finally completed as the only four-star hotel in downtown Davenport and all of Iowa, capped by a visit from US President Barack Obama who asked to have the hotel's restaurant pork chop dish added to the White House menu.

HIGHER EDUCATION INSTITUTIONS

The location of the DavenportOne NewVentures Center in downtown Davenport proved to be an incredibly valuable investment and anchor to other revitalization projects — namely in the form of developing a downtown university presence. The NewVentures Center opened circa 2002 and offers technical services to colleges, universities and businesses. The downtown presence of the NewVentures Center eventually attracted the interest (and ultimately presence) of two different higher education institutions to downtown Davenport.

This began with Saint Ambrose University's decision to move its Master of Organizational Leadership degree program (and several MBA courses) into the center's downtown location. This initial university presence then eventually garnered the attention and eventual downtown of Eastern Iowa Community College, which opened up literally across the street from the NewVentures Center. Moreover, the community college's small business development center (SBDC) is also located in the NewVentures Center.

NewVentures Center

- St. Ambrose University began leasing space in early 2009
- 60 to 70 students are enrolled in Davenport program
- Program shares space for MBA courses and adult education
- 100 – 110 student capacity
- Since developing NVC presence, St. Ambrose University has collaborated on several exhibits with the Figge Art Museum

[34] www.ryancompanies.com/ryan/national-locations/locations-ia-cr/locations-ia-cr-more/
[35] Pam Miner. Sustainable Redevelopment in Downtown Davenport. Public Management (PM) Magazine. June 2012. Volume 94. Number 5.

By attracting students of various ages and offering different academic programs through both daytime and evening classes, the presence of these two higher education institutions in downtown Davenport, has led to a genuine cluster of students whose growing presence in downtown Davenport has increased demand for goods and services therein (retail, restaurants, bars, etc.). Economic development officials in Davenport note that this was incredibly useful to enticing other businesses to locate downtown and helping "fill in the blanks" of downtown. As a consequence, downtown Davenport has now begun to see the return of more professional firms (e.g., engineering, insurance, financial, and legal) that had moved to the suburbs decades ago.

GREEN SPACE AND OPEN SPACE

As part of the overall downtown and riverfront revitalization effort, the goal of Davenport's green space improvement efforts centered on maximizing Davenport's riverfront area. The City of Davenport made the conscious decision to not wall off the city from the river and thereby reduce access to the riverfront. Instead the city has left a large amount of open space between the primary downtown area and the actual river.

The use of such a wide, open space buffer has the effect of providing a large outdoor area in which to host events and festivals in downtown Davenport — which are now held annually every summer, some of which attract thirty to forty thousand people. This demand was summed up as a desire by the broader to broader community who "just want a place to party". Yet, as simple as this sounds, Davenport economic development officials note that in order for this to be achieved, open space has to be programmed thoughtfully and very well and generally has to be maximally accessible. One example of this cited by Davenport economic development leaders is that of Centennial Park, a development along the west end of Davenport's Mississippi riverfront that was part of the overall *River Vision* effort to revitalize Davenport. In addition to having the attributes described above (e.g., well-planned, accessible, etc.), Centennial Park is also home to the Davenport Iowa Skatepark — the largest skate park in the Midwest.

In nearby Rock Island, Illinois, success riverfront revitalization projects like that of Schwebert Park (which involved tearing down an old armory) have more than doubled the amount of green space in Rock Island.

RESULTS

The *River Renaissance* program and *River Vision* catalyzed downtown Davenport's revitalization, garnered community support, and successfully redeveloped downtown Davenport and its riverfront. These efforts have helped transform Davenport and the Quad Cities region. Continued success has been made possible through the commitment of companies, institutions and residents who have remained downtown and invested and reinvested in Davenport's downtown and riverfront.

La Crosse, Wisconsin

La Crosse is small city located along the banks of the Mississippi River in southwestern Wisconsin. The location of the city and proximity and integration with the river was an asset in the city's early development. Following an onslaught of economic and transportation changes, however, La Crosse's downtown and riverfront became areas of disinvestment and blight. Community business leaders, in partnership with the city, were able to develop a successful comprehensive plan for revitalization and create an organization whose purposes were to implement the plan's goals, foster integral partnerships, and promote investment.

ECONOMIC DECLINE

Multiple factors contributed to the economic decline of La Crosse's downtown and riverfront. The asset the Mississippi River had once been no longer existed, as industrial and manufacturing jobs relocated when river commerce transitioned to slow barge. In addition to the loss of the industrial sector, La Crosse's population and retailers were drawn to the periphery. A new regional mall negated the need to shop downtown and the construction of Interstate 90 rerouted traffic from the city center.

Unwilling to accept further economic distress, local businesses and financial institutions voiced the need for a downtown organization to focus solely on the redevelopment of downtown and riverfront and the recruitment of public and private investment.

REVITALIZATION COMPONENTS

The essential components to La Crosse's revitalization were the creation of an economic development organization and the adoption and implementation of the first comprehensive plan for downtown — *City Vision 2000*. The plan recognized the need to stimulate private investment downtown, while also reestablishing the community's connection's with its riverfront. Strategic steps were taken to ensure the successful redevelopment of downtown La Crosse and the neighboring Mississippi Riverfront. Downtown Mainstreet, Inc. (DMI) would provide the leadership that local businesses preferred and the resources to implement *City Vision 2000* goals and foster private partnerships and investment

DOWNTOWN MAINSTREET, INC.

Local businesses and financial institutions recognized the need to pool resources and create partnerships to complete downtown revitalization goals in the 1980's. Established in 1989, DMI is a non-profit organization that was created to facilitate and coordinate the economic redevelopment and revitalization of downtown La Crosse[36]. The *City Vision 2000* comprehensive plan and its goals for redevelopment would not have been created or implemented without the formation and encouragement of Downtown Mainstreet, Inc. (DMI) and its partnership with the city and others.

[36] Downtown Mainstreet, Inc. (DMI). Accessed at: www.lacrossedowntown.com/about-us.php

CITY VISION 2000[37]

Adopted in 1992, *City Vision 2000* was the first comprehensive plan for downtown La Crosse. The primary goal of the plan was the revitalization of downtown La Crosse and the redevelopment and integration of the Mississippi Riverfront. Additional goals aimed at enhancing downtown La Crosse were to "link the future with La Crosse's historic past, maximize downtown as a multi-use activity center, establish a theme for downtown, identify key redevelopment sites and establish a market-driven implementation strategy.[38]" *City Vision 2000* was a broad and ambitious plan and with the support of the city, DMI, business leaders, the La Crosse School District and Technical College, the plan's goals were realized.

The first capital investment project facilitated by DMI was the streetscaping of Pearl Street in 1995. The Pearl Street streetscaping was significant in establishing the city and DMI as legitimate partners in downtown revitalization. A prime example of leveraging funds, Pearl Street streetscaping aided in relieving some of the potential risks for private investors in the area. The block-by-block streetscaping process aided in attracting business and residents downtown and resulted in property value increases of over $100 million in the last decade. An additional capital investment project came in 1995 in the form of construction of the Riverside Park Riverwalk. Although initially questioned by the broader public, the Riverwalk is now "seen as rekindling the sparkle in the City's crown jewel of parks"[39]. Overall, La Crosse's strategic implementation of capital investment projects has improved, attracted, and retained the economic and social vitality of the city.

Fundamental to downtown revitalization success is the attractions of businesses and creation of jobs. 2001 highlighted a major achievement for the City of La Crosse, DMI and the downtown economy. The city and DMI successfully recruited CenturyTel Midwest Regional Headquarters to La Crosse's downtown district. CenturyTel's headquarters is housed in a thirty million dollar building on a former industrial brownfield site, and CenturyTel's decision to locate in downtown La Crosse has created 550 jobs downtown. Moreover, the CenturyTel development — in addition to creating jobs and expanding the local tax base — is credited with having stimulated additional riverside developments such as the Grandstay Extended Stay Hotel.

CONTINUED EFFORTS – CITY VISION 2020

The efforts undertaken by the City of La Crosse, DMI, and business leaders and residents have socially and economically revitalized downtown La Crosse and its riverfront. Though its successes are evident, La Crosse has not ended its pursuit to better its downtown and riverfront community. *City Vision 2000* had been updated several times throughout the years and in 2004 La Crosse adopted *City Vision 2020* — a thoroughly updated downtown master plan for downtown La Crosse and its riverfront. While the plan still focuses on La Crosse's downtown and riverfront revitalization, a new focus on mixed-use development is also highlighted in the 2020 plan.

Overall, public private partnerships, a comprehensive master plan, and strategic investments have successfully reinvigorated La Crosse's downtown and riverfront economy. *City Vision 2000* and *City Vision 2020* have transformed a weakened industrial economy into a thriving mixed-use economy.

[37] www.glc.org/wiconference/PDF/Kirch.pdf
[38] www.glc.org/wiconference/PDF/Kirch.pdf
[39] www.cityoflacrosse.org/index.aspx?NID=295

CHATTANOOGA, TENNESSEE

INTRODUCTION

Downtown Chattanooga's revitalization success is the result of focused, dedicated leadership and partnerships with a variety of community stakeholders. Chattanooga has redeveloped from a once heavy industry-dominated economy in the 1960s to a service industry hub. Since its ignominious designation by Walter Cronkite in 1969 as the "filthiest city in the US" Chattanooga has become a model for downtown revitalization, anchored by a sustained effort to "get back to" the city's riverfront that was a cornerstone of Chattanooga's overall downtown renewal strategy.

IMPORTANT STAKEHOLDERS AND FUNDING

The primary driver of Chattanooga's downtown revitalization efforts was the River City Company, a twenty-five year old, private non-profit organization that has worked in partnership with Chattanooga's local government, its private sector, and its philanthropic sector in support of downtown Chattanooga revitalization efforts. The River City Company, in turn, credits the revitalization of downtown Chattanooga and its riverfront as having been championed by the city's citizens.

The primary initial funding vehicle for both the River City Company and the Chattanooga's revitalization was the Lyndhurst Foundation, a local philanthropic organization that provided a total investment of twelve million dollars for the city's redevelopment efforts through an initial ten million dollar investment, and a subsequent two million dollar investment.

LONG-TERM PLANNING

Regarding Chattanooga's successful revitalization, one of the themes stressed by Chattanooga's economic development leaders focused on the importance of timing and long-term planning. Chattanooga's redevelopment was a twenty-plus year plan that involved an estimated seventeen hundred citizens in the process. Leaders from the River City Company repeatedly stressed the importance to Chattanooga's revitalization success of having had a tangible written document that captured as much of the involvement of the thousands of participating stakeholders as possible. This is credited with having helped to generate "buy in" from the community and stakeholders for whom the plan's outcomes would ultimately have a dramatic effect.

MAJOR DOWNTOWN PROJECTS AND ANCHORS

The Tennessee Aquarium — a forty-five million dollar development and major anchor of downtown Chattanooga's revitalization — would become the number one priority identified in the Tennessee Riverpark Master Plan planning process. In addition to the initial forty-five million dollar investment, the Tennessee Aquarium would also become a catalyst for $500 million of additional, private investment in Chattanooga's downtown. Numerous other projects were implemented under the auspices of the River City Company over its successful twenty-five year span of helping to revitalize downtown Chattanooga. These projects include Ross Landing (a 26-acre land development along the edge of the river that was transformed into an impressive civic plaza that serves as the city's "front porch"), the Walnut Street bridge renovation, Coolidge Park, 21st Century Waterfront Plan, among others.

STRATEGY: LAND BANKING AND BLOCK-BY-BLOCK DEVELOPMENT

The River City Company made the decision in the early years of Chattanooga's redevelopment process to set up a land bank. Effectively the city was able to amass a stockpile of land for future development efforts. The River City Company credits its organizational structure as part of the reason it was able to successfully develop its land bank, noting that it was in effect the more "nimble arm of the city" — meaning it was more independent, had more flexibility and generally faced less restraints than an official government agency likely would have had in assembling a land bank.

River City Company officials have noted (along with the Chattanooga Neighborhood Enterprise (CNE), which was also involved in the Chattanooga's land banking efforts) that they were fortunate that early in the process of developing a land bank, most of the large tracts of land that were eventually added to the land bank had already been assembled by a private developer for a proposed project that never came to fruition.

STRATEGIC PUBLIC INVESTMENTS

The development strategy for Chattanooga's revitalization efforts was centered on purchasing areas with declining property values and targeting development "one block at a time". Once initial projects were successfully taken on by non-profit organizations, private developers and investors were solicited to participate in further development through a Request for Proposals (RFP) process. Moreover, the City of Chattanooga's designation as a Renewal Community Zone, coupled with a federal Renewal Communities Program Community Zone, provided tax incentives for private building owners to renovate and develop commercial buildings.

The River City Company invested in downtown and riverfront areas and developed structures that complemented downtown Chattanooga, which helped to improve property values from $13 per square foot to current market prices of $60+ per square foot. With local support from foundations, the Chattanooga Neighborhood Enterprise was able to offer free residential lots to area developers, while its land banking capacity allowed it to amass, rehabilitate and hold properties until market conditions strengthened.

INVOLVEMENT OF UNIVERSITY PARTNERS

STROUD WATSON AND UNIVERSITY OF TENNESSEE STUDENT DESIGNERS

The Lyndhurst Foundation initially prompted the Stroud Watson — a professor of architecture and urban design at the University of Tennessee (Knoxville) from 1990 to 2002 — to play a role as an urban design advisor for downtown Chattanooga its and riverfront areas in 1984. The involvement of Stroud Watson brought with it the involvement of Watson's urban design studio and his architecture and urban design / planning students from the University of Tennessee. In fact, it is popular lore that the initial design for the Tennessee Aquarium, one of the most important downtown anchor projects in Chattanooga, was created by one of Stroud Watson's students. Watson's urban design studio initially identified Ross Landing (a large tract of land along the river's edge) as a focus area to help spur downtown revitalization, and developers weighed in on the decision to transform Ross Landing into an attractive civic place which would serve as the "front porch" of the city.

This set up was favorable for the City of Chattanooga because it allowed for the city to maintain some control over the design, a sort of de facto veto power, because ultimately the city controlled the properties for which the designs and plans were being created. In other words, the city had the final say in terms of who controlled the designs for each design project.

Economic development officials with the City of Chattanooga commented that this project design process was at its best when the designers were Stroud Watson's students from the University of Tennessee, and the River City Company held veto power over any project designs.

The same economic development officials commented that losing Stroud Watson and his students design capabilities has been a tremendous loss over past decade, noting that during Stroud Watson's tenure, the design process for revitalization projects was largely independent and generally well funded.

To this day, the City of Chattanooga attracts student and professor visits (e.g., University of Auburn, et al.) from across the country to learn about the city's redevelopment projects among others

PUBLIC SUPPORT FOR ARTS

Chattanooga economic development leaders stressed the importance of the city's dedication and commitments to public investment and support for the arts. They noted that during Mayor Corker's tenure, the city committed one percent of its budget to funding and support for public art projects.

INCENTING LOCAL ARTS (ARTSMOVE)

The River City Company also noted the importance of a financially-incented housing program in attracting artists to downtown Chattanooga. The Allied Arts of Greater Chattanooga (AAGC) is a forty-three year old private, non-profit arts council and fund promoting arts across Chattanooga. AAGC's ArtsMove is an artist relocation program that offers homebuyer incentives of up to fifteen thousand dollars in the form of a five year forgivable mortgage. The program is designed to encourage artists to live and work in one of five Chattanooga neighborhoods identified for redevelopment.

THE BUSINESS VALUE OF "QUALITY OF LIFE"

River City Company officials explained that a recent decision by Volkswagen to locate in Chattanooga illustrates the value of its downtown revitalization and redevelopment efforts. Volkswagen chose Chattanooga over other areas of the US (e.g., Huntsville, Alabama, et al.) partly because the city's efforts to provide a higher quality of life through its downtown revitalization efforts. The director of the River City Company summed this idea up by stating that the "quality of the jobs attracted is based on the quality of life created in Chattanooga."

DOWNTOWN AND RIVERFRONT INTERCONNECTIVITY

The River City Company noted that Chattanooga boasts around twenty-two miles of green space and trail connectivity known formally as the RiverWalk system. Officials noted that "connectivity" is the key word for its green space development. Once again, in a recent business's decision to locate in Chattanooga, these improved quality of life feature factored into the equation. Alston, a French company that creates turbines cited Chattanooga's riverfront and the redevelopment thereof as part of the reason it made the decision to locate in region. The company also was impressed with the city's bike-share program which was successfully implemented as part of the city's revitalization efforts, and noted that this feature was also part of the company's decision to locate in Chattanooga.

Moreover, the importance of interconnectedness was not limited to Chattanooga's RiverWalk system of green space, bike paths, and trails. This theme of connectivity also formed the backbone of the city's decision to establish a free shuttle service in that ultimately enhanced downtown Chattanooga's overall interconnectedness.

THE HOLE IN THE CENTER OF CITY REVITALIZATION

One concern for Chattanooga's revitalization efforts is the fact that there is still a seeming hole in the center of Chattanooga's efforts to redevelop downtown and the river front. River City Company officials noted that there is still a need for a more cohesive and strategic plan for developing the city based on the "jump" from the river to the south side of downtown which has created in a hole in the center of downtown Chattanooga that is still struggling to be redeveloped

However, to some degree, this should be seen in a positive light for Sioux City's downtown revitalization efforts, in the sense that Chattanooga has been tremendously rejuvenated via its redevelopment efforts, despite the fact that not all redevelopment projects and efforts have been completely and comprehensively planned and connected.

RESULTS & LESSONS LEARNED

From the initial combined twelve million dollars invested to create RiverCity Company, Chattanooga has been able to attract over two billion dollars in private investment over the course of two decades. Though the city has been unable to develop a definitive, systematic way to measure additional jobs as a result of downtown and riverfront revitalization efforts, by the most recent estimates (2012) Chattanooga has roughly 55,000 jobs downtown — thousands more than at any point prior to revitalization plans and their subsequent revitalization.

Chattanooga and River City Company officials summed up the lessons learned from its downtown revitalization and riverfront redevelopment efforts as such:

INCLUSIVE PLANNING PROCESS

Part of the success of Chattanooga's downtown and riverfront revitalization process is credited to the fact that its planning process was inclusive, involving a wide range of diverse voices and major stakeholders. Without this inclusion, buy-in and support would have been much more difficult to achieve.

INDEPENDENCE OF LEAD ORGANIZATION

River City Company officials continually highlighted the importance of establishing an independent and non-political, non-affiliated non-profit organization to lead efforts to foster downtown development. River City Company credits its organization's relative independence — as compared to the government agencies that generally face much tighter restrictions and regulations related to redevelopment — as one of the ingredients to its success. The other element of this independence that was deemed to be critical for its ability to plan and implement the city's revitalization vision is the fact that the River City Company was effectively seen as a non-political entity. This meant that when mayors and city councils changed, generally speaking, support for River City Company's revitalization efforts did not.

LESSONS OF LAND BANKING

River City Company officials noted that, if given the opportunity to change one thing about their revitalization efforts, one lesson learned is that they would likely be more patient and selective with their land bank assets, in terms of giving these assets to downtown revitalization projects (e.g., land swaps with the electric power board for power generation projects, etc.). The organization's leadership expressed that they would most likely be in a better current financial position had they been more patient in giving away these assets.

CREATE A PLAN AND FOLLOW IT

River City Company leaders drove home the importance of developing a detailed, but implementable (strategic or master) plan based on as much input as possible from stakeholders involved in the process in order to establish a foundation for the type of development desired in the community. They also stressed the critical importance of making sure the plan presents goals that are rational and achievable. Such a plan must then be followed once it has been developed and championed by a specific, lead organization. River City Company noted that during the twenty year plan, there were several additional ideas for redevelopment that were generated, but sticking to the plan as much as possible was seen as vitally important because the plan was in some sense the will of the stakeholders that had been involved and thus needed to implemented as such.

LONG-TERM TIMEFRAMES OFFER OPPORTUNITIES TO DREAM BIGGER

River City Company leaders expressed the notion that having a twenty-five year timeline for planning and executing revitalization projects gave its stakeholders and the broader community the opportunity to dream about how their city could grow in a way that a shorter term timeframe would have otherwise stifled. This long-term timeline provides ample room to consult with the community and select priority projects that residents and stakeholders will most positively support. Leaders of the River City Company noted that in many ways a project is bigger than the group, and that one of the chief challenges for successful downtown revitalization is about getting people to think and dream big enough.

PART B | REAL ESTATE ECONOMIC AND MARKET ANALYSIS

EXECUTIVE SUMMARY

The performance of Sioux City's real estate submarket appears to have mirrored real estate markets throughout the world that experienced decline across every major property type during the recent recession. One measure of global trends is office vacancy rates, which moved from 10% in late 2007 to 14% in mid-2010 at the peak of the office market's distress. While many indicators suggest the economy is still far from fully recovered, the performance of global office markets has improved, with vacancy rates at 12%, according to the most recent CBRE office market report. Similarly, RCLCO has found evidence suggesting that the recovery for Sioux City's real estate markets is very much underway.

For a market like Sioux City, the analysis has required more than statistical analysis, but also a query into the factors and events that have defined market outcomes and will shape the real estate landscape going forward. The loss of 400 corporate jobs from Terra Chemicals and 1,200 jobs from John Morrell Company, for example, marked the worst outcomes of this recession. Losing the Terra Chemical jobs was especially concerning because Terra Chemicals was a local success story that employed corporate executives who served on local boards and commissions and helped support the city's cultural institutions. The scale of these events relative to the size of the local economy has led to a decline in confidence in the local economy — a prevailing sentiment voiced by several local leaders that were interviewed by RCLCO in February of 2012. While concern was the recurring undertone for those interviewed, RCLCO's investigation also discovered anecdotal and statistical evidence of a recovery underway in the local real estate markets and an emerging opportunity for Sioux City to strengthen the appeal of its downtown with improved aspects of livability and walkability that are common among the world's greatest cities.

One signal of this trend is the success of a local developer in converting under-performing buildings into contemporary, Class A office suites and residential units that are offered for sale and for rent. The new office and residential space has been absorbed quickly and achieved rents and sales figures that are at the top of their markets, signaling downtown's growing appeal. This development approach is seemingly replicable as other underperforming office buildings are ideal for similar redevelopment in terms of their historic significance, charming architecture and location.

FINDINGS AND CONCLUSIONS

#1 The current opportunity before Sioux City is to complete the transformation of its downtown into a premier walkable and livable urban place that effectively mixes commercial and residential land uses to provide a unique lifestyle that is currently available only in a very few Midwestern locations. RCLCO's real estate market analysis details several market observations and outlines specific recommendations that would seek to build on the foundation that Sioux City has established over its 200-year history.

#2 RCLCO's analysis of downtown's building inventory reveals a latent opportunity to upgrade existing structures into Class A residential units or office space to address pent-up demand for contemporary and well-executed living and work space centrally located near the amenities of Sioux City's downtown.

#3 Assessment of potential demand for commercial and residential uses within downtown suggests current demand for new residential units and retail space, though little demand for new office space.

a. RETAIL

RCLCO estimates current demand of just over 150,000 square feet of retail space within downtown, which is believed to be achievable if Sioux City were able to strengthen its competitive positioning with respect to the neighboring metropolitan areas of Sioux Falls, South Dakota and Omaha, Nebraska. The vast majority of this demand is from existing under-supply of retail space within the primary market area as opposed to anticipated growth, causing expenditure leakage to retail stores outside of the primary market area. This demand is for several specific retailer types, including restaurants, furniture stores, office supplies and retailers that offer clothing and accessories.

b. RESIDENTIAL

i. Based on the relevant competitive supply and units vacated through turnover in the downtown submarket, RCLCO estimates over 1,300 eligible households (1-2 person households) will be in the market for a residential unit every year. Of these, RCLCO estimates an annual demand range of 40 to 100 units in downtown, assuming no change to the downtown. Of these, RCLCO estimates 25 to 65 will demand for-sale housing and 14 to 35 will demand a market rate rental apartment in downtown.

ii. RCLCO further estimates that a potential of 4,500+ households of all sizes would be in the market for a residential unit every year if the downtown were positioned as a more family-friendly environment / neighborhood. Under these circumstances, RCLCO estimates an annual demand range of 115 to 220 for a downtown unit. Of these, RCLCO estimates 85 to 140 will demand for-sale housing and 30 to 80 will demand a market rate rental apartment in downtown.

c. OFFICE

Demand for office space differs among asset classes. First, owners of Class B and C office buildings are reporting high vacancy rates and have witnessed negative absorption for their space. Additionally, several large employers have vacated downtown, leaving several large buildings with unsustainably high vacancy rates. Alternatively, the local market has responded favorably to several office buildings that have been renovated and upgraded into Class A office space. Several local stakeholders have suggested further demand for Class A office, particularly for space sold as office condos within renovated buildings. RCLCO's conclusion is that future demand for office space in downtown is undeterminable. RCLCO does not expect future demand to absorb the current vacant inventory and believes the market would be better served by upgrading some of the existing inventory, while reducing the overall office inventory by adaptively reusing parts or all of select office structures as residential units.

#4 After having lost a number of significant office tenants and large retailers in the past several years and after withstanding the impacts of the global economic recession, downtown's real estate markets are in a state of transition apt to be dramatically impacted by micro- and macro-economic events that could affect the local economy. Below is a summary of some of those events that have reasonable likelihood of transpiring and a brief discussion of their potential impact.

a. RELOCATION OF ARGOSY CASINO INTO DOWNTOWN

Adding the Argosy Casino to an already compelling downtown entertainment program — including the renovated Orpheum Theater, the Tyson Events Center, Promenade Cinema, Riviera Theater and the Historic 4th Street District — would strengthen downtown's appeal as an entertainment destination. A more appealing entertainment district could expand Sioux City's draw among households throughout the Midwest, resulting in increased demand for retail uses in the

short-term and having the potential to create further demand for residential units that could accommodate employees of the casino, as well as households attracted by the urban, entertainment district that could unfold. Demographic data shows that almost 1 million households earning over $75,000 per year live within a 3-hour drive of Sioux City (Exhibit III-7). Successfully appealing to just 10% of those households for one visit per year could justify an additional 100,000 square feet of retail in or near downtown.

b. RELOCATION OF A LARGE EMPLOYER IN DOWNTOWN

Economic development stakeholders in Sioux City have made extensive efforts to draw a large employer to downtown Sioux City. Siouxland's workforce and economic infrastructure offers attractive benefits to employers in computer technology (who could employ the former employees of Gateway Computers who remain in Sioux City), insurance, and agri-business and technology, etc. Successfully attracting one or more companies in these or other industries could drive further demand for office, residential and retail uses in downtown.

c. HYPERION OIL REFINERY

According to a 2007 report by Stuefen Research[40], the Hyperion Project would create substantial economic activity for the Siouxland region, making a significant impact on downtown in the short and long terms. Stuefen estimates that 49,000 jobs and roughly $3.2 billion of value would be created locally during the construction phase. Additionally, 14,000+ direct, indirect and induced permanent jobs and $26 billion of annual economic activity would be generated from the Hyperion Project. Hyperion would directly impact downtown Sioux City's markets office, residential, hospitality and retail markets, drawing additional households and businesses to the local economy.

d. SUCCESSFUL GROWTH OF LOCALLY-FORMED BUSINESSES

Local evidence suggests a Sioux City-based company could grow and expand into a large regional employer, just as Terra Industries and Midwest Energy have. The Sioux City Growth Organization (GO) has spawned from the ambition and initiative of young entrepreneurs in Sioux City. While RCLCO's analysis didn't evaluate the viability of member businesses or business concepts presented at this year's Innovation Market held in February, Sioux City appears to have the infrastructure, talent, support network and historical precedence to nurture the growth of a local company. The successful growth of a downtown-based company has the potential to impact and strengthen demand for office, residential, hospitality and retail uses.

e. CONTINUED EVOLUTION OF DOWNTOWN AS A "WALKABLE URBAN PLACE"

Local efforts to invest in downtown has resulted in an urban transformation that promotes the potential for Sioux City to emerge as one of the Midwest's premier urban districts by offering an attractive quality of life for those that choose to live, work and find entertainment in downtown districts. Though still a work in progress, downtown boasts amenities and infrastructure that constitute a strong foundation for its urban core. Continuing this evolution by strategically adding features and amenities that would broaden its appeal and further improve quality of life for downtown workers and residents would broaden downtown's capture of future development. The redevelopment of the United Center and 4th and Jackson buildings in recent years and their top of market sales and lease performance suggests a pent-up demand for urban product in proximity to downtown's features and amenities.

[40] Stuefen Research. The Economic Impact of the Hyperion Energy Center on the South Dakota and Greater Siouxland Economies. December 31st 2007. Accessed at: www.hyperionec.com/files/HECeconomicimpactstudy.pdf

f. LACK OF PARKING

Downtown has several city and privately owned parking structures located throughout downtown districts. Through RCLCO's research, several local professionals mentioned a concern that parking could become inadequate to serve actual needs, since most are at or near full capacity — despite the fact that several office buildings are largely vacant. Improvement in real estate markets without additional parking capacity could adversely impact the entire downtown and stunt the growth of real estate markets.

IMPACT OF WALKABLE URBAN PLACE

> *"In spite of the U.S. Census data for the past decade showing continued job de-centralization, there is now much anecdotal evidence for just the opposite. The Chicago Crain's Business Journal reports that companies such as Allstate, Motorola, AT&T, GE Capital, and even Sears are re-considering their fringe suburban locations, generally in standalone campuses, and may head back to downtown Chicago. …The New York Times has been reporting this week that UBS, the huge Swiss banking firm, is considering moving their U.S. headquarters back into New York City. Even downtown Detroit, the basket case of American downtowns, has seen four major corporate arrivals in recent years … The reason in nearly every case? The millennial generation is demanding it. Highly-educated young workers, the life's blood of many industries, have been flocking to center cities in recent years."*
>
> Christopher B. Leinberger, Visiting Fellow, Metropolitan Policy Program, Brookings Institution

Downtown has the opportunity to become one of the few urban, walkable places in the U.S. Midwest. A recent review of the Walkscore.com website — which rates geographic areas throughout the country on their walkability — assigned downtown (defined as the 51101 zip code) an impressive score of 86 and the corner of 3rd Street and Jackson Street as a "Walker's Paradise," with a score of 91. The only drawback to this is that there are very few people living in this area to enjoy the benefits.

The Walkscore.com favorable rating is recognition of the vast efforts by public and private stakeholders who have made considerable investments in downtown infrastructure, built environment and employment base that has laid the groundwork for the downtown's distinction as a successful urban, mixed-use district in which households of all types could live, work and find entertainment. Meanwhile, local and national trends are pointing towards increased demand in mixed-use areas where people can live their lives primarily within a single walkable district.

The success of the United Center and the 4th and Jackson building — both of which offer contemporary, high-end apartments and condominiums located within the urban core — are indicators of the improving appeal of living in downtown Sioux City. In RCLCO dialogues with Bart Connelly, the developer responsible for both projects, Mr. Connelly shared anecdotes of some of the renters and buyers, indicating a preference from households who have at least one member working in downtown Sioux City. The appeal of being able to walk from home to office (in some cases avoiding the sometimes brutal climate by using the city's skywalk system), is convincing upper middle class households to choose downtown living over traditional suburban locations that offer single-family residences. This trend aligns with national consumer research conducted by RCLCO that considered the housing preferences of households of various ages.

RCLCO consumer research investigated the existing and preferred housing type for households of different sizes. Across the board, RCLCO's research found that a greater percentage of households preferred living within higher-density structures than the percentage of households actually living in that product type. The gap between the two was highest with 1- and 2-person households.

Preference for urban living is strongest among younger generations. In a 2011 survey conducted by RCLCO, when asked to indicate their preferred community type in choosing their next home, respondents indicated a shift towards mixed-use communities, both in suburban and urban locations. Members of Generation Y (born roughly between 1980 and 2000) showed the strongest preference for living within mixed-use areas. While much of this may be attributed to this generation's life circumstances at the time of the survey, RCLCO believes there is a concerted shift in housing preference affected by a number of different factors, including advancements in

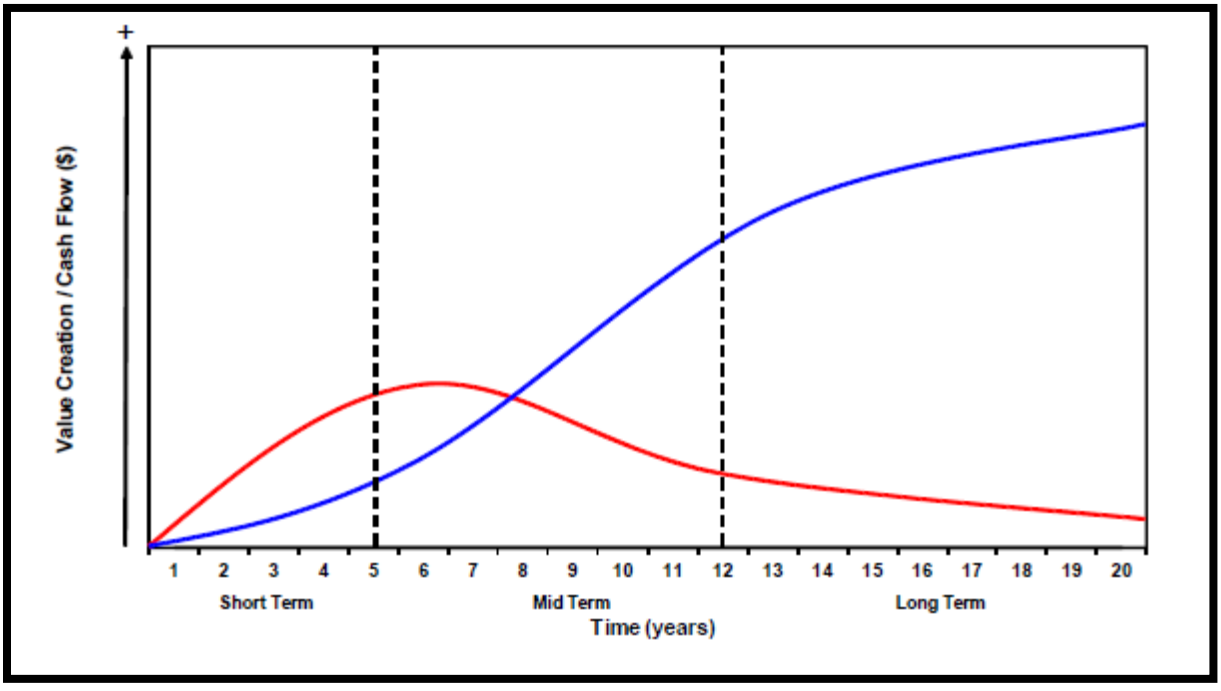
technology that have made social interaction less necessary (and hence less common), and remote working more possible.

Furthermore, RCLCO's research found that members of Generation Y are willing to pay more for the convenience and lifestyle associated with urban living. One-third of respondents indicated they are willing to pay more to walk to shops, work and entertainment. Two-thirds say that living in a walkable community is important. More than half of Generation Y respondents indicated they would trade lot size for the ability to walk to shopping or to work. Interestingly, even among families with children, one-third of all respondents indicated willingness to trade lot sizes and "ideal" homes for walkable, diverse communities.

Among all generations, RCLCO's research suggests that a paradigm shift has occurred for housing and community preferences, especially among households living in traditional suburban communities and within single family homes. While 68% of respondents indicated that they currently live in a traditional suburban community, only 50% thought they would continue to live in this type of community in the future. Similarly, 82% of respondents lived in single family homes, but only 68% indicated they expected to live in that same style of home in the future.

Developers have plenty of incentive to invest in mixed-use, walkable communities. The Brookings Institution has studied the financial characteristics of urban areas and compared them over time to suburban areas. Buildings within mixed-use areas that have achieved a critical mass of development generally perform significantly better over the long term than buildings in suburban areas. These findings, expressed in Figure 1, show that after the eighth year, the trajectory of increased value creation moves in opposite directions, with properties in urban, mixed-use areas experiencing continued growth in value, whereas suburban buildings consistently lose value after six years.

Figure 1. Financial Characteristics of Mixed-Use Areas with Critical Mass (blue) Versus Traditional Suburban Development (red)



RETAIL ANALYSIS

EXISTING INVENTORY

According to NAI LeGrand, downtown Sioux City consists of 46 buildings accounting for almost 500,000 square feet of space. Much of the retail is concentrated in downtown's core area and the Historic 4th Street District (on the eastern edge of downtown) with an emerging district on the western edge of downtown Sioux City (the Peal Street District). The downtown submarket features a 60,000 ft.^{2} HOM Furniture store (which is currently expanding its floor area), several bars and restaurants in the Historic 4th Street District, and numerous service-oriented retail establishments in downtown's core area. Additionally, three large restaurants (Perkins, Chili's and Famous Dave's) are freeway adjacent in the southern sector of downtown Sioux City — near the Stoney Creek Inn and Tyson Events Center — and several new restaurant / bars have opened on Pearl Street, marking the beginning of the area's redevelopment.

Sioux City's primary retail centers are located four miles southeast of downtown. These include Southern Hills Mall and Lakeport Commons. Over time, both of these centers have drawn many of the small shops and anchor tenants from downtown Sioux City. It is unlikely that downtown Sioux City will be able to establish into a major center for retail because of the relative scale of these two centers.

FIGURE 2. KEY CHARACTERISTICS OF DOWNTOWN SIOUX CITY RETAIL MARKET[41]

- **Total Retail Inventory** 489,921 Square Feet
- **Number of Buildings** 46
- **Vacant Inventory** 160,000 Square Feet
- **Vacancy Rate** 32%

REGIONAL RETAIL TRENDS

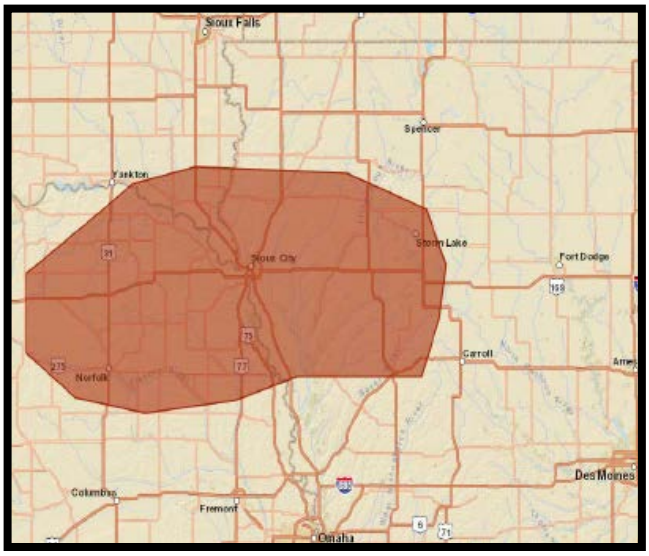
Household shopping patterns in the largely agricultural region revolve around the major cities whose retail offerings are more diverse and expansive than the rural towns in less developed areas. The standard shopping pattern for households in rural areas typically involves long drives to one of retail centers for shopping, dining and entertainment. These types of visitors rarely stay overnight, and instead return home after a long day in the city. The two competing cities around Sioux City are Sioux Falls, South Dakota (located 85 miles north of Sioux City) and Omaha, Nebraska (located 100 miles south of Sioux City). All three cities draw shoppers from well beyond their borders, resulting in what appears to be a surplus in sales respective to the spending power of local households.

Knowing that each of the three aforementioned cities draw shoppers from outside their official boundaries, RCLCO expects to see the relative draw of each city go well beyond its borders and include surrounding rural communities. RCLCO measured the strength of outside capture for all three and found a stronger relative draw by Sioux Falls over Omaha and Sioux City. In Sioux Falls, an estimated 41% of sales come from people outside its limits, while

[41] *NAI LeGrand data.*

27% and 28% of sales are generated from outside of Sioux City and Omaha, respectively (Exhibit III-1). In Sioux City the retailer types that have the lightest external draw include furniture and home furnishings, electronics and appliances, and food services and drinking places — which may mean that households from Sioux City's trade area travel to either Sioux Falls or Omaha for some of these goods.

Primary Market Areas



A primary market area ("PMA"), in the context of a retail center, is defined as the source of the majority of sales for the products and services that are being marketed at the center. RCLCO defined the primary market area for the retail anticipated for downtown. Depending on the characteristics of the site, density of surrounding neighborhoods, competitive environment and community composition, a PMA could be defined in many ways. Based on conversations with local brokers and other real estate professionals, RCLCO defined the trade area as a modified 50-mile ring around the area that is extended further in the east and west directions, because of a lack of competing metro areas in those directions, and brought in closer in the north and south directions, essentially splitting the area between Sioux City and the competing metro areas in those two directions (Sioux Falls to the north and Omaha to the south). The graphic on this page shows the map of the PMA that RCLCO defined for downtown Sioux City's retail market.

Retail Demand Overview

The purpose of RCLCO's demand analysis is to quantitatively support and describe the demand for various retail uses at the subject site. Retail demand is driven by consumer spending and affected by several distinct factors. RCLCO's demand model is generally based upon comparisons between demand potential and supply (existing and potential), influenced by the current and proposed locations of other centers. In the case of downtown Sioux City, the primary driver of demand is the consumer spending of existing households within the PMA. The following is a summary of the process and results from RCLCO's retail demand analysis.

Retail Leakage Analysis

Leakage analysis compares the estimated household expenditures within a given market area with the estimated retail sales within the same area — both in aggregate and by category. Any excess expenditures essentially "leak" to retail centers in outlying areas, suggesting an opportunity for new retail centers to capture this sales leakage. RCLCO used a reliable third-party data source (ESRI) to collect data for downtown Sioux City's defined PMA on the retail demand potential, based on average expenditures per household for each retail category. ESRI also calculates the actual retail sales for each category within the area to estimate the leakage of expenditures and determine in which categories, if any, new retail stores are justified (Exhibits III-2, III-3, and III-4).

For the PMA RCLCO studied, the data shows the highest leakage in the categories of office supplies, full-service and limited-service restaurants and stores that sell clothing, furniture, electronics and appliances.

To convert the leakage data into demand for retail space, RCLCO applied informed assumptions about the competitive environment, sales performance metrics for various retail categories and standard store sizes for different retail types. The description and calculations of each of the assumptions now follows:

- **SUBJECT SITE CAPTURE RATE**

  The subject site's capture rate is based upon an assumed "fair share" capture of leakage relative to other parts of Sioux City that could attract additional retail development. For regional serving retail, the capture rate RCLCO used is 35% because there are two viable locations that can capture future retail development: the area south of Lakeport Commons has an additional 20 acres of undeveloped land that will likely be built out as retail; and parts of Hamilton Boulevard remain as residential lots and have a strong likelihood of being converted to retail. See Exhibits III-4 for more specific descriptions of the capture mathematics.

- **SALES PER SQUARE FOOT THRESHOLD**

  The sales per square foot threshold translates dollar amounts into supportable retail square feet and employ standard assumptions by retail type, based on broker conversations, national data, and RCLCO's industry knowledge.

- **MINIMUM STORE SIZE**

  The analysis screens supportable retail square footage by a minimum store size to ensure that recommendations are sufficiently realistic. In other words, if the demand analysis found supportable demand for 10,000 square feet of grocery space, RCLCO would not recommend it as a use since groceries are typically much larger.

This analysis results in a specific amount of retail space and numbers of stores in each category that could be added at in downtown Sioux City. In short, RCLCO has concluded sufficient demand exists to support an additional 150,000 square feet of retail.

RECOMMENDATIONS

In the short-term, efforts should be focused on retail categories that are currently deficient in the regional PMA, as they all fit within the current and growing retail sectors of downtown Sioux City.

- **OFFICE SUPPLIES STORES** operate effectively within downtown areas like Sioux City. None of the major national office supplies chains (Staples, Office Depot and OfficeMax) are currently operating within the market.
- **FULL AND LIMITED SERVICE RESTAURANTS:** Even with an already diverse selection of full and limited service restaurant offerings in downtown, RCLCO's analysis shows an opportunity to further broaden the selection. With access to the region's largest daytime population and mature entertainment district (with the Orpheum Theater, Tyson Events Center, and the Promenade and Riviera Theaters), restaurants have strong prospects in the area. Restaurant operators should be prepared to have most of their dinner demand occur on Thursdays to Sundays, on those evenings when residents from surrounding rural areas venture into Sioux City for access to shopping and services.
- **FURNITURE STORES:** The reported success and recent expansion of HOM Furniture is perhaps the most encouraging signal of downtown Sioux City's retail sector. Although Omaha offers a much more expansive

furniture district, HOM Furniture is drawing a strong base of business. The opportunity here is to locate smaller furniture and home accessory stores to complement HOM Furniture's offerings.

- Neighborhood retail demand could potentially be justified if the residential base were to continue to broaden in the downtown. A base of 2,000 downtown households is a reasonable target to attract a specialty or standard grocery store into the market. Some in the market believe a specialty grocer – such as Trader Joe's – could experience immediate success in a downtown location and service the entire region. The nearest Trader Joe's and Whole Foods Market are in Omaha, Nebraska and some locals that RCLCO interviewed shared that they often visit one of their stores when they go to Omaha.

RESIDENTIAL ANALYSIS

EXISTING INVENTORY

Residential uses in downtown Sioux City are still very minimal though becoming increasingly more popular. According to NAI LeGrand, all new residential units in the Sioux City market since 1997 have come from adaptive reuse of existing civic, office and warehouse buildings. 260 units have been added to the residential base in that time, making the total downtown inventory approximately 525 units. Of those, over 300 units are only available for low income or senior tenants.

The two most recent development projects by Connelly, Tiehen and Sons, Inc ("CTS") — the United Center and 4th and Jackson (currently under construction) — offer the first true Class A residential units in Sioux City. These buildings are both mapped and offered as condominiums. Understanding the limited market reach for a new product type, the builders have opted to broaden their market by offering the units as rental units as well, retaining ownership of the units they successfully lease. The units feature contemporary interior design, including bamboo floors, granite counter tops, energy efficient plumbing and lighting fixtures, recessed lighting and open floor plans. CTS shared with RCLCO that their sales per square foot are in the range of $125 to $160 per square foot – which exceeds the value ratio of all single family residences that were observed in a recent listing search in the Sioux City market and rivals the pricing for the highest-valued residences in nearby Dakota Dunes, South Dakota[42]. CTS reports that the majority of owners and renters have at least one person in the household who works in downtown Sioux City. At 4th and Jackson, since the building is a part of the City's skywalk system, some residents are able to avoid undesirable weather by walking directly to their offices without having to step outside. Several units – under construction during the time of RCLCO's site visit – were pre-leased and pre-sold.

RESIDENTIAL DEMAND OVERVIEW

As mentioned earlier, Walkscore.com has rated downtown Sioux City with a walkability score of 91 out of 100, making it one of the most appealing walkable districts in the country. Despite this, only 1,000 people currently live in the district, and roughly 70% of that population earns less than $25,000 per year. Going forward, RCLCO expects new demand for residential units in downtown Sioux City to be driven by the access to employment and demand for the increasingly appealing benefits of living in a walkable, urban district. Currently, 11,000 employees work in downtown Sioux City in some of the region's highest paying jobs, including medical, government, banking and real estate. RCLCO suspects this is the base of buyers and renters CTS has been drawing into their downtown projects and that would demand future housing.

It is difficult to gauge downtown's capture of future demand, as many factors are still undecided. RCLCO's study suggests that there will likely be a range of possibilities based on the following factors: Presence of public amenities that make downtown more appealing to larger households, including safe and welcoming public spaces within walking distance of residential buildings and the presence of an appealing grocery store in downtown; the development of potentially competing districts; and the region's household growth over time, which will be impacted by job growth and the ability for the region to attract and retain a young and skilled workforce.

RCLCO's demand analysis projects for residential units in downtown Sioux City based on demographic characteristics of the area defined by a 10-minute drive radius around downtown Sioux City, solving for an annual

[42] Based on a search of real estate listings on Trulia.com on March 11, 2012.

demand for new residential units in the area. RCLCO's demographic demand model breaks down demand by household income, age of householder and household size. RCLCO took several different approaches to RCLCO's demand forecast, first assuming the current appeal to singles and couples, then assuming the district added family-friendly amenities (public parks, convenience retailers, such as a grocery store). The demand analysis, which is displayed in more detail in Exhibits IA- 1B (for sale) and Exhibits 2A-2B (for rent) yields the following results:

DEMAND UNDER EXISTING CONDITIONS

RENTAL APARTMENTS

RCLCO estimates that approximately 3,350 households in the PMA would be in the market for rental housing product on an average annual basis. Of these, over 1,850 are either singles or couples who would embrace downtown Sioux City as it is, without the family-friendly amenities. In total, RCLCO estimates a range of annual demand between 14 and 35 units.

FOR-SALE CONDOMINIUMS

RCLCO estimates that approximately 1,350 households in the PMA would be in the market for for-sale housing product on an annual basis. Of these, 620 are household-size qualified based on the reasons described above. RCLCO estimates an annual demand of 23 to 63 units.

DEMAND UNDER FAMILY-FRIENDLY CONDITIONS

RENTAL APARTMENTS

RCLCO estimates that of the 3,350 households in the PMA that would be in the market for rental housing product on an average annual basis, over 60% will be young households (aged 25-34 years old) and only 300 would earn $50,000 or more. If downtown were to be more appealing to families with children, the range of demand would expand to 32 to 81 units per year.

FOR-SALE CONDOMINIUMS

Of the 1,350 households in the market to purchase a house or condo every year, a range of 85 to 141 households would seek a unit in downtown Sioux City.

RECOMMENDATIONS

- Encourage adaptive reuse of select office buildings into residential buildings to expand the residential base in downtown. RCLCO's analysis has identified nine existing office buildings that are well suited for redevelopment and partial or full conversion into residential units. Historic tax credits and adaptive reuse incentives, such as have worked in places like Los Angeles.
- Address livability concerns in downtown. Larger households require amenities and services that many singles and couples are willing to live without, including public parks and convenience shopping (grocery and drug stores). Increasing the appeal to larger households more than doubles the pool of potential owners and renters.

- Consider ways to bring further attention and notoriety to CTS' United Center and 4th and Jackson developments to developers and investors in the region. Track performance of the office and residential space in those buildings, paying close attention to the demographics of the buyers and renters of the residential units. Offer this as a celebrated case study through media outlets and outreach efforts to local and regional investors. Consider incentives that encourage adaptive reuse of office to residential, as well as office mapping of buildings to be offered as condominiums.

OFFICE MARKET ANALYSIS

CURRENT INVENTORY

Downtown Sioux City is the predominant office market in the Siouxland region. The market contains roughly 46 office buildings, totaling 1.8 million square feet, of which over 350,000 was vacant in 2009 – the date of their last report. A more recent report by Chris Bogenrief of United Realty describes the Class A market as being over 692,000 square feet, with a current vacancy rate of over 24%. While his report mentions a sizable Class A office market, he and several other real estate and business professionals interviewed by RCLCO suggested that the United Center offers some of the first "true Class A" space in Sioux City. The interior of Terra Centre, for example, described as the queen of the Sioux City skyline, has not been renovated since it was first built in 1983.

The list of buildings in downtown provided by Downtown Partners shows a list of 34 buildings with a total square footage of approximately 1.335 million square feet. Of these, 10 buildings – totaling over 400,000 square feet – are user-owned, including four banks.

Through RCLCO's review of the market and interviews with local stakeholders, RCLCO has identified nine buildings in downtown Sioux City, which amount to over 700,000 square feet, which are either fully or mostly vacant and can be considered for repositioning or a complete renovation. These buildings represent a major opportunity for downtown Sioux City and can be central in any concerted effort to rethink the downtown.

EMPLOYMENT OVERVIEW

The background report generated by IEDC provides a detailed summary of the Sioux City employment base. RCLCO's efforts to expand on this work focused on analyzing the industry clusters that are the main employment drivers in Sioux City going forward.

A comparison of the employment base in Woodbury County, where Sioux City is the largest City, and Polk County, where Des Moines is the largest city, allows us to determine Sioux City's relative competitiveness with a large city that is within the same State. Using Des Moines as a basis for comparison helps us identify industry clusters that have strong representation within Iowa, which is a limited pool given the relative size of the State and the onerous tax system in the State that RCLCO believes drive several industries away.

Polk County's employment base is over five times the size of Woodbury County's; similarly, Des Moines' office inventory is approximately seven times the size of Sioux City's[43]. The largest industry cluster in Polk County is Business and Financial Services, which represents over 17% of the County employment base. This cluster includes insurance companies, which is the largest industry operating in Des Moines and is the industry of three of the top five employers in Des Moines[44]. By comparison, the Business and Financial Services cluster represents only 4% of the Woodbury County employment base.

LOCATION QUOTIENT ANALYSIS

A calculation of an industry's location quotient for a given geography helps us understand the relative strength of a given industry in a sub-geography when compared to the larger geography. For the Business and Financial

[43] Reis, Inc. reports an office vacancy rate of 19.6% in Des Moines as of the end of 2011. Their total office inventory is 13,000,000+ square feet.
[44] Based on information found on the website for the City of Des Moines, Iowa for 2009.

Services industry cluster, the location quotient for Polk County is over 2.5, whereas for Sioux City, only 0.5 (Exhibit V-2B). This means that relative to the State of Iowa, the number of jobs in this industry cluster in Polk County is over two and a half times more than what would be expected. RCLCO believes this dynamic represents a potential opportunity for Sioux City. Given that this industry cluster – composed of companies that are most likely to demand Class A office space – is only half as prevalent as it should be given the State's current number of jobs in the industries that compose this cluster, RCLCO believes there is the opportunity to attract more of these types of employers. Des Moines is currently capturing the lion's share of these big office users who are open to doing business in Iowa, despite the State's unfavorable business climate[45], but RCLCO does not see any reason why Sioux City could not attract parts or all of the operations for one or more new or established businesses.

The location quotient analysis for Woodbury County reflects the industry clusters that are strongest, which are Agri-Business, Arts, Entertainment and Tourist Industries and Biomedical/Biotechnology – which all represent sizable portions of the employment base. These are the core industries with the highest prospects for growth and expansion within the County. Further, several industry clusters have low location quotients but are growing in size, which means they can emerge as major contributors to the local economy. These include Education and Knowledge Creation, Defense and Security, and Business and Financial Services. These industry clusters should be on the radar for future growth and are of particular interest for downtown, because they all include industries that traditionally have high office space needs and are apt to be within the downtown or planned business park.

SHIFT-SHARE ANALYSIS

RCLCO used a shift-share methodology to examine historical employment growth by industry in Woodbury and Polk Counties in comparison to the total employment growth in the State of Iowa during a period of economic growth -- 2003 and 2008. This analysis identifies a particular jurisdiction's competitive advantage or disadvantage in industry employment by comparing the industry's growth in the specified jurisdiction to general employment growth in the region and to regional employment growth in that particular industry. RCLCO deems this competitive advantage the "Woodbury County Effect" on Exhibit V-5.

RCLCO uses this data to identify economic sectors that are especially attracted to, or even repelled by, these Counties. The results show that only three industry clusters reflect growth as a result of a local effect. These were Agri-Business and Food Processing, Defense and Security, and Education and Knowledge Creation. For all other industry clusters, the growth can be attributed to industry and statewide factors.

OFFICE DEMAND OVERVIEW

Future demand for office space in downtown Sioux City is undeterminable, but is unlikely to be significant going forward. Instead, Sioux City's economic realities and industry trends are suggesting that Sioux City's office market is currently overbuilt and should be reduced in terms of total inventory.

A recent article by Commercial Investment Real Estate describes a shift in office needs for corporations in all sectors of the economy[46]. The article suggests that corporations have too much space now and will be either selling, subleasing or scaling back their office requirements upon releasing at the end of their current lease, resulting to growth of the "shadow inventory" of office space in many markets. Space requirements per employee will also likely be shrinking which will affect space demand that is caused by employment growth. Traditionally, the ratio of office space needs per employee was 250 square feet per job. Going forward, some analysts believe this ratio

[45] Several Sioux City leaders described Iowa's corporate and individual tax system as onerous, especially when compared to more business-friendly neighbors such as South Dakota.

[46] The article can be found at www.ccim.com/cire-magazine/articles/139111/2012/01/resizing-or-rightsizing.

will shrink to 100-150 square feet per job. The article suggests that some of this shift will be due to employers insisting on employees sharing space with other employees, so as to minimize the number of offices and workstations that are empty while their occupants are in out of the office or in meetings. This trend is consistent with Teknion's recent Workplace of the Future study that says almost half of those companies that were surveyed use cloud computing and 90 percent plan to invest in productivity-enhancing technologies in the next year.

While RCLCO does not expect demand for new office development, its investigation found evidence that suggests that the market has pent-up demand for upgraded, Class A office space that is built to the standards seen in major markets. A walking tour of any one of many outdated buildings followed by a tour of United Center and 4th and Jackson buildings, offers a dramatic juxtaposition between space with deteriorating interiors with aged finishes and outdated floor plans and contemporary and appealing interior designs equipped with sound- and weather-proof windows and up-to-date technology. The performance of the two well-equipped buildings, as well as the recurring comments from local business leaders who commented on the disappointing condition of most of the office in the market speaks to an unmet need in the market place for Class A office space.

RECOMMENDATIONS

- Encourage adaptive reuse of existing, under-utilized Class B and C office buildings into residential units and/or Class A office space. The current office market is overbuilt and should see a reduction in net square footage.
- Focus employer attraction efforts around industries that are sizable or growing. The industry clusters that are showing the most promising signs include tourist related, agri-business and food processing, biomedical/biotech.
- Efforts to attract large employers should target industries disproportionately represented in Des Moines, Iowa. Businesses within the Business and Financial Services cluster are the best targets. Insurance companies are especially attractive, given State legislation that is beneficial to firms in this industry, which is the driver that has caused so many large insurance companies to locate headquarters in Des Moines. Several other private industries are flourishing in Des Moines and have potential to grow in Sioux City.
- The City should nurture the continued growth and expansion of those industries that are most active in Woodbury County and Sioux City, as they are very much the anchors of the local economy

CRITICAL ASSUMPTIONS

RCLCO's conclusions are based on RCLCO's analysis of the information available from RCLCO's own sources and from the client as of the date of this report. RCLCO assumes that the information is correct, complete, and reliable.

RCLCO made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either RCLCO's control or that of the client. RCLCO analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they stand the test of time.

RCLCO assumes that the economy and real estate markets are close to bottoming out for the current cycle, and that they will grow at a stable and moderate rate starting in 2010, more or less in a straight line on average for the duration of the analysis period (to 2020 and beyond). However, history tells us that stable and moderate growth patterns are not sustainable over extended periods of time, and that the economy is cyclical and that the real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when the current economic and real estate downturns will end, and what will be the shape and pace of growth once they are recovered.

With the above in mind, RCLCO assumes that the long term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

RCLCO's analysis does not take into account the potential impact of future economic shocks on the national and/or local economy, and does not necessarily account for the potential benefits from major "booms," if and when they occur.

Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

For all the reasons outlined, RCLCO recommends the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, RCLCO assumes that once the current cycle is over, the following will occur in accordance with current expectations:

- Economic, employment, and household growth.
- Other forecasts of trends and demographic and economic patterns, including consumer confidence levels.
- The cost of development and construction.
- Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth).
- The availability and cost of capital and mortgage financing for real estate developers, owners and buyers, at levels present in the market before the most recent run up (i.e., early 2000s levels).

- Competitive projects will be developed as planned (active and future) and a reasonable stream of supply offerings will satisfy real estate demand.
- Major public works projects occur and are completed as planned.

Should any of the above change, this analysis should probably be updated, with the conclusions reviewed accordingly (and possibly revised).

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to RCLCO's knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

RCLCO's report may contain prospective financial information, estimates, or opinions that represent RCLCO's view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by RCLCO's prospective financial analysis may vary from those described in RCLCO's report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co., LLC" or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

SUPPORTING EXHIBITS

I. Summary of Conclusions

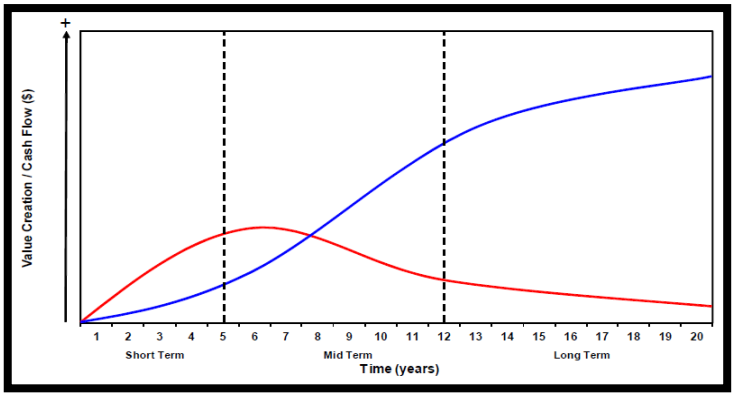
EXHIBIT I-1
SUMMARY OF PROJECTED DEMAND DOWNTOWN SIOUX CITY

LAND-USE	CONSERVATIVE PROJECTION	AGGRESSIVE PROJECTION	NOTES
RETAIL	149,000 ft.[2]		Current demand for restaurants, office supplies and furniture.
RESIDENTIAL – Current Conditions			Based on 1 and 2-person households.
Market Rate Rental Apartments	*14*	*35*	
For-Sale Condos	*23*	*63*	
RESIDENTIAL – More Family Friendly			Based on all household sizes.
Market Rate Rental Apartments	*32*	*81*	
For-Sale Condos	*85*	*141*	
OFFICE	UNDETERMINABLE		Future demand not likely to absorb all vacant space. Consider converting more office space to residential.

SOURCE: RCLCO

II. Urban Walkable

EXHIBIT II–1
VALUE CREATION COMPARISON: US MIXED-USE AREAS AND SUBURBAN AREAS[47]



[47] Brookings Institution

EXHIBIT II-2
EXISTING AND PREFERRED HOUSING TYPE BY US HOUSEHOLD SIZE, 2008[48]

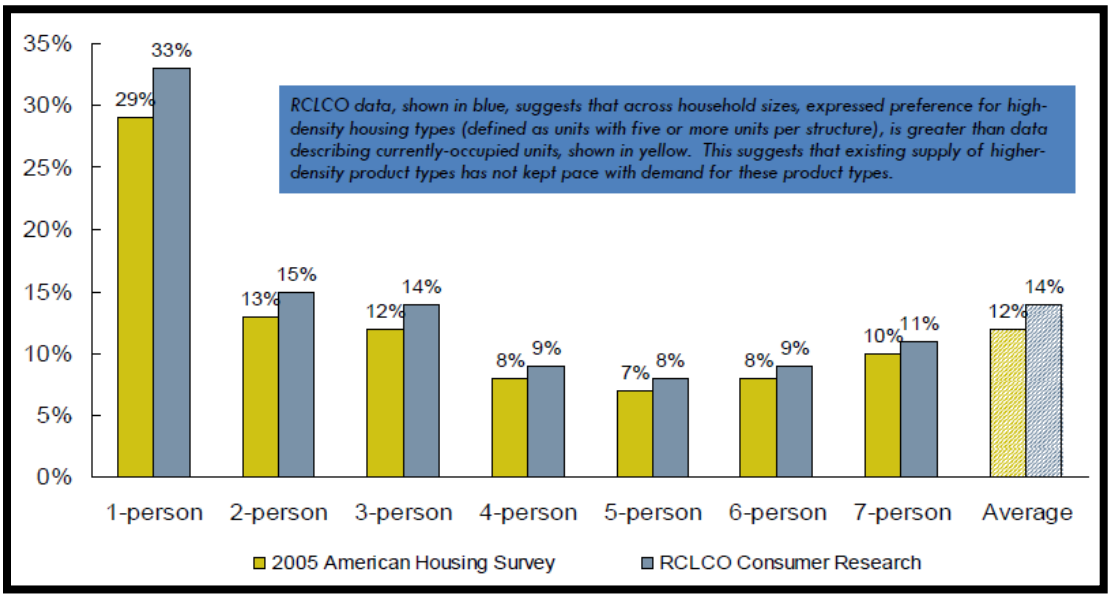
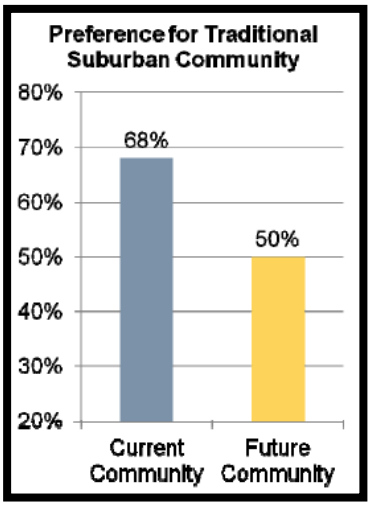
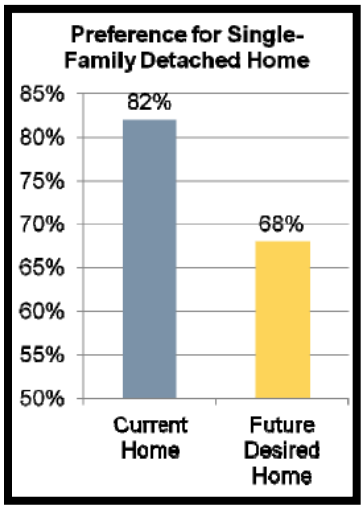


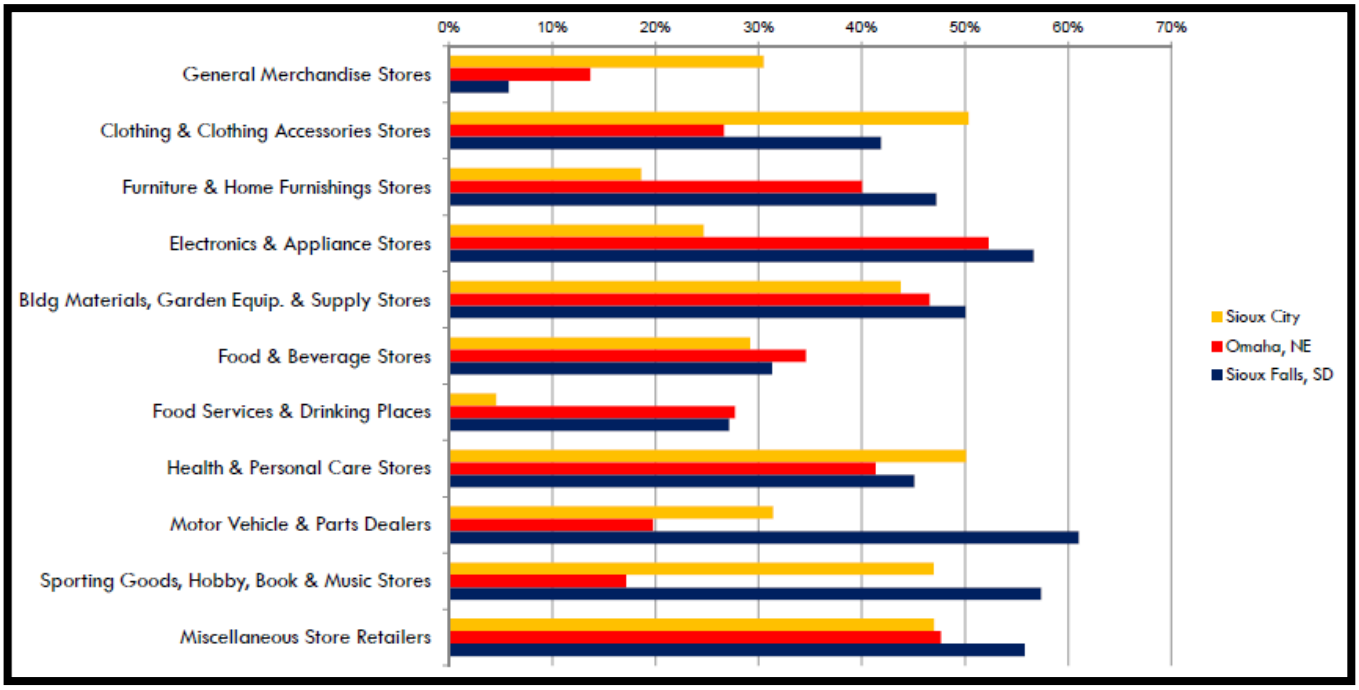
EXHIBIT II–3
US CONSUMER PREFERENCE SURVEY RESULTS, 2008





[48] RCLCO Consumer Research

EXHIBIT III–1
RETAIL SURPLUS COMPARISON — SIOUX CITY, OMAHA AND SIOUX FALLS, 2010



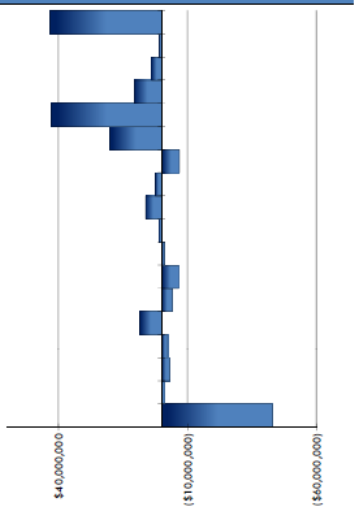
	RETAIL SALES	RETAIL SURPLUS	SURPLUS PERCENT OF ALL SALES
Sioux City, IA	$1,007,537,042	$269,564,267	27%
Omaha, NE	$5,384,051,138	$1,528,673,667	28%
Sioux Falls, SD	$2,718,692,736	$1,119,286,806	41%

NOTE: *Retail surplus is the total amount of retail sales in a region that is captured from surrounding areas, as calculated by subtracting the retail potential of that geography's population from reported sales for that area. This graph shows the percentage of total sales represented by the surplus for each City.*

SOURCE: *ESRI, Inc.; RCLCO*

EXHIBIT III–2
RESIDENT RETAIL DEMAND VERSUS REPORTED SALES
REGIONAL RETAIL MARKET AREA, 2010

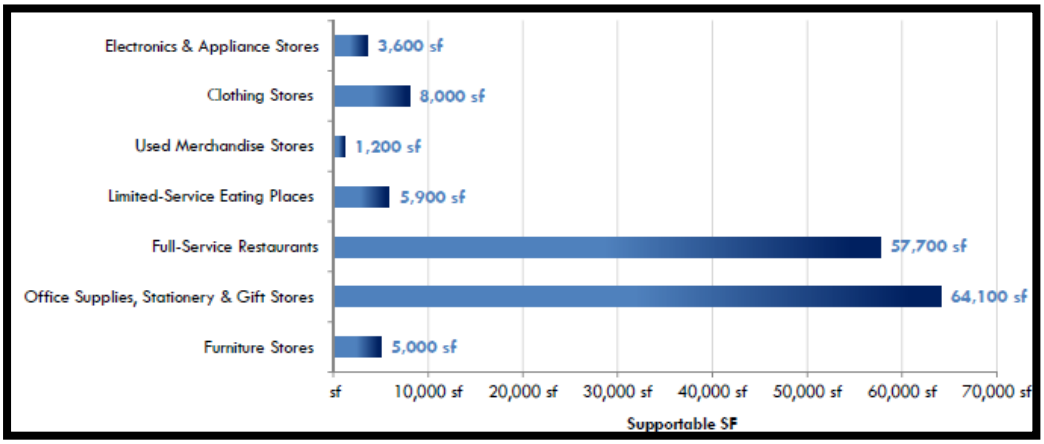
RETAIL TYPE	RETAIL DEMAND POTENTIAL [1]	RETAIL SALES [1]	ESTIMATED SALES FROM VISITORS AND NON-LOCALS	ESTIMATED LEAKAGE OF SALES OUTSIDE CITY LIMITS
Grocery	$327,175,250	$370,487,335	$43,312,085	$0
Specialty Food	$14,934,904	$15,785,194	$850,290	$0
Beer, Wine & Liquor	$7,891,272	$11,787,800	$3,896,528	$0
Health and Personal Care	$74,890,441	$85,608,406	$10,717,965	$0
Department Stores [2]	$193,839,462	$236,473,381	$42,633,919	$0
General Merchandise [3]	$214,026,916	$234,245,413	$20,218,497	$0
Clothing Stores	$53,975,502	$47,145,816	$0	$6,829,686
Shoe Stores	$6,015,837	$8,389,230	$2,373,393	$0
Jewelry Stores	$8,903,137	$15,122,897	$6,219,760	$0
Sporting Goods/Hobbies	$13,425,556	$14,551,547	$1,125,991	$0
Books/Music	$7,759,721	$6,553,921	$0	$1,205,800
Home Improvement/Garden	$88,166,796	$81,602,170	$0	$6,564,626
Electronics/Appliances	$55,038,506	$50,940,743	$0	$4,097,763
Furniture	$38,262,703	$46,601,281	$8,338,578	$0
Home Furnishings	$15,510,696	$13,181,217	$0	$2,329,479
Office Supplies	$14,515,005	$11,299,339	$0	$3,215,666
Miscellaneous Retail	$20,361,610	$19,344,503	$0	$1,017,107
Restaurants	$328,514,417	$285,613,790	$0	$42,900,627
TOTAL	**$1,483,200,000**	**$1,554,700,000**	**$139,700,000**	**$68,200,000**



[1] *ESRI* | [2] *Based on ESRI's estimated expenditures by retail category* | [3] *Including discount department stores* | *Source: ESRI Business Analyst; RCLCO*

EXHIBIT III–3
REGIONAL RETAIL DEMAND POTENTIAL
REGIONAL RETAIL MARKET AREA, SIOUX CITY, 2010

RETAIL CATEGORY	SUPPORTABLE FT.[2]	NUMBER OF STORES
Furniture Stores	5,000	0
Office Supplies, Stationery & Gift Stores	64,100	3
Full-Service Restaurants	57,700	12
Limited-Service Eating Places	5,900	6
Used Merchandise Stores	1,200	2
Clothing Stores	8,000	8
Electronics & Appliance Stores	3,600	2
TOTAL	**145,500**	**33**



Source: ESRI Business Analyst; RCLCO

EXHIBIT III–4
REGIONAL-SERVING CENTER RETAIL DEMAND ANALYSIS
REGIONAL RETAIL MARKET AREA, SIOUX CITY

	(millions)	*(millions)*	GROSS RETAIL GAP/ (SURPLUS) *(millions)*	# OF BUS.	POTENTIAL TO BE LOCATED DOWN-TOWN	POTENTIAL SPENDING IN DOWN-TOWN *(millions)*	SUBJECT SITE CAPT-URE[1]	SALES/ SF THRES-HOLD	SF *(thousands)*	MIN STORE SIZE *(thousands)*	SUPPORT ABLE STORES SF *(thousands)*	STORES
Mtr. Vehic. & Parts Dealers	$514.2	$497.1	**$17.1**	352		$8.5			3.3	0.0	0.0	0.0
Automobile Dealers	$441.4	$432.3	$9.1	198	50%	$4.6	35%	$750	2.1	10.0	0.0	0.0
Other Motor Vehicle Dealers	$43.6	$27.1	$16.5	48	50%	$8.2	35%	$400	7.2	10.0	0.0	0.0
Auto Part, Acc.'s & Tire Stores	$29.2	$37.7	($8,5)	106	50%	($4.3)	35%	$250	-6.0	10.0	0.0	0.0
Furniture & Home Furnishings Stores	$53.8	$59.8	**($6.0)**	91		($6.0)		0	-7.0	0.0	2.7	0.0
Furniture Stores	$38.3	$46.6	($8.3)	38	100%	($8.3)	35%	$300	-9.7	5.0	0.0	0.0
Home Furnishings Stores	$15.5	$13.2	$2.3	53	100%	$2.3	35%	$300	2.7	0.6	2.7	4.5
Electronics & Appl. Stores	$55.0	$50.9	**$4.1**	104	100%	$4.1	35%	$400	3.6	1.5	3.6	2.4
Bldg Materials, Garden Equip. & Supply Stores	$88.2	$81.6	**$6.6**	231		$3.9			4.6	0.0	0.0	0.0
Bldg Mtr'l & Supplies Dealers	$72.9	$63.4	$9.5	174	60%	$5.7	35%	$300	6.7	70.0	0.0	0.0
Lawn & Garden Equip & Supply Stores	$15.2	$18.2	($3,0)	57	60%	($1.8)	35%	$300	-2.1	3.0	0.0	0.0
Food & Beverage Stores	$350.0	$398.1	**($48,1)**	227		($48.1)			-42.1	0.0	0.0	0.0
Grocery Stores	$327.2	$370.5	($43.3)	146	100%	($43.3)	35%	$400	-37.9	40.0	0.0	0.0
Specialty Food Stores	$14.9	$15.8	($0.9)	45	100%	($0.9)	35%	$400	-0.7	3.0	0.0	0.0
Beer, Wine & Liquor Stores	$7.9	$11.8	($3.9)	36	100%	($3.9)	35%	$400	-3.4	1.0	0.0	0.0
Health & Pers. Care Stores	$74.9	$85.6	($10.7)	140	100%	($10.7)	35%	$350	-10.7	15.0	0.0	0.0
Gasoline Stations	$497.8	$757.1	($259.4)	170	100%	($259.4)	35%		-	0.0	0.0	0.0
Clothing & Clothing Accessories Stores	$68.9	$70.7	($1.8)	185		($1.8)			0.0	0.0	8.0	0.0
Clothing Stores	$54.0	$47.1	$6.8	124	100%	$6.8	35%	$300	8.0	1.0	8.0	8.0
Shoe Stores	$6.0	$8.4	($2.4)	27	100%	($2.4)	35%	$300	-2.8	0.0	0.0	
Jewelry, Luggage & Leather Goods Stores	$8.9	$15.1	($6.2)	34	100%	($6.2)	35%	$450	-4.8	3.0	0.0	0.0
Sporting Goods, Hobby, Book & Music Stores	$21.2	$21.1	$0.1	112		($27.5)		$450	-	1.0	0.0	0.0
Sporting Goods / Hobby / Musical Instr Stores	$13.4	$14.6	($1.1)	98	100%	($1.1)	35%	$700	-0.6	0.5	0.0	0.0
Book, Periodical & Music Stores	$7.8	$6.6	$1.2	14	100%	($26.4)	35%		-8.3	0.0	0.0	0.0
Gen. Merch. Stores	$407.9	$470.7	($62.9)	73		($15.7)		$450	-	1.0	0.0	0.0
Dept. Stores Excl. Leased Depts.	$193.8	$236.5	($42.6)	31	25%	($10.7)	35%	$450	-8.3	2.0	0.0	0.0
Oth. Gen. Merch. Stores	$214.0	$234.2	($20.2)	42	25%	($5.1)	35%	$400	-4.4	10.0	0.0	0.0
Misc. Store Retailers	$38.3	$36.7	$1.6	331		$75.3			0.0	0.0	65.3	0.0
Florists	$3.4	$6.0	($2.6)	57	100%	($2.6)	35%	$350	-2.6	30.0	0.0	0.0
Office Supplies, Stationery & Gift Stores	$14.5	$11.3	$3.2	77	100%	$77.0	25%	$300	64.1	20.0	64.1	3.2
Used Merchandise Stores	$4.6	$3.5	$1.0	87	100%	$1.0	35%	$300	1.2	0.5	1.2	2.3
Oth. Misc. Store Retailers	$15.8	$15.8	$0.0	110	100%	$0.0	35%	$450	0.0	2.0	0.0	0.0
Nonstore Retailers	$81.3	$71.7	$9.6	20		$75.9			0.0	0.0	0.0	0.0
Electronic Shopping & Mail-Order Houses	$41.7	$24.7	$17.0	4	0%	$0.0	0%	$200	-	1.0	0.0	0.0
Vending Machine Operators	$6.3	$3.4	$2.8	7	0%	$75.9	0%	$100	-	-	0.0	0.0
Direct Selling Establishments	$33.3	$43.6	($10.2)	9	0%	$0.0	0%	$200	-	-	0.0	0.0
Food Svcs. & Drinking Places	$328.5	$285.6	$42.9	767		$43.0			69.4	0.0	69.6	19.0
Full-Service Restaurants	$148.9	$116.0	$33.0	379	100%	$33.0	35%	$200	57.7	5.0	57.7	11.5
Limited-Service Eating Places	$150.2	$145.3	$4.9	193	100%	$5.0	35%	$300	5.9	1.0	5.9	5.9
Special Food Services	$10.8	$5.6	$5.2	20	100%	$5.2	35%	$300	6.1	3.5	6.1	1.7
Drinking Places - Alcoholic Beverages	$18.6	$18.8	($0.2)	175	100%	($0.2)	35%	$300	-0.3	2.5	0.0	0.0
TOTAL	$1,603.7	$1,653.0	($49.2)			$74.1		$374	6.0		149.0	58.7

1 Based on the following hypothetical mathematics to distribute the "leakage": 1 potential regional center at Cottle Station; 2 additional sites within the CMA with a 50-75% probability of development; 1 additional unknown source of competition. Results in 3.25 potential new centers, of which we represent 1, or 30-35%.

EXHIBIT III–5
MAP OF PRIMARY MARKET AREA (RETAIL)

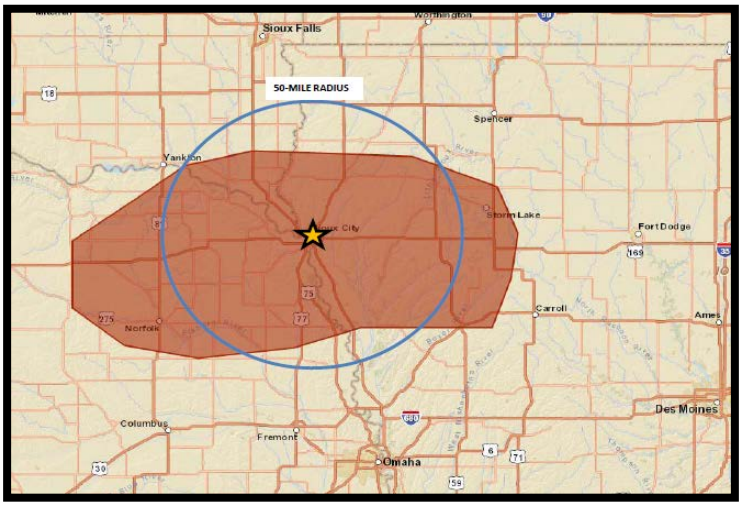


EXHIBIT III–6
COMPARATIVE SOCIOECONOMIC CHARACTERISTICS
10-MINUTE, 60-MINUTE AND 180-MINUTE DRIVE TIMES, 2010 – 2016

CHARACTERISTIC	10-MINUTE DRIVE RADIUS	60-MINUTE DRIVE RADIUS	180-MINUTE DRIVE RADIUS
2010 Population	131,678	197,564	2,471,213
2011 Population	131,731	197,205	2,489,325
2016 Population	132,128	196,907	2,577,339
Pop. Growth Rate, 2010-2011	0.0%	-0.2%	0.7%
Pop. Growth Rate, 2011-2016	0.1%	0.0%	0.7%
2010 Households	49,325	74,449	972,341
2011 Households	49,343	74,299	979,466
2016 Households	49,589	74,421	1,017,771
Household Growth Rate, 2010-2011	0.0%	0.0%	0.1%
Household Growth Rate, 2011-2016	0.1%	0.0%	0.8%
2011 Household Size	2.67	2.65	2.54
2011 Per Capita Income	$22,596	$22,412	$25,148
2011 Median Household Income	$45,604	$45,212	$48,847
2011 Average Household Income	$59,477	$58,428	$62,736

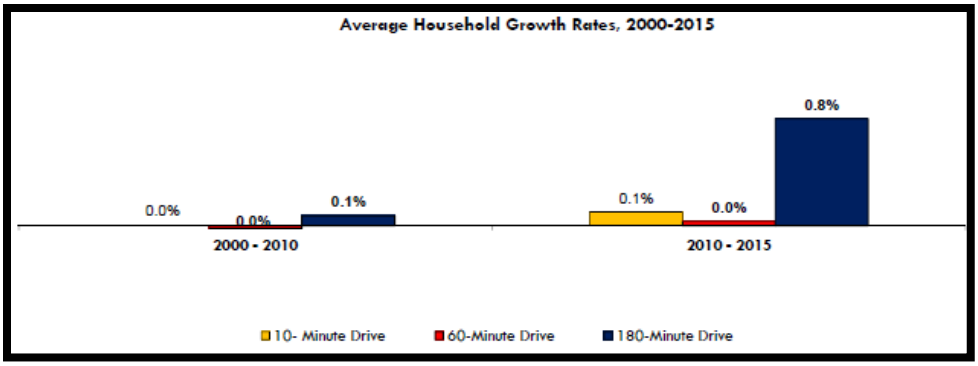
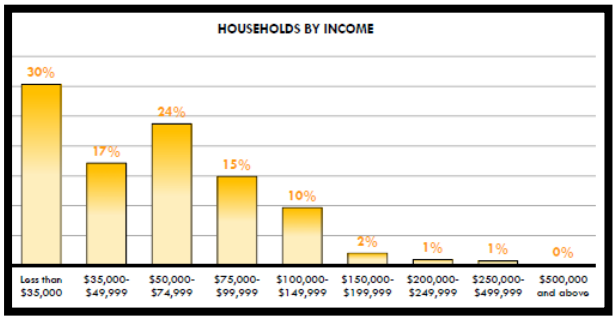
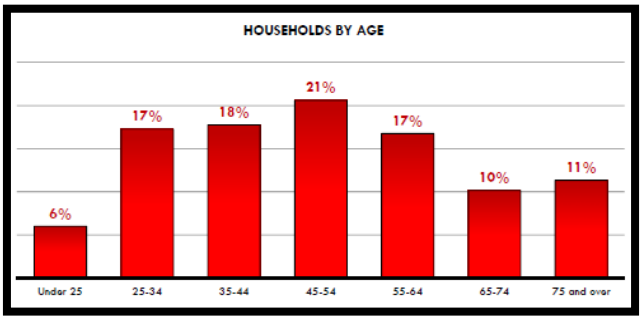


EXHIBIT III-7
HOUSEHOLDS BY AGE AND INCOME, 180–MINUTE DRIVE RADIUS, 2010

INCOME RANGE (thousands)	<25		25-34		PROFESSIONALS 35-44		EMPTY NESTERS 45-54		EMPTY NESTERS 55-64		RETIREES 65-74		RETIREES 75+		TOTAL	
	TOT.	%	TOT.	%	TOT.	%	TOT.	%	TOT.	%	TOT.	%	TOT.	%	TOT.	%
<$25	22,968	39	26,806	16	19,433	11	20,075	10	24,083	15	26,731	27	48,363	44	188,459	19
$25-35	8,627	15	20,477	12	16,307	9	15,324	8	14,895	9	14,438	15	14,599	13	104,667	11
$35-50	10,238	18	35,339	21	29,990	17	29,150	15	27,571	17	18,256	19	15,428	14	165,972	17
$50-75	7,968	14	47,542	28	48,260	28	54,024	27	39,623	24	18,686	19	13,403	12	229,506	24
$75-100	4,563	8	23,551	14	30,554	18	40,383	20	26,503	16	9,423	10	9,490	9	144,467	15
$100-150	2,469	4	10,169	6	19,974	12	28,725	14	19,959	12	6,919	7	5,627	5	93,842	10
$150-200	912	2	1,780	1	4,087	2	5,972	3	4,438	3	1,747	2	1,553	1	20,489	2
$200-250	409	1	897	1	1,599	1	2,713	1	2,369	1	1,198	1	1,021	1	10,206	1
$250-500	116	0	464	0	1,435	1	2,556	1	2,148	1	788	1	328	0	7,835	1
$500+	12	0	62	0	228	0	460	0	388	0	138	0	46	0	1,334	0
TOTAL	58,282	100	167,087	100	171,867	100	199,382	100	161,977	100	98,324	100	109,858	100	966,777	100
% of Total	6		17		18		21		17		19		11		100	





IV. Residential Demand Analysis

EXHIBIT IV–1A
FOR-SALE DEMAND SUMMARY FOR 1- AND 2- PERSON HOUSEHOLDS ONLY, MARKET AREA, MARCH 2012

INCOME RANGE	PRICE RANGE	DEMAND FROM EXISTING HHs	DEMAND FROM NEW HHs	TOTAL FOR-SALE DEMAND
$35,000 - $50,000	$135,000 - $192,000	177	31	208
$50,000 - $75,000	$192,000 - $288,000	127	31	158
$75,000 - $100,000	$288,000 - $384,000	87	18	105
$100,000 - $150,000	$384,000 - $576,000	115	18	132
$150,000+	$576,000+	0	9	9
TOTAL		**505**	**107**	**613**

MULTIFAMILY CONDOMINIUMS

INCOME RANGE	CONSERVATIVE		AGGRESSIVE		BREAKDOWN BY PRICE
	CONDOS AS % OF NEW	TOTAL CONDO DEMAND	CONDOS AS % OF NEW	TOTAL CONDO DEMAND	
$35,000 - $50,000	2%	3	5%	10	17%
$50,000 - $75,000	5%	5	10%	16	25%
$75,000 - $100,000	10%	13	15%	16	25%
$100,000 - $150,000	10%	1	15%	20	32%
$150,000+	0%	0	10%	1	1%
TOTAL		**23**		**63**	
TOTAL ANNUAL DEMAND RANGE		**23**		**63**	

EXHIBIT IV-1B

FOR-SALE DEMAND SUMMARY – ALL HOUSEHOLDS, MARKET AREA, MARCH 2012

INCOME RANGE	PRICE RANGE	DEMAND FROM EXISTING HHs	DEMAND FROM NEW HHs	TOTAL FOR-SALE DEMAND
$35,000 - $50,000	$135,000 - $192,000	219	31	250
$50,000 - $75,000	$192,000 - $288,000	275	31	307
$75,000 - $100,000	$288,000 - $384,000	372	18	390
$100,000 - $150,000	$384,000 - $576,000	240	18	258
$150,000+	$576,000+	0	9	9
TOTAL		**1,107**	**107**	**1,215**

INCOME RANGE	CONSERVATIVE		AGGRESSIVE	
	CONDOS AS % OF NEW	TOTAL CONDO DEMAND	CONDOS AS % OF NEW	TOTAL CONDO DEMAND
<$35,000	2%	5	5%	13
$35,000 - $50,000	5%	15	10%	31
$50,000 - $75,000	10%	39	15%	59
$75,000 - $100,000	10%	26	15%	39
$100,000 - $150,000	0%	0	10%	1
TOTAL		**85**		**143**
TOTAL ANNUAL DEMAND RANGE		**85**		**143**

EXHIBIT IV–1C
ANN. FOR-SALE RESIDENTIAL DEMAND FOR 1- AND 2- PERSON HOUSEHOLDS ONLY, MARKET AREA, 2011 – 2016

				DEMAND FROM EXISTING HOUSEHOLDS										DEMAND FROM NEW HOUSEHOLDS			
Age & Income *(thousands)*	Affordable Home Price[1]	Total HHs[2]	%	% Renters[3]	% of Renters in Turnover[3]	% HH Size Qualified *(1-2 Persons)*	% of Renters in Turnover Remaining Renters[4]	Demand from Existing Renters	% Owners[3]	% of Owners in Turnover	% of Owners in Turnover Becoming Renters[4]	Total Demand from Owners	Total Demand from Existing HHs	New HHs[5]	% Renters	Total Demand from New HHs	Total Rental Demand
25 - 34		6,737												-67			
<$35	<$525	1,778	26%	76%	56%	46%	95%	328	24%	61%	50%	134	462	-18	76%	-7	454
$35-50	$525-750	1,341	20%	54%	88%	39%	95%	238	46%	30%	50%	92	330	-13	54%	-6	324
$50-75	$750-1,125	1,879	28%	35%	49%	0%	85%	0	65%	15%	30%	54	54	-19	35%	-3	51
$75-100	$1,125-1,500	1,125	17%	16%	0%	100%	65%	0	84%	20%	15%	28	28	-11	16%	0	28
$100-150	$1,500-2,250	470	7%	43%	0%	0%	35%	0	57%	51%	10%	14	14	-5	43%	0	14
$150+	$2,250+	143	2%	0%	0%	0%	20%	0	100%	0%	0%	0	0	-1	0%	0	0
35 - 54		14,456												-160			
<$35	<$525	3,263	23%	55%	37%	70%	95%	450	45%	1%	50%	10	461	-36	55%	-7	454
$35-50	$525-750	2,649	18%	38%	24%	0%	95%	0	62%	3%	50%	25	25	-29	38%	-3	22
$50-75	$750-1,125	3,740	26%	9%	0%	0%	85%	0	91%	1%	30%	14	14	-41	9%	0	14
$75-100	$1,125-1,500	2,540	18%	12%	0%	0%	65%	0	88%	9%	15%	30	30	-28	12%	0	30
$100-150	$1,500-2,250	1,732	12%	7%	0%	0%	35%	0	93%	5%	10%	8	8	-19	7%	0	8
$150+	$2,250+	532	4%	0%	0%	0%	20%	0	100%	0%	0%	0	0	-6	0%	0	0
55-64		6,270												75			
<$35	<$525	1,674	27%	40%	22%	100%	95%	136	60%	0%	50%	0	136	20	40%	8	144
$35-50	$525-750	995	16%	24%	19%	17%	95%	7	76%	0%	50%	0	7	12	24%	3	10
$50-75	$750-1,125	1,453	23%	10%	22%	100%	85%	26	90%	2%	30%	9	35	17	10%	2	37
$75-100	$1,125-1,500	1,083	17%	21%	0%	0%	65%	0	79%	0%	15%	0	0	13	21%	3	3
$100-150	$1,500-2,250	725	12%	0%	0%	0%	35%	0	100%	7%	10%	5	5	9	0%	0	5
$150+	$2,250+	338	5%	0%	0%	0%	20%	0	100%	0%	0%	0	0	4	0%	0	0
65+		7,905												141			
<$35	<$525	3,847	49%	36%	5%	100%	95%	70	64%	2%	50%	20	90	69	36%	24	114
$35-50	$525-750	1,426	18%	10%	39%	100%	95%	50	90%	8%	50%	54	104	25	10%	2	107
$50-75	$750-1,125	993	13%	4%	0%	0%	85%	0	96%	6%	45%	28	28	18	4%	1	29
$75-100	$1,125-1,500	734	9%	10%	0%	0%	65%	0	90%	8%	50%	25	25	13	10%	1	26
$100-150	$1,500-2,250	613	8%	0%	0%	0%	35%	0	100%	0%	75%	0	0	11	0%	0	0
$150+	$2,250+	292	4%	0%	0%	0%	20%	0	100%	0%	0%	0	0	5	0%	0	0
								1,306					1,855				

SUMMARY OF DEMAND BY AGE GROUP																
25 - 34		6,737	19%	46%	55%		93%	1,601	54%	26%	34%	322	1,923	-67	46%	-16	871
35 - 54		14,456	41%	25%	26%		95%	873	75%	4%	22%	86	960	-160	25%	-10	527
55-64		6,270	18%	20%	17%		94%	205	80%	2%	18%	14	220	75	20%	15	199
65+		7,905	22%	20%	8%		94%	118	80%	4%	49%	127	245	141	20%	29	276
TOTAL		**35,367**						**2,798**				**549**	**3,347**	**-10**		**19**	**1,873**

SUMMARY OF DEMAND BY AGE GROUP																
<$35	<$525	10,561	30%	49%	32%	63%	95%	984	51%	6%	50%	164	1,148	-14		18	1,166
$35-50	$525-750	6,411	18%	33%	47%	32%	95%	296	67%	8%	50%	170	467	-10		-3	463
$50-75	$750-1,125	8,066	23%	15%	30%	9%	85%	27	85%	5%	33%	105	132	-25		0	131
$75-100	$1,125-1,500	5,483	16%	15%	0%	0%	0%	0	85%	9%	19%	83	83	-13		4	87
$100-150	$1,500-2,250	3,540	10%	9%	0%	0%	0%	0	91%	8%	10%	27	27	-4		0	27
$150+	$2,250+	1,306	4%	0%	0%	0%	0%	0	100%	0%	10%	0	0	2		0	0
TOTAL		**35,367**						**1,307**				**549**	**1,856**	**-64**		**19**	**1,875**

[1] Assumes a 5% interest rate and 25% of income available for home payment
[2] ESRI 2010 estimates for the Primary Market Area
[3] US Census Bureau; American Community Survey 2008 – 2010 PUMS data
[4] RCLCO estimates based on experience in other markets and the 2008 American Housing Survey
[5] RCLCO estimates based on ESRI growth projections for the PMA from 2011 – 2016

EXHIBIT IV–1D

ANNUAL FOR-SALE RESIDENTIAL DEMAND – ALL HOUSEHOLDS, MARKET AREA, 2011 – 2016

				DEMAND FROM EXISTING HOUSEHOLDS										DEMAND FROM NEW HOUSEHOLDS			
Age & Income *(thousands)*	Affordable Home Price[1]	Total HHs[2]	%	% Renters[3]	% of Renters in Turnover[3]	% HH Size Qualified *(1-2 Persons)*	% of Renters in Turnover Remaining Renters[4]	Demand from Existing Renters	% Owners[3]	% of Owners in Turnover	% of Owners in Turnover Becoming Renters[4]	Total Demand from Owners	Total Demand from Existing HHs	New HHs[5]	% Renters	Total Demand from New HHs	Total Rental Demand
25 - 34		6,737												-67			
<$35	<$525	1,778	26%	76%	56%	100%	95%	720	24%	61%	50%	134	854	-18	76%	-7	847
$35-50	$525-750	1,341	20%	54%	88%	100%	95%	608	46%	30%	50%	92	700	-13	54%	-6	694
$50-75	$750-1,125	1,879	28%	35%	49%	100%	85%	273	65%	15%	30%	54	327	-19	35%	-3	324
$75-100	$1,125-1,500	1,125	17%	16%	0%	100%	65%	0	84%	20%	15%	28	28	-11	16%	0	28
$100-150	$1,500-2,250	470	7%	43%	0%	100%	35%	0	57%	51%	10%	14	14	-5	43%	0	14
$150+	$2,250+	143	2%	0%	0%	100%	20%	0	100%	0%	0%	0	0	-1	0%	0	0
35 - 54		14,456												-160			
<$35	<$525	3,263	23%	55%	37%	100%	95%	640	45%	1%	50%	10	650	-36	55%	-7	643
$35-50	$525-750	2,649	18%	38%	24%	100%	95%	234	62%	3%	50%	25	258	-29	38%	-3	256
$50-75	$750-1,125	3,740	26%	9%	0%	100%	85%	0	91%	1%	30%	14	14	-41	9%	0	14
$75-100	$1,125-1,500	2,540	18%	12%	0%	100%	65%	0	88%	9%	15%	30	30	-28	12%	0	30
$100-150	$1,500-2,250	1,732	12%	7%	0%	100%	35%	0	93%	5%	10%	8	8	-19	7%	0	8
$150+	$2,250+	532	4%	0%	0%	100%	20%	0	100%	0%	0%	0	0	-6	0%	0	0
55-64		6,270												75			
<$35	<$525	1,674	27%	40%	22%	100%	95%	136	60%	0%	50%	0	136	20	40%	8	144
$35-50	$525-750	995	16%	24%	19%	100%	95%	43	76%	0%	50%	0	43	12	24%	3	46
$50-75	$750-1,125	1,453	23%	10%	22%	100%	85%	26	90%	2%	30%	9	35	17	10%	2	37
$75-100	$1,125-1,500	1,083	17%	21%	0%	100%	65%	0	79%	0%	15%	0	0	13	21%	3	3
$100-150	$1,500-2,250	725	12%	0%	0%	100%	35%	0	100%	7%	10%	5	5	9	0%	0	5
$150+	$2,250+	338	5%	0%	0%	100%	20%	0	100%	0%	0%	0	0	4	0%	0	0
65+		7,905												141			
<$35	<$525	3,847	49%	36%	5%	100%	95%	70	64%	2%	50%	20	90	69	36%	24	114
$35-50	$525-750	1,426	18%	10%	39%	100%	95%	50	90%	8%	50%	54	104	25	10%	2	107
$50-75	$750-1,125	993	13%	4%	0%	100%	85%	0	96%	6%	45%	28	28	18	4%	1	29
$75-100	$1,125-1,500	734	9%	10%	0%	100%	65%	0	90%	8%	50%	25	25	13	10%	1	26
$100-150	$1,500-2,250	613	8%	0%	0%	100%	35%	0	100%	0%	75%	0	0	11	0%	0	0
$150+	$2,250+	292	4%	0%	0%	100%	20%	0	100%	0%	0%	0	0	5	0%	0	0
								2,800					3,349				

SUMMARY OF DEMAND BY AGE GROUP																	
25 - 34		6,737	19%	46%	55%		93%	1,601	54%	26%	34%	322	1,923	-67	46%	-16	1,907
35 - 54		14,456	41%	25%	26%		95%	873	75%	4%	22%	86	960	-160	25%	-10	950
55-64		6,270	18%	20%	17%		94%	205	80%	2%	18%	14	220	75	20%	15	235
65+		7,905	22%	20%	8%		94%	118	80%	4%	49%	127	245	141	20%	29	276
TOTAL		**35,367**						**2,798**				**549**	**3,347**	**-10**		**19**	**3,367**

SUMMARY OF DEMAND BY AGE GROUP																	
<$35	<$525	10,561	30%	49%	32%	100%	95%	1566	51%	6%	50%	164	1,730	-14		18	1,748
$35-50	$525-750	6,411	18%	33%	47%	100%	95%	935	67%	8%	50%	170	1,105	-10		-3	1,102
$50-75	$750-1,125	8,066	23%	15%	30%	100%	85%	299	85%	5%	33%	105	404	-25		0	403
$75-100	$1,125-1,500	5,483	16%	15%	0%	100%	0%	0	85%	9%	19%	83	83	-13		4	87
$100-150	$1,500-2,250	3,540	10%	9%	0%	100%	0%	0	91%	8%	10%	27	27	-4		0	27
$150+	$2,250+	1,306	4%	0%	0%	100%	0%	0	100%	0%	10%	0	0	2		0	0
TOTAL		**35,367**						**2,800**				**549**	**3,349**	**-64**		**19**	**3,367**

[1] Assumes a 5% interest rate and 25% of income available for home payment
[2] ESRI 2010 estimates for the Primary Market Area
[3] US Census Bureau; American Community Survey 2008 – 2010 PUMS data
[4] RCLCO estimates based on experience in other markets and the 2008 American Housing Survey
[5] RCLCO estimates based on ESRI growth projections for the PMA from 2011 – 2016

EXHIBIT IV–2A
STRUCTURAL APARTMENT DEMAND SUMMARY
(1- AND 2- PERSON HOUSEHOLDS ONLY), MARKET AREA, MARCH 2012

INCOME RANGE	PRICE RANGE	DEMAND FROM EXISTING HHs	DEMAND FROM NEW HHs	TOTAL RENTAL DEMAND
$35,000 - $50,000	$525 - $750	467	-3	463
$50,000 - $75,000	$750 - $1,125	132	0	131
$75,000 - $100,000	$1,125 - $1,500	83	4	87
$100,000 - $150,000	$1,500 - $2,250	27	0	27
$150,000+	$2,250+	0	0	0
TOTAL		**708**	**0**	**708**

RENTAL APARTMENTS

INCOME RANGE	PRICE RANGE	DOWNTOWN CAPTURE	SUBJECT SITE DEMAND	DOWNTOWN CAPTURE	SUBJECT SITE DEMAND
$35,000 - $50,000	$525 - $750	2%	9	5%	23
$50,000 - $75,000	$750 - $1,125	2%	3	5%	7
$75,000 - $100,000	$1,125 - $1,500	2%	2	5%	4
$100,000 - $150,000	$1,500 - $2,250	2%	1	5%	1
$150,000+	$2,250+	2%	0	5%	0

TOTAL ANNUAL DEMAND - MARKET RATE	CONSERVATIVE	14	AGGRESSIVE	35

EXHIBIT IV–2B
STRUCTURAL APARTMENT DEMAND SUMMARY (ALL HOUSEHOLDS), MARKET AREA, MARCH 2012

INCOME RANGE	PRICE RANGE	DEMAND FROM EXISTING HHs	DEMAND FROM NEW HHs	TOTAL RENTAL DEMAND
<$35,000	<$525	1,730	18	1,748
$35,000 - $50,000	$525 - $750	1,105	-3	1,102
$50,000 - $75,000	$750 - $1,125	404	0	403
$75,000 - $100,000	$1,125 - $1,500	83	4	87
$100,000 - $150,000	$1,500 - $2,250	27	0	27
$150,000+	$2,250+	0	0	0
TOTAL		**3,349**	**19**	**3,367**

RENTAL APARTMENTS

INCOME RANGE	PRICE RANGE	DOWNTOWN CAPTURE	SUBJECT SITE DEMAND	DOWNTOWN CAPTURE	SUBJECT SITE DEMAND
<$35,000	<$525	0%	0	0%	0
$35,000 - $50,000	$525 - $750	2%	22	5%	55
$50,000 - $75,000	$750 - $1,125	2%	8	5%	20
$75,000 - $100,000	$1,125 - $1,500	2%	2	5%	4
$100,000 - $150,000	$1,500 - $2,250	2%	1	5%	1
$150,000+	$2,250+	2%	0	5%	0

TOTAL ANNUAL DEMAND - MARKET RATE	CONSERVATIVE	32	AGGRESSIVE	81

EXHIBIT IV–2C

ANN. FOR-RENT RESIDENTIAL DEMAND FOR 1- AND 2- PERSON HOUSEHOLDS ONLY, MARKET AREA, 2011 – 2016

AGE AND INCOME	AFFORADABLE HOME PRICE[1]	TOTAL HHs[2]	%	DEMAND FROM EXISTING HOUSEHOLDS									DEMAND FROM NEW HOUSEHOLDS			
				% RENTERS[3]	% OF RENTERS IN TURNOVER[3]	% HH SIZE QUALIFIED (1-2 PERSONS)	% OF RENTERS IN TURNOVER REAMINING RENTERS[4]	DEMAND FROM EXISTING RENTERS	% OWNERS[3]	% of Owners in Turnover	% OF OWNERS IN TURNOVER BECOMING RENTERS[4]	TOTAL DEMAND FROM OWNERS	TOTAL DEMAND FROM EXISTING HHs	NEW HHs[5]	% RENTERS	TOTAL DEMAND FROM NEW HHs	TOTAL RENTAL DEMAND
25 - 34		6,737												-67			
UNDER $35,000	UNDER $525	1,778	26%	76%	56%	46%	95%	328	24%	61%	50%	134	462	-18	76%	-7	454
$35,000 - $50,000	$525 - $750	1,341	20%	54%	88%	39%	95%	238	46%	30%	50%	92	330	-13	54%	-6	324
$50,000 - $75,000	$750 - $1,125	1,879	28%	35%	49%	0%	85%	0	65%	15%	30%	54	54	-19	35%	-3	51
$75,000 - $100,000	$1,125 - $1,500	1,125	17%	16%	0%	100%	65%	0	84%	20%	15%	28	28	-11	16%	0	28
$100,000 - $150,000	$1,500 - $2,250	470	7%	43%	0%	0%	35%	0	57%	51%	10%	14	14	-5	43%	0	14
$150,000 - AND OVER	$2,250 - AND OVER	143	2%	0%	0%	0%	20%	0	100%	0%	0%	0	0	-1	0%	0	0
35 - 54		14,456												-160			
UNDER $35,000	UNDER $525	3,263	23%	55%	37%	70%	95%	450	45%	1%	50%	10	461	-36	55%	-7	454
$35,000 - $50,000	$525 - $750	2,649	18%	38%	24%	0%	95%	0	62%	3%	50%	25	25	-29	38%	-3	22
$50,000 - $75,000	$750 - $1,125	3,740	26%	9%	0%	0%	85%	0	91%	1%	30%	14	14	-41	9%	0	14
$75,000 - $100,000	$1,125 - $1,500	2,540	18%	12%	0%	0%	65%	0	88%	9%	15%	30	30	-28	12%	0	30
$100,000 - $150,000	$1,500 - $2,250	1,732	12%	7%	0%	0%	35%	0	93%	5%	10%	8	8	-19	7%	0	8
$150,000 - AND OVER	$2,250 - AND OVER	532	4%	0%	0%	0%	20%	0	100%	0%	0%	0	0	-6	0%	0	0
55 - 64		6,270												75			
UNDER $35,000	UNDER $525	1,674	27%	40%	22%	100%	95%	136	60%	0%	50%	0	136	20	40%	8	144
$35,000 - $50,000	$525 - $750	995	16%	24%	19%	17%	95%	7	76%	0%	50%	0	7	12	24%	3	10
$50,000 - $75,000	$750 - $1,125	1,453	23%	10%	22%	100%	85%	26	90%	2%	30%	9	35	17	10%	2	37
$75,000 - $100,000	$1,125 - $1,500	1,083	17%	21%	0%	0%	65%	0	79%	0%	15%	0	0	13	21%	3	3
$100,000 - $150,000	$1,500 - $2,250	725	12%	0%	0%	0%	35%	0	100%	7%	10%	5	5	9	0%	0	5
$150,000 - AND OVER	$2,250 - AND OVER	338	5%	0%	0%	0%	20%	0	100%	0%	0%	0	0	4	0%	0	0
65+		7,905												141			
UNDER $35,000	UNDER $525	3,847	49%	36%	5%	100%	95%	70	64%	2%	50%	20	90	69	36%	24	114
$35,000 - $50,000	$525 - $750	1,426	18%	10%	39%	100%	95%	50	90%	8%	50%	54	104	25	10%	2	107
$50,000 - $75,000	$750 - $1,125	993	13%	4%	0%	0%	85%	0	96%	6%	45%	28	28	18	4%	1	29
$75,000 - $100,000	$1,125 - $1,500	734	9%	10%	0%	0%	65%	0	90%	8%	50%	25	25	13	10%	1	26
$100,000 - $150,000	$1,500 - $2,250	613	8%	0%	0%	0%	35%	0	100%	0%	75%	0	0	11	0%	0	0
$150,000 - AND OVER	$2,250 - AND OVER	292	4%	0%	0%	0%	20%	0	100%	0%	0%	0	0	5	0%	0	0
								1,306					1,855				
SUMMARY OF DEMAND BY AGE GROUP																	
25 - 34		6,737	19%	46%	55%		93%	1,601	54%	26%	34%	322	1,923	-67	46%	-16	871
35 - 54		14,456	41%	25%	26%		95%	873	75%	4%	22%	86	960	-160	25%	-10	527
55 - 64		6,270	18%	20%	17%		94%	205	80%	2%	18%	14	220	75	20%	15	199
65 - AND OVER		7,905	22%	20%	8%		94%	118	80%	4%	49%	127	245	141	20%	29	276
TOTAL		**35,367**						**2,798**				**549**	**3,347**	**-10**		**19**	**1,873**
SUMMARY OF DEMAND BY INCOME AND PRICE BAND																	
UNDER $35,000	UNDER $525	10,561	30%	49%	32%	63%	95%	984	51%	6%	50%	164	1,148	-14		18	1,166
$35,000 - $50,000	$525 - $750	6,411	18%	33%	47%	32%	95%	296	67%	8%	50%	170	467	-10		-3	463
$50,000 - $75,000	$750 - $1,125	8,066	23%	15%	30%	9%	85%	27	85%	5%	33%	105	132	-25		0	131
$75,000 - $100,000	$1,125 - $1,500	5,483	16%	15%	0%	0%	0%	0	85%	9%	19%	83	83	-13		4	87
$100,000 - $150,000	$1,500 - $2,250	3,540	10%	9%	0%	0%	0%	0	91%	8%	10%	27	27	-4		0	27
$150,000 - AND OVER	$2,250 - AND OVER	1,306	4%	0%	0%	0%	0%	0	100%	0%	10%	0	0	2		0	0
TOTAL		**35,367**						**1,307**				**549**	**1,856**	**-64**		**19**	**1,875**

EXHIBIT IV–2D

ANNUAL FOR-RENT RESIDENTIAL DEMAND – ALL HOUSEHOLDS, MARKET AREA, 2011 – 2016

AGE AND INCOME	AFFORDABLE HOME PRICE[1]	TOTAL HHs[2]	%	DEMAND FROM EXISTING HOUSEHOLDS										DEMAND FROM NEW HOUSEHOLDS			
				% RENTERS[3]	% OF RENTERS IN TURNOVER[3]	% HH SIZE QUALIFIED (1-2 PERSONS)	% OF RENTERS IN TURNOVER REMAINING RENTERS[4]	DEMAND FROM EXISTING RENTERS	% OWNERS[3]	% OF OWNERS IN TURNOVER	% OF OWNERS IN TURNOVER BECOMING RENTERS[4]	TOTAL DEMAND FROM OWNERS	TOTAL DEMAND FROM EXISTING HHs	NEW HHs[5]	% RENTERS	TOTAL DEMAND FROM NEW HHs	TOTAL RENTAL DEMAND
25 - 34		6,737												-67			
UNDER $35,000	UNDER - $525	1,778	26%	76%	56%	100%	95%	720	24%	61%	50%	134	854	-18	76%	-7	847
$35,000 - $50,000	$525 - $750	1,341	20%	54%	88%	100%	95%	608	46%	30%	50%	92	700	-13	54%	-6	694
$50,000 - $75,000	$750 - $1,125	1,879	28%	35%	49%	100%	85%	273	65%	15%	30%	54	327	-19	35%	-3	324
$75,000 - $100,000	$1,125 - $1,500	1,125	17%	16%	0%	100%	65%	0	84%	20%	15%	28	28	-11	16%	0	28
$100,000 - $150,000	$1,500 - $2,250	470	7%	43%	0%	100%	35%	0	57%	51%	10%	14	14	-5	43%	0	14
$150,000 - AND OVER	$2,250 - AND OVER	143	2%	0%	0%	100%	20%	0	100%	0%	0%	0	0	-1	0%	0	0
35 - 54		14,456												-160			
UNDER $35,000	UNDER - $525	3,263	23%	55%	37%	100%	95%	640	45%	1%	50%	10	650	-36	55%	-7	643
$35,000 - $50,000	$525 - $750	2,649	18%	38%	24%	100%	95%	234	62%	3%	50%	25	258	-29	38%	-3	256
$50,000 - $75,000	$750 - $1,125	3,740	26%	9%	0%	100%	85%	0	91%	1%	30%	14	14	-41	9%	0	14
$75,000 - $100,000	$1,125 - $1,500	2,540	18%	12%	0%	100%	65%	0	88%	9%	15%	30	30	-28	12%	0	30
$100,000 - $150,000	$1,500 - $2,250	1,732	12%	7%	0%	100%	35%	0	93%	5%	10%	8	8	-19	7%	0	8
$150,000 - AND OVER	$2,250 - AND OVER	532	4%	0%	0%	100%	20%	0	100%	0%	0%	0	0	-6	0%	0	0
55 - 64		6,270												75			
UNDER $35,000	UNDER - $525	1,674	27%	40%	22%	100%	95%	136	60%	0%	50%	0	136	20	40%	8	144
$35,000 - $50,000	$525 - $750	995	16%	24%	19%	100%	95%	43	76%	0%	50%	0	43	12	24%	3	46
$50,000 - $75,000	$750 - $1,125	1,453	23%	10%	22%	100%	85%	26	90%	2%	30%	9	35	17	10%	2	37
$75,000 - $100,000	$1,125 - $1,500	1,083	17%	21%	0%	100%	65%	0	79%	0%	15%	0	0	13	21%	3	3
$100,000 - $150,000	$1,500 - $2,250	725	12%	0%	0%	100%	35%	0	100%	7%	10%	5	5	9	0%	0	5
$150,000 - AND OVER	$2,250 - AND OVER	338	5%	0%	0%	100%	20%	0	100%	0%	0%	0	0	4	0%	0	0
65+		7,905												141			
UNDER $35,000	UNDER - $525	3,847	49%	36%	5%	100%	95%	70	64%	2%	50%	20	90	69	36%	24	114
$35,000 - $50,000	$525 - $750	1,426	18%	10%	39%	100%	95%	50	90%	8%	50%	54	104	25	10%	2	107
$50,000 - $75,000	$750 - $1,125	993	13%	4%	0%	100%	85%	0	96%	6%	45%	28	28	18	4%	1	29
$75,000 - $100,000	$1,125 - $1,500	734	9%	10%	0%	100%	65%	0	90%	8%	50%	25	25	13	10%	1	26
$100,000 - $150,000	$1,500 - $2,250	613	8%	0%	0%	100%	35%	0	100%	0%	75%	0	0	11	0%	0	0
$150,000 - AND OVER	$2,250 - AND OVER	292	4%	0%	0%	100%	20%	0	100%	0%	0%	0	0	5	0%	0	0
								2,800					3,349				
SUMMARY OF DEMAND BY AGE GROUP																	
25 - 34		6,737	19%	46%	55%		93%	1,601	54%	26%	34%	322	1,923	-67	46%	-16	1,907
35 - 54		14,456	41%	25%	26%		95%	873	75%	4%	22%	86	960	-160	25%	-10	950
55 - 64		6,270	18%	20%	17%		94%	205	80%	2%	18%	14	220	75	20%	15	235
65 - AND OVER		7,905	22%	20%	8%		94%	118	80%	4%	49%	127	245	141	20%	29	276
TOTAL		35,367						2,798				549	3,347	-10		19	3,367
SUMMARY OF DEMAND BY INCOME AND PRICE BAND																	
UNDER $35,000	UNDER - $525	10,561	30%	49%	32%	100%	95%	1566	51%	6%	50%	164	1,730	-14		18	1,748
$35,000 - $50,000	$525 - $750	6,411	18%	33%	47%	100%	95%	935	67%	8%	50%	170	1,105	-10		-3	1,102
$50,000 - $75,000	$750 - $1,125	8,066	23%	15%	30%	100%	85%	299	85%	5%	33%	105	404	-25		0	403
$75,000 - $100,000	$1,125 - $1,500	5,483	16%	15%	0%	100%	0%	0	85%	9%	19%	83	83	-13		4	87
$100,000 - $150,000	$1,500 - $2,250	3,540	10%	9%	0%	100%	0%	0	91%	8%	10%	27	27	-4		0	27
$150,000 - AND OVER	$2,250 - AND OVER	1,306	4%	0%	0%	100%	0%	0	100%	0%	10%	0	0	2		0	0
TOTAL		35,367						2,800				549	3,349	-64		19	3,367

V. OFFICE ANALYSIS

EXHIBIT V–1
EMPLOYMENT BY INDUSTRY CLUSTER, WOODBURY & POLK COUNTY, 2000 – 2010

WOODBURY COUNTY (SIOUX CITY IS LARGEST CITY IN COUNTY)

INDUSTRY CLUSTER	YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Advanced Materials	391	292	624	752	521	541	538	400	475	491
Agribusiness, Food Processing & Tech.	4,781	4,467	4,521	4,394	4,771	4,687	4,557	4,857	4,782	4,092
Arts, Entertainment, Rec. & Visitor Ind.'s	2,405	2,593	1,984	1,900	1,732	1,648	1,745	1,628	1,678	1,761
Biomedical/Biotech. (Life Sciences)	6,662	7,065	5,655	5,588	5,804	5,751	5,790	5,494	5,635	5,608
Business & Financial Services	1,812	1,644	1,799	1,718	1,666	1,860	1,948	1,851	1,880	1,823
Chemicals & Chem.-Based Products	872	795	695	663	502	455	469	489	471	467
Defense & Security	1,033	962	1,043	1,042	1,161	1,208	1,251	1,227	1,257	1,145
Education & Knowledge Creation	1,529	1,455	1,240	1,207	1,354	1,242	1,411	1,506	1,418	1,401
Energy (Fossil & Renewable)	1,229	1,116	1,737	1,652	1,403	1,236	1,473	1,380	1,295	1,266
IT & Telecommunications	653	314	476	378	299	446	617	446	495	494
Transportation & Logistics	1,680	1,246	1,578	1,512	1,468	1,652	1,503	1,543	1,530	1,621
Manufacturing Supercluster	1,416	1,093	1,185	1,133	1,265	1,248	1,168	1,135	1,039	964
Printing & Publishing	537	474	390	425	440	346	327	413	358	352

POLK COUNTY (DES MOINES IS LARGEST CITY IN COUNTY)

INDUSTRY CLUSTER	YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Advanced Materials	3,345	3,326	2,749	3,024	3,024	2,828	2,814	2,629	2,486	2,622
Agribusiness, Food Processing & Technology	1,047	1,064	1,036	1,028	1,036	1,215	1,172	1,086	1,048	1,001
Arts, Entertainment, Rec. & Visitor Industries	9,158	8,935	8,586	8,601	9,096	9,548	9,574	9,908	9,507	9,054
Biomedical/Biotechnical (Life Sciences)	21,629	19,925	20,508	19,791	19,547	20,419	21,079	21,476	21,377	22,512
Business & Financial Services	48,033	48,267	48,833	47,286	47,669	48,852	50,472	50,429	47,187	46,295
Chemicals & Chemical -Based Products	4,236	4,501	4,212	4,492	4,291	4,221	3,962	3,927	3,707	3,577
Defense & Security	8,563	8,331	8,926	9,348	9,657	9,809	10,594	10,863	10,783	10,220
Education & Knowledge Creation	6,645	6,853	6,382	6,961	7,984	8,368	9,525	9,261	8,573	8,793
Energy (Fossil & Renewable)	167	138	105	99	177	131	114	76	63	64
IT & Telecommunications	8,751	8,296	8,658	8,380	8,228	8,337	8,165	8,015	8,033	7,601
Transportation & Logistics	8,148	7,952	7,937	7,995	8,007	8,315	8,368	8,278	7,366	7,348
Manufacturing Supercluster	241	267	221	245	258	112	132	106	124	97
Printing & Publishing	7,290	6,218	6,208	6,328	6,318	6,649	6,905	6,900	5,983	5,597

EXHIBIT V–2A
INDUSTRY CLUSTER SHARE OF ECONOMY, WOODBURY AND POLK COUNTY, 2010

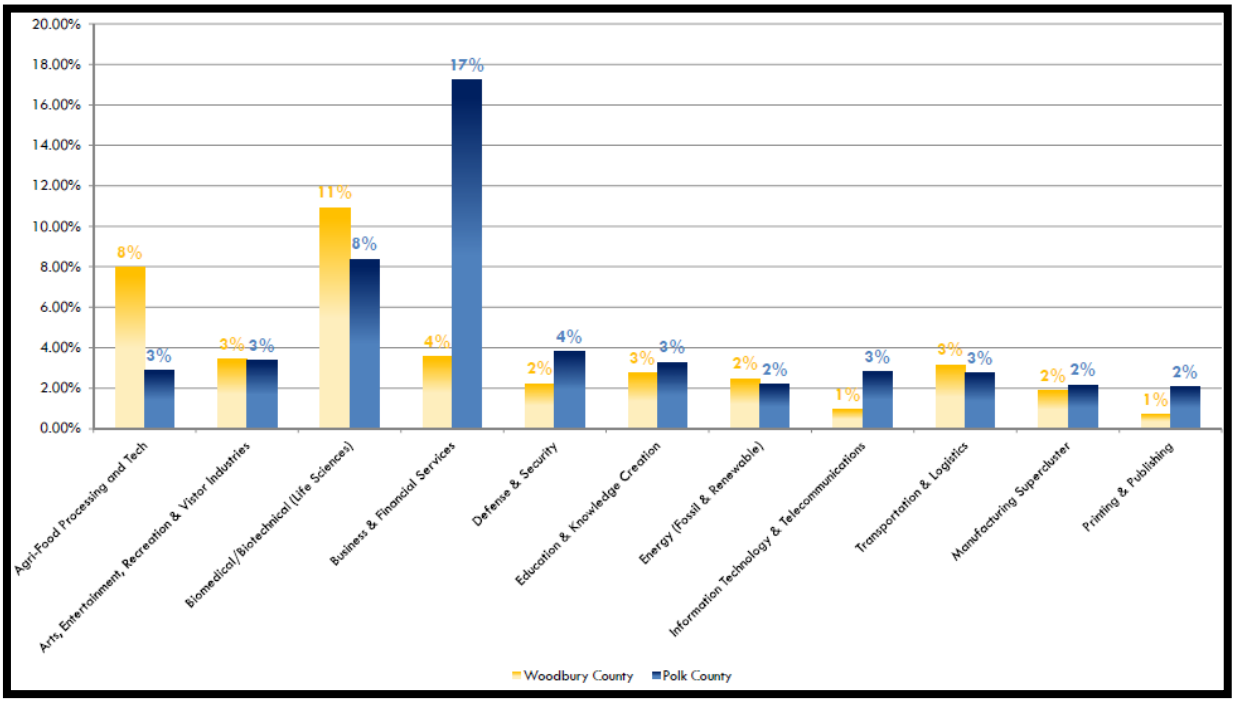


EXHIBIT V–2B
SELECT INDUSTRY CLUSTER LOCATION QUOTIENTS, WOODBURY & POLK CO., 2010

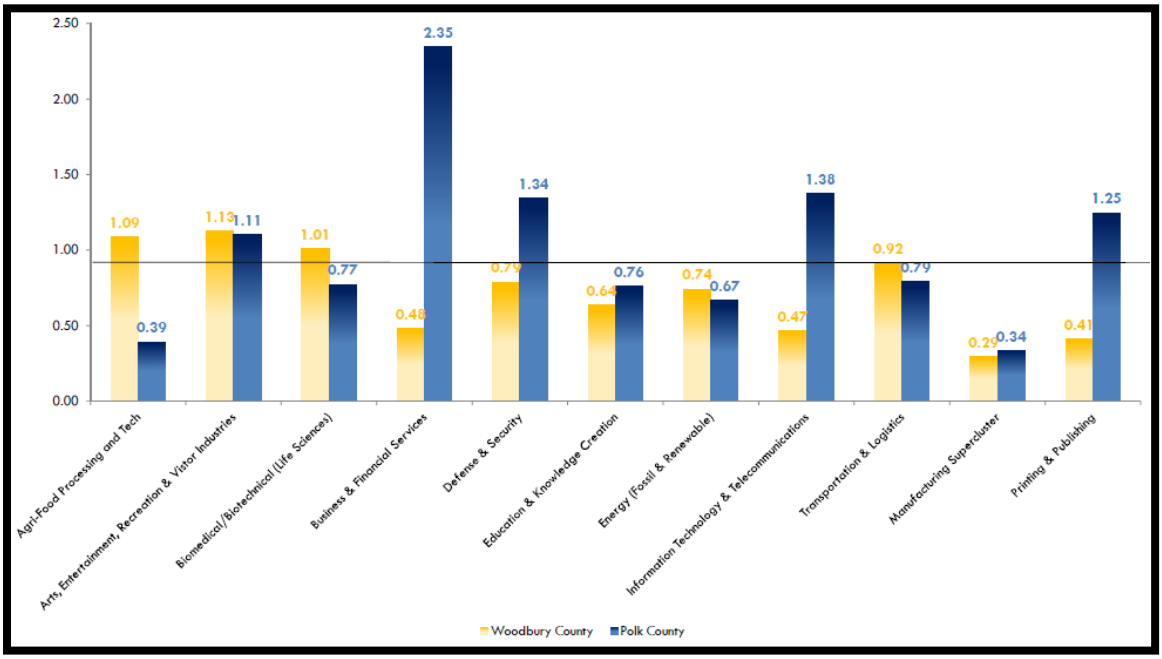


EXHIBIT V–3A
LOCATION QUOTIENT VS PERCENTAGE GROWTH, WOODBURY CO., 2003 – 2008

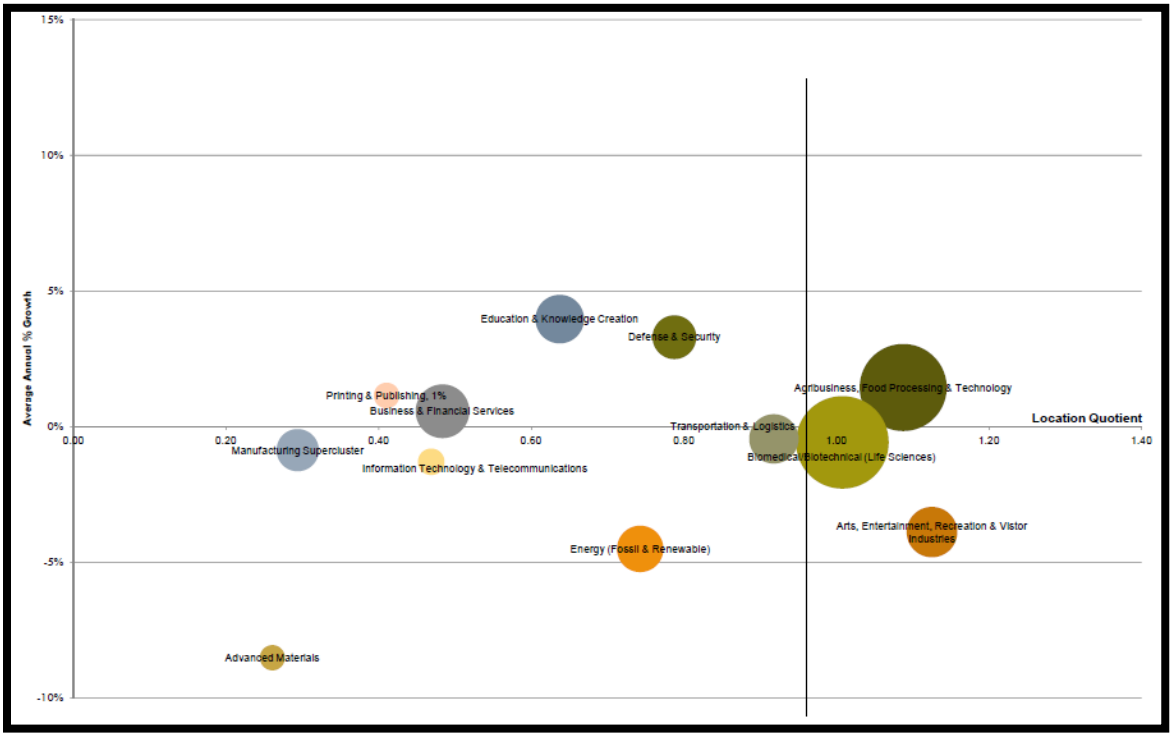


EXHIBIT V–3B
LOCATION QUOTIENT VS PERCENTAGE GROWTH, POLK CO., 2003 – 2008

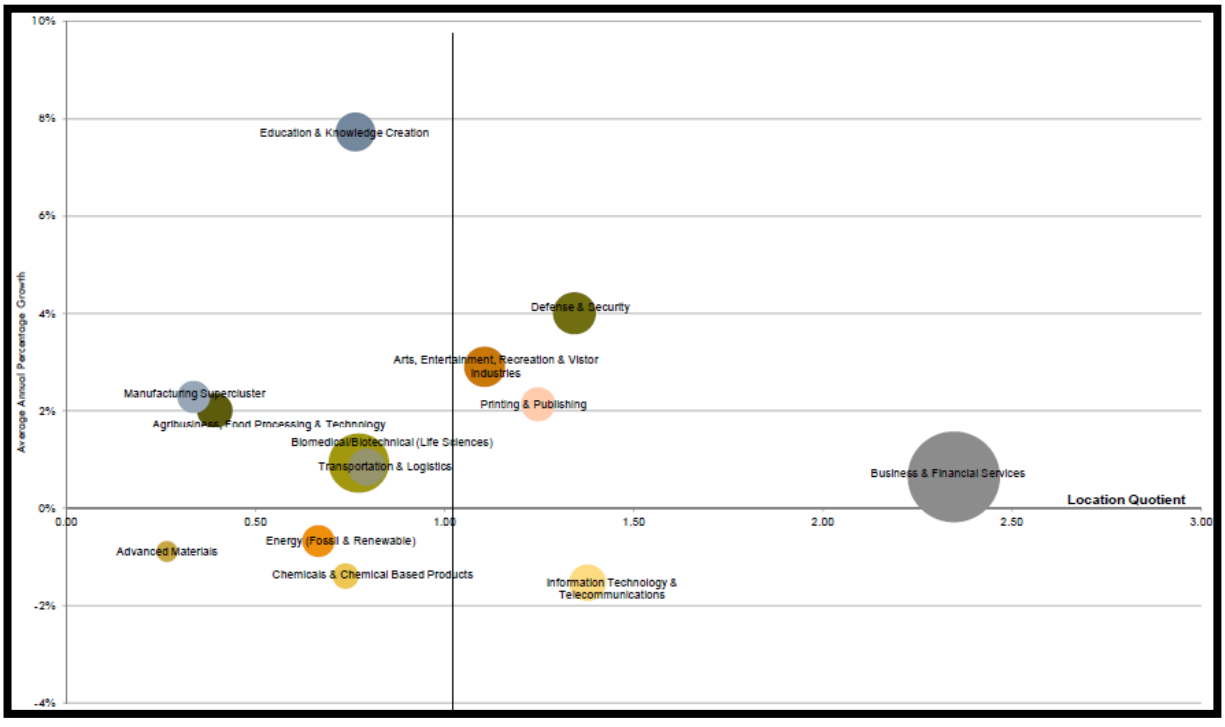


EXHIBIT V–4A
COMPARISON OF INDUSTRY SHARE TO CONTRIBUTION TO EMPLOYMENT GROWTH, WOODBURY CO., 2003 – 2008

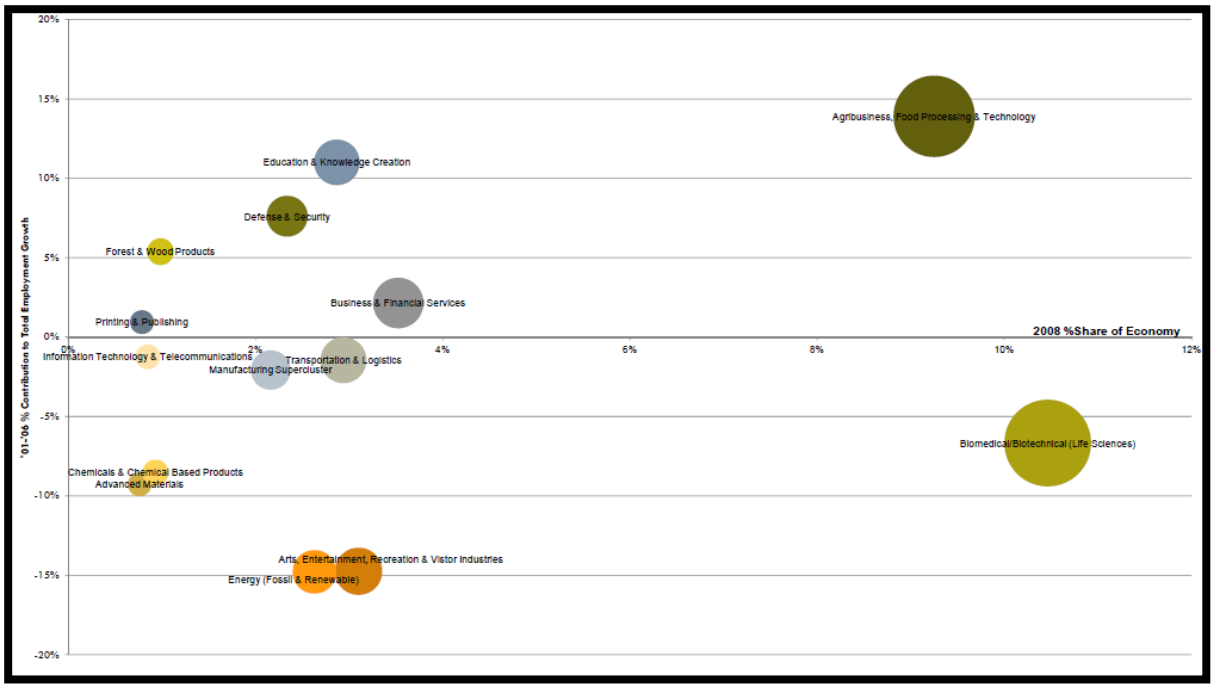


EXHIBIT V–4B
COMPARISON OF INDUSTRY SHARE TO CONTRIBUTION TO EMPLOYMENT GROWTH, POLK CO., 2003 – 2008

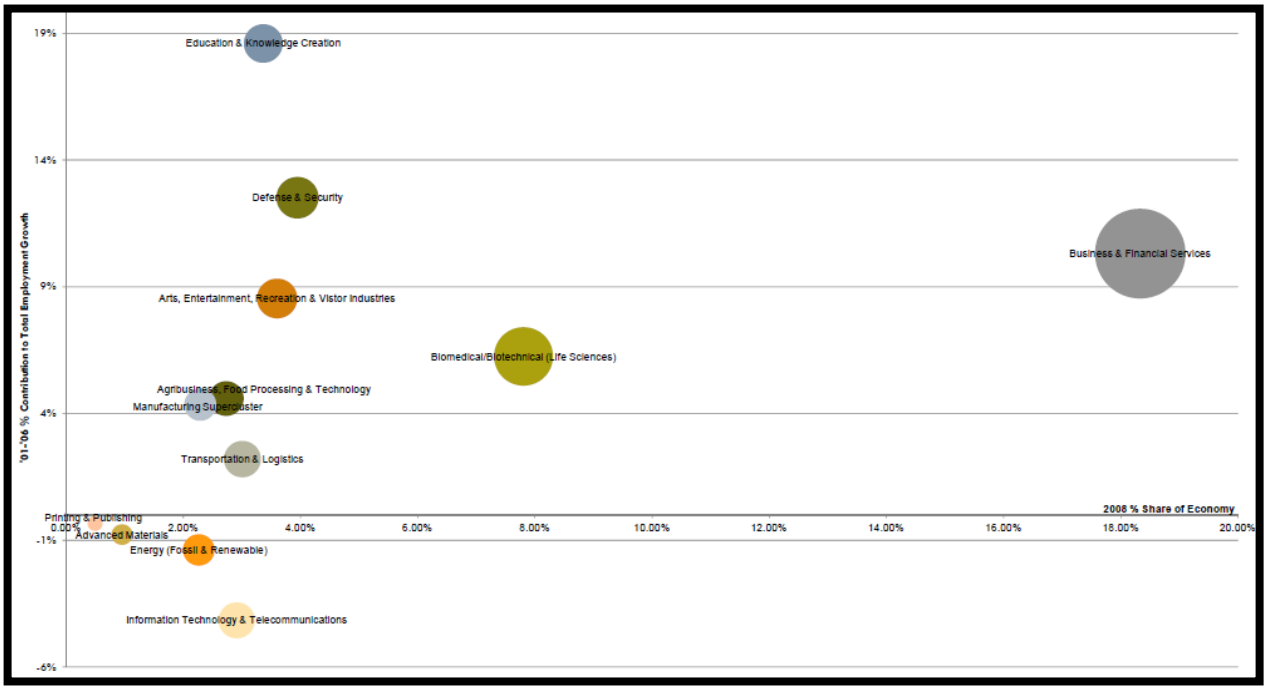
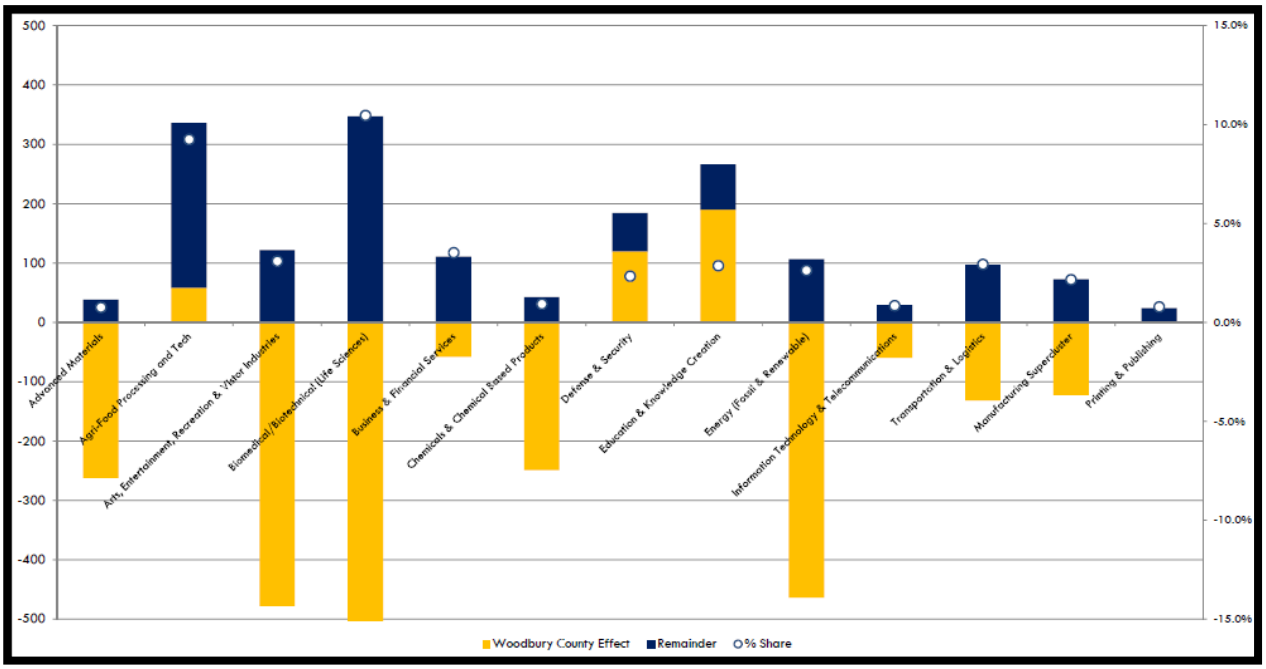


EXHIBIT V–5
SHIFT SHARE ANALYSIS: SELECT INDUSTRY CLUSTERS, WOODBURY CO., 2003 – 2008



B3

AG EXPO & LEARNING CENTER

SIOUX CITY REINVESTMENT DISTRICT

B3 - PROJECT PLAN

AG EXPO & LEARNING CENTER

Description and type of project (i.e. new lessor, new retail establishment, public improvement, etc.)

Sioux City Stockyards, circa 1945

Agriculture and food processing have historically had a profound and positive impact on Sioux City's regional economy. At one time, more livestock was sold at the Sioux City stockyards than anywhere else in the nation. In 2010, the last remaining major slaughtering facility in the Yards, John Morrell & Co., closed permanently. Over the past decade the City has acquired sites and has been active in replacing aging infrastructure in the Yards to allow for more developable property. Iowa is the second most significant State in the country in terms of the value of livestock and crops sold and the number one overall producer of hogs. Given its significance to the State and regional economy, the agricultural industry is identified by state and local stakeholders as a target market segment, and it's continued growth and will help broaden the Sioux City region's economic base. Given this backdrop, a new Ag Expo & Learning Center is proposed to be located on the former John Morrell site and will bring the heritage of commerce in the historic stockyards to life in a modern expo venue. The development of this facility will increase tourism, overnight stays and visitor spending in the city and the State.

Developing a new Ag Expo & Learning Center will further enhance recent investments in Sioux City and complement existing offerings in the region. The City contracted with Crossroads Consulting Services to conduct a market and financial analysis of the proposed Ag Expo & Learning Center. The consultant's work indicates the facility will provide a unique alternative in the western part of Iowa and, given its location along the border, will draw attendees from neighboring states. The center will also generate new economic activity at area businesses, as well as produce new economic benefits and tax revenues for the local and State economies. The City, County and State of Iowa will experience spin-off economic benefits as people travel to and from events, stay overnight in hotels, visit attractions and recreational establishments and make retail purchases.

Efforts are currently underway to raise funds to construct the new facility in the former stockyards area. The proposed center will be a public/private partnership in terms of management and operations of the facility. The Ag Expo & Learning Center will support the agriculture industry as well as provide a source of education and entertainment for attendees. The proposed 180,000 square foot multi-use complex will provide a safe, fun and functional facility for family and youth-oriented agricultural organizations in the tri-state area. The facility will appeal to people of all ages by providing interactive educational elements, summer camps, 4H activities, hands-on learning experiences, dog shows, community events, festivals, and more. The venue will offer diverse program elements, as well as host live events, such as horse and livestock shows, rodeos, tractor and trade shows, educational classes, seminars and clinics year-round.

The proposed Ag Expo & Learning Center will offer a 3,000 seat arena, a warm-up arena, stockyards hall of fame, and an additional exhibit space that will be used for stalling, equestrian, livestock, and farm show events. Bomgaars, which owns a growing chain of successful farm and ranch stores in the upper Midwest, and is headquartered in Sioux City, has committed to a retail outlet store, to be located within the facility in which attendees can purchase merchandise and needed items during their stay. Plans to extend the City's trail system will provide additional green space and increased recreation to compliment the area.

One of the primary objectives of the proposed Ag Expo & Learning Center is to enhance the overall tourism appeal of the area, highlighting the rich agricultural heritage of Sioux City and the former stockyards, and attracting attendees that generate economic and fiscal impacts to the State and local community in terms of spending, employment, earnings and tax revenues. Similar facilities typically attract events that draw residents as well as patrons from outside the immediate market area who spend money on hotels, restaurants and other related services.

Large equine events typically draw from a wide radius and many attendees travel several hundred miles to compete in sanctioned events. The diversity, supply and proximity of hotel rooms serving such facilities can play a role in attracting certain events that draw overnight attendees such as regional and national shows and competitions. For this reason, stakeholders identified the need for a hotel to be located on the adjacent land just north of the Ag Expo & Learning Center. The proposed hotel will support the center as well as future retail outlets near the facility. This hotel will be the first in the Sioux City area to include indoor waterpark feature, and will serve as an additional tourism generator both in terms of attracting new visitors as well as extending the length of stay for existing visitors.

Given the continued growth, evolution and specialization of agricultural industries, the demand for specially trained professionals is on the rise. Western Iowa Tech Community College (WITCC) intends to assist in meeting this demand by creating a new Veterinary Technician Program and providing increased training and other services to foster agriculture-related professions, including livestock and equestrian educational and research components. WITCC currently offers several agriculture-related and vet assistance programs, but the proposed Ag Expo & Learning Center provides a venue for the college to expand its existing educational programs and develop a new Veterinary Technician program that will provide a hands-on learning experience within the new facility. The proposed center will allow WITCC to utilize on-site classroom and lab space to conduct accredited classes within the facility, as well as offer students a combination of classroom instruction, agriculture/cooperative work experience, educational seminars, on-site internships and continuing education learning experiences in agriculture and other related industries. Those students interested in becoming interns will be able to provide veterinary care for the animals during the many events held year-round at the new Ag Expo & Learning Center, as well as forge contacts that will benefit them for future employment with the hopes of retaining their talents in the State of Iowa.

Sioux City's market characteristics such as population, highway accessibility, availability and affordability of hotels and area attractions will contribute to the proposed Ag Expo Center's marketability. The new facility, located directly off the newly enhanced Interstate 29, will have convenient interstate access and will act as an attractive visual gateway into our community. The adjacent interstate is currently undergoing major reconstruction that will improve overall access to the site as well. Interstate 29 provides direct north/south access to several cities including Sioux Falls, South Dakota and Omaha, Nebraska. Interstate 29 also provides a direct connection to Interstates 80 and 90 which offer east/west access to Minneapolis, Minnesota and Des Moines, Iowa. A direct east-west route is provided by Highway 20 which is currently being expanded to four lanes across Iowa.

Sioux City's location along the border of Nebraska and South Dakota offers potential for the proposed Ag Expo & Learning Center to draw out-of-state visitors to Iowa, and makes the center marketable to equestrian show participants in neighboring states. The new center would allow many events to return to our region that were once located in Sioux City and Iowa, but have since left due to the lack of adequate facilities. Also, given the proposed facility's climate-controlled indoor space, the center can be marketable year-round, helping to generate overnight visitors and room nights during off-peak seasons.

The new Ag Expo & Learning Center will be completely unique to the region and will have a positive impact on many aspects of our community, including commercial and retail development, tourism, event growth and educational outreach. The facility will serve as a catalyst for future, long-term development initiatives in the area including private sector investment. Sioux City has a long history as being a center for agriculture activity and the new Ag Expo & Learning Center will symbolize the incredible amount of livestock and agri-business located in Western Iowa. The facility will allow our community to celebrate the rich history and culture of agriculture in our region, as well as invest in our future growth and prosperity.

Project Name: Ag Expo & Learning Center

Funding Uses	Ag Expo & Learning Center	Ag Expo & Learning Center Hotel
Site Preparation	$600,000	$160,000
Building Acquisition	$0	$0
Building Construction	$12,540,000	$5,600,000
Building Remodeling	$0	$0
Fixtures	$810,000	$800,000
Architectural Design	$625,000	$560,000
Engineering Design	Combined w/ above	$400,000
Construction Admin.	$50,000	$160,000
Land	$300,000	$60,000
Other		$320,000
Total Project Budget	**$14,925,000**	**$8,060,000**

Funding Sources	Ag Expo & Learning Center	Ag Expo & Learning Center Hotel
Private Sector Funding*	$6,150,000	
Private Investment		$5,200,000
Iowa Reinvestment District	$905,510	$2,304,000
City of Sioux City - Land	$300,000	$60,000
Local Public Funding & Grants**	$7,569,490	$496,000
Retail Development	TBD	TBD
Total Funding Sources	**$14,925,000**	**$8,060,000**

*Includes fundraising, naming rights, sponsorships, etc.

**City of Sioux City, Woodbury County, MRHD, WITCC and other grants - TBD

Expected Timeline

Summary and Milestones		
Activity	**Start**	**Finish**
Fundraising	7/1/2014	12/31/2015
Iowa Reinvestment Act Award		7/1/2015
Solicit Developers/Finalize Agreements	7/1/2015	1/1/2016
Finalize Financing		1/1/2016
IRA Contract Approval		3/1/2016
Design/Engineering	2/1/2016	6/1/2016
Bid/Award	6/1/2016	8/1/2016
Permitting	9/1/2016	10/15/2016
Site Prep/Excavation	10/15/2016	11/30/2016
Building Construction	12/1/2016	8/1/2017
Grand Opening		9/1/2017

Detailed budget for the project

Total project costs for the Ag Expo & Learning Center is $14.9 million. However, several opportunities exist to supplement the funding sources listed above including the construction costs and/or the ongoing operating subsidy from sources such as naming rights, concessionaire rights, pouring rights, long-term advertising/sponsorship sales, the sale/lease of retail parcels, etc. Please see chart below provided by Nelson Construction & Engineering for budget details.

Due to time constraints, additional details of the budget for the Ag Expo & Learning Center Hotel are under development.

Ag Expo & Learning Center - Sioux City, IA			
Development Cost Summary			
PRELIMINARY ESTIMATES			
USES			
HARD COSTS			
Land Costs	**$/per**	**Total**	
Land	$30,000/ac	$	300,000
Legal	$ -		
Total Land Costs		**$**	**300,000**
Design Costs	5%	**$**	**625,000**
Construction			
General Conditions		$	440,000
Earthwork		$	600,000
Utilities		$	150,000
Foundations		$	720,000
Structure		$	5,090,000
Roofing		$	1,220,000
Walls & Finishes		$	360,000
Elevator		$	150,000
Pens and Fences		$	650,000
Bleachers		$	160,000
Electrical		$	1,280,000
Plumbing		$	650,000
HVAC		$	1,200,000
Fire Sprinkler		$	350,000
Paving & Sidewalks		$	920,000
Landscaping		$	60,000
Total Construction Costs		**$**	**14,000,000**
TOTAL HARD COSTS		**$**	**14,925,000**
TOTAL COST		**$**	**14,925,000**

Expected debt associated with each project

$3.2 million over 20 years – The debt associated with this project will not exceed the amount of sales tax increment awarded to the project. The term of the debt issued as part of this project will be adjusted to match the actual award amount and term offered through the Iowa Reinvestment Act.

Status of expected financing and financing gap

All debt associated with the project will be retired with the sales tax increment awarded through the Iowa Reinvestment Act over the project period. Closing the existing financing gap in this project is dependent on an award from the Iowa Reinvestment Act.

Expected state hotel/motel tax and/or state sales tax projections over 20 years. (Provide assumptions and detail related to these projections.)

Sales Tax Projections
Ag Expo & Learning Center

Revenue Category	Annual Sales Projection	Annual Sales Tax - 6%	20 Years Sales Tax - 6%	20 Years Sales Tax - 4%
Facility Rent/Admissions	$ 507,000	$ 30,420	$ 608,400	$ 405,600
Food & Beverage	$ 102,000	$ 6,120	$ 122,400	$ 81,600
Parking	$ 65,000	$ 0	$ 0	$ 0
Advertising/Sponsorships	$ 30,000	$ 0	$ 0	$ 0
Event Merchandise	$ 60,000	$ 3,600	$ 72,000	$ 48,000
Retail Outlet Store	$ 462,888	$ 27,773	$ 555,460	$ 370,310
TOTAL	**$ 1,226,888**	**$ 67,913**	**$ 1,358,260**	**$ 905,510**

Hotel & Sales Tax Projections
Ag Expo & Learning Center Hotel

Revenue Type	20 Year Revenue	5% Hotel Tax (20 Years)	6% Sales Tax (20 Years)	4% Sales Tax (20 Years)
Hotel Rooms	$ 46,088,000	$ 2,304,000	$ 0	$ 0
Food & Beverage	$ 0	$ 0	$ 0	$ 0
TOTAL	**$ 46,088,000**	**$ 2,304,000**	**$ 0**	**$ 0**
Total Hotel Tax & 4% Sales Tax:	**$ 2,304,000**			

Visual aids which enhance the understanding of the project

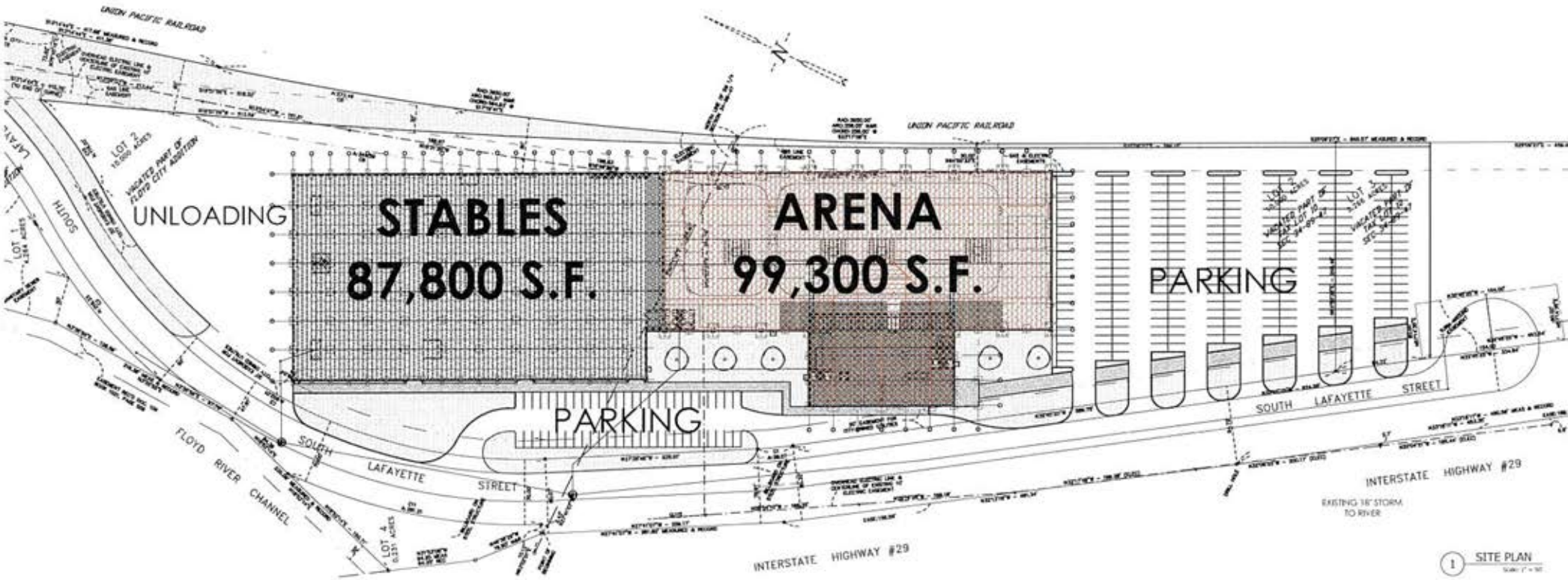
Please see attached images for the proposed new Ag Expo & Learning Center.

Feasibility study conducted by an independent professional

Each project feasibility study should include the following, as well as any other pertinent information:

- **Projected annual gross revenues expected as a result of the proposed project**
- **Detailed explanation of the economic impact expected as a result of the project**
- **Estimate of the number of visitors or customers the project is expected to generate**
- **A description of the unique characteristics of the project within the context of the "unique nature" (defined on page 2 of this application)**

Please see attachment for feasibility study conducted by Crossroads Consulting Services.



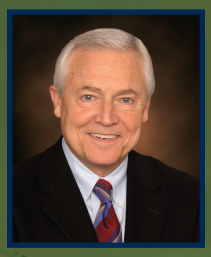
Preliminary Concept Only

Bomgaars

Ag Expo

& Learning Center

Letter From The President



Gene Leman

Dear Friends,

We are about to embark on something that will make Siouxland the Capital of the Midwest for agricultural conventions, expositions, demonstrations, competitions and more. It's your Bomgaars Ag Expo & Learning Center!

Your company will enjoy extensive year-round exposure to thousands of residents and visitors. Through your association with the Expo Center, your organization will be recognized as a contributor to the improved quality of life in the region. The benefits to your business image as a committed corporate citizen will be invaluable.

The Bomgaars Ag Expo & Learning Center will:

- Provide a safe, fun and functional facility for family and youth oriented agricultural organizations in the tri-state area hosting horse and livestock shows, rodeos, tractor and trade shows, educational classes and seminars and clinics year-round.
- Spur economic growth and small business development to serve those who participate in the Center's events.

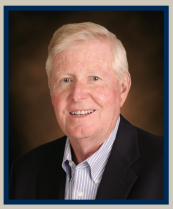
We hope that you will join the many companies, large and small, who are investing in this exciting high profile partnership. Plus, you will have the benefit of knowing you are investing in the future growth and prosperity of our community.

Sincerely,

Gene Leman
Retired Executive

Board of Directors

Debb Boyle
Wendy's Restaurants



Carter Dennis
Dennis Supply

Mike Hinrichsen
Owner of MTC Mechanical LLC
Member of
National Reining Horse Association
& American Quarter Horse Association

Mark Monson
MRHD Chair
Woodbury County
Board of Supervisors

Skip Perley
Thompson Electric

Barbara Sloniker
Siouxland Chamber
of Commerce

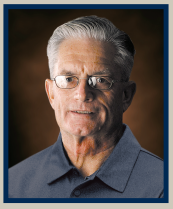
Amy Webb
First Trust & Savings Bank
Moville

Torrey Wingert
Bomgaars

Ex-Officio Board Members

Renae Billings
City of Sioux City

Marty Dougherty
City of Sioux City



Dennis Gann
Consultant

Chris McGowan
President
Siouxland Initiative

Bob Scott
Mayor, Sioux City

Bomgaars Ag Expo & Learning Center

Mallet Event Center & Arena, Levelland, Texas
Architect Designs by Populous Group, LLC

Oklahoma State Fair Super Barn, Oklahoma City, Oklahoma
Architect Designs by Populous Group, LLC

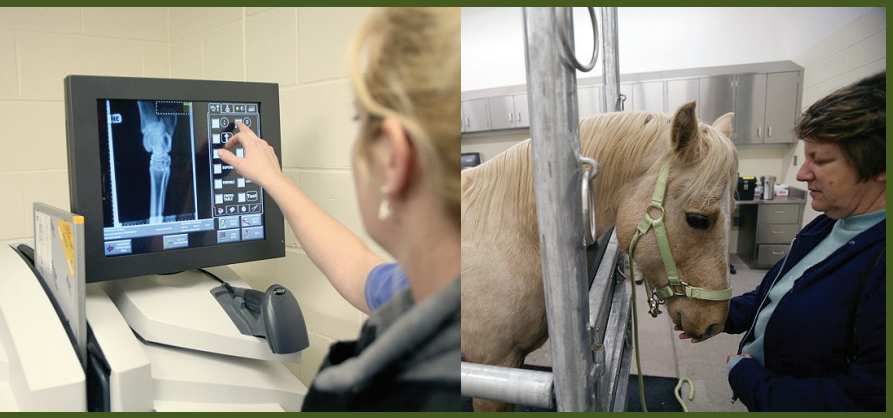
Hall of Fame Citi Field, New York, New York
Architect Designs by Populous Group, LLC

Expo Square Livestock, Equine Arena, Tulsa, Oklahoma
Architect Designs by Populous Group, LLC

Phœnix Convention Center Expansion, Phœnix, Arizona
Architect Designs by Populous Group, LLC

Score Board Reliant Stadium, Houston, Texas
Architect Designs by Populous Group, LLC

Hall of Fame KFC Yum! Center Louisville, Kentucky
Architect Designs by Populous Group, LLC



University of Minnesota Minneapolis, Minnesota
Architect Designs by Populous Group, LLC

Naming Gift Investment Opportunities

Bomgaars (Naming Gift)

- Naming rights with prominent signage inside and outside of the Center
- Name recognition on tickets, stationery, etc.
- Viewing area located next to judges' stand
- Tickets to building sponsored events
- 10' x 10' sales space at appropriate events
- Rights are in place for 10 years

$250,000

Stockyards Hall of Fame

- Naming rights to Hall of Fame area
- Prominent naming signage at entrance and inside Hall
- Prominent display of chosen Hall of Fame Person
- Viewing area near judges' stand
- Rights are in place for 10 years

Main Event Arena

- Naming rights in Main Arena, including prominent signage
- Viewing area near judges' stand
- Rights are in place for 10 years

Main Event Arena Scoreboard

- Naming rights will be at top of scoreboard
- Viewing area near judges' stand
- Rights are in place for 10 years

Warm-up Arena

- Naming rights prominently displayed in Arena
- Viewing area around in center of main Arena
- Rights remain in place for 10 years

Educational Wing

- Naming rights prominently displayed in arena
- Viewing area in center of main area
- Rights remain in place for 10 years

$150,000 – 4 signs available

- 16' x 4' Electric Sign in Main Event Arena
- Name and business prominently displayed
- Choice of location will be in order of gifting pledge received
- Rights remain in place for 5 years

$100,000 – 8 signs available

- 12' x 4' Electric Sign in Main Event Arena
- Name and business prominently displayed
- Choice of location will be in order of gifting pledge received
- Rights remain in place for 5 years

$50,000 – 15 signs available

- 8' x 4' Electric Sign in Main Event Arena
- Name and business prominently displayed
- Choice of location will be in order of gifting pledge received
- Rights remain in place for 5 years

$25,000 – 10 signs available

- 8' x 4' Electric Sign in Warm-up Arena
- Name and business prominently displayed
- Choice of location will be in order of gifting pledge received
- Rights remain in place for 5 years

Market and Financial Analysis for a Proposed Ag Expo Center in Sioux City, Iowa

Presented to:

City of Sioux City

Presented by:

Crossroads
CONSULTING SERVICES

Final Report
January 2015

5401 W. Kennedy Boulevard · Suite 755 · Tampa, Florida 33609 · Phone 813.281.1222 · Fax 813.315.6040

Crossroads
CONSULTING SERVICES

January 7, 2015

Mr. Martin J. Dougherty
Economic Development Director
City of Sioux City
405 6th Street
Sioux City, Iowa 51102

Dear Mr. Dougherty:

Crossroads Consulting Services LLC (Crossroads Consulting) is pleased to present this market and financial analysis for a proposed Ag Expo Center to the City of Sioux City. In accordance with our agreement, this report summarizes our research and analyses and is intended to assist the City with its decision regarding future development of the proposed Ag Expo Center.

The information contained in the report is based on estimates, assumptions, and information developed from market research, industry knowledge, input from potential demand generators, as well as other factors including data provided by the City and other secondary sources. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. All information provided to us by others was not audited or verified and was assumed to be correct. Because the procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances that occur after the date of this report. The accompanying report is restricted to internal use by the City of Sioux City and may not be relied upon by any third party for any purpose including financing. Notwithstanding these limitations, it is understood that this document may be subject to public information laws and as such can be made available to the public upon request. Although you have authorized reports to be sent electronically for your convenience, only the final hard copy report should be viewed as our work product.

We have enjoyed serving you on this engagement and look forward to the opportunity to provide you with continued services in the future.

Sincerely,

Crossroads Consulting Services

Table of Contents

1	Introduction	1
2	General Market Overview	4
3	Industry Trends	15
4	Competitive Environment	23
5	Potential Demand Generators	30
6	Financial Analysis	41
7	Economic and Fiscal Impact Analysis	53
8	Overall Summary	63

Introduction

Municipalities and states throughout the U.S. have recognized the economic benefits of operating various types of agricultural/equine expo centers. From city, county and state fairgrounds throughout the country to larger, dedicated complexes such as the Agricenter in Memphis, Tennessee and the Kentucky Horse Park in Lexington. In recent years, several agricultural/equine expo centers have been developed with the use of public funds due, in part, to the ability of these venues to generate economic activity at area businesses and tax revenues for local and State entities. In order to broaden their economic base, communities are increasingly seeking projects that attract out-of-town visitors and better respond to the anticipated long-term needs of area residents. As such, some communities choose to pursue agricultural/equine expo centers in order foster their major economic sectors and enhance market opportunities by targeting a diverse set of demand generators.

Sioux City is a regional hub for retail businesses and tourism. The surrounding region is popular for equine owners and related activities. Based on information from the USDA Census of Agriculture, Iowa is the second most significant State in the country in terms of the value of livestock and crops sold. Given its significance to the State and regional economy, the agricultural industry was identified by area stakeholders as a target market segment that could potentially increase tourism, overnight stays and visitor spending in the City and the State. The proposed Ag Expo Center is anticipated to offer program elements that can accommodate a variety of event activity including agricultural/equine shows, rodeos, consumer/trade shows and other community events. In addition, plans are to include amenities for youth agricultural education. The facility will provide opportunities for future leaders to take part in the agricultural industry using hands-on learning methods. The proposed Ag Expo Center is envisioned to be a representation of the Siouxland area to showcase its rich regional history and culture.

The site for the proposed Ag Expo Center is where the historic Sioux City Stockyards were once located. At one time, more livestock was sold at the Sioux City yards than anywhere else in the nation. The Sioux City Stockyards grew to cover 80 acres. The "Yards" area was a town of its own within Sioux City, with business offices, a bank, scales, pens, loading docks and restaurants.

Given this backdrop, it is our understanding that the City is assessing the merits of developing a new Ag Expo Center in order to further enhance existing investments by generating new event activity that produces incremental new economic and fiscal benefits to the local and State economies. One of the driving forces of the project is State legislation related to its Reinvestment Districts Program that allows for a district to be created that can capture sales tax for a 20-year period. In general, this program seeks to fund projects in districts that are the most likely: (1) to improve the quality of life of the municipality, the surrounding region, and the State as a whole; (2) to be unique to the municipality, the surrounding region, and the State as a whole; and (3) to substantially benefit the economy of the municipality, the surrounding region, and the State as a whole.

Crossroads
CONSULTING SERVICES

Introduction (cont'd)

As such, the City seeks to better understand the strengths, challenges and opportunities posed by the potential construction and operations of the proposed Ag Expo Center. Prior to making a decision whether to participate in the funding application process, the City would like to understand the overall viability of the project concept.

Specific research tasks completed as part of this analysis include:

- Conducting a kickoff meeting with the client team
- Interviewing area stakeholders
- Analyzing select market attributes
- Profiling area competitive facilities
- Analyzing industry trends
- Surveying potential users
- Analyzing data from select competitive/comparable facilities
- Summarizing the competitive market assessment
- Developing an estimate of potential usage and operating revenues and operating expenses
- Developing an estimate of the potential economic and fiscal impacts that the project could generate annually in terms of spending, employment, earnings and tax revenues
- Summarizing findings

No architectural related services such as detailed building programming, site planning, conceptual site drawings or preliminary construction/project cost estimates are addressed as part of this initial assessment but should be in order to assess the potential return on investment of the proposed project.

The remainder of this report summarizes the key findings from our research and analysis.

Table of Contents

1	Introduction	1
2	General Market Overview	4
3	Industry Trends	15
4	Competitive Environment	23
5	Potential Demand Generators	30
6	Financial Analysis	41
7	Economic and Fiscal Impact Analysis	53
8	Overall Summary	63

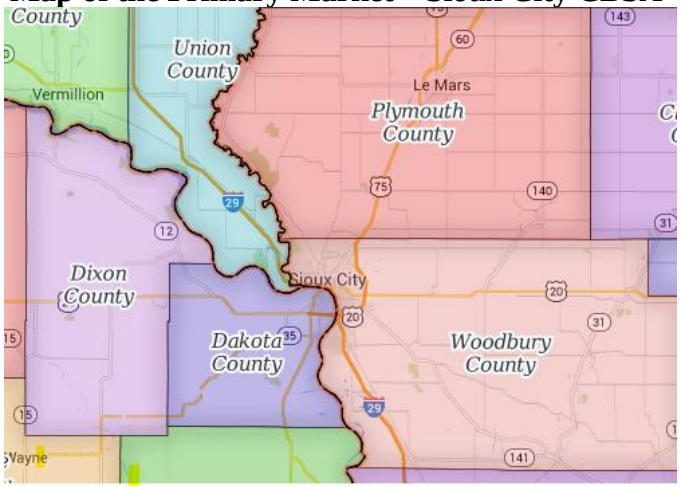
General Market Overview – Demographic and Economic Statistics

Demographic and economic indicators are pertinent to estimating demand for several reasons. Event activity at the proposed Ag Expo Center is anticipated to be diverse and include various horse and livestock shows, rodeos, tractor shows, consumer/trade shows, educational seminars and clinics as well as other special events year round. Depending on the scope and nature of the event, the proposed Ag Expo Center would draw both area residents and out-of-town attendees.

Sioux City has been named by *Money Magazine* as one of the best places to live. It is located in Woodbury and Plymouth Counties which are along the western border of Iowa. Sioux City and its surrounding areas are known as Siouxland. Event promoters/producers for certain event activity consider a variety of factors such as population, age distribution, and income characteristics when selecting markets to host their events. However, other events such as equine competitions typically place more emphasis on accessibility, the type and quality of facilities provided and surrounding infrastructure (e.g., hotels, restaurants, attractions, retail, etc.). The demographic data presented in this report is based on the primary and secondary markets for the proposed Ag Expo Center as defined below. Demographic statistics are provided by Claritas, a Nielsen company that provides current and projected U.S. demographics based on U.S. census figures.

Local, community based events tend to attract attendees from a relatively close geographic area. For purposes of this analysis, the primary market is defined as the Sioux City Core Based Statistical Area (CBSA) or Sioux City Metro Area. According to the U.S. Census Bureau, CBSA is a collective term for both metro and micro areas. A metro area contains a core urban area of 50,000 or more population, and a micro area contains an urban core of at least 10,000 (but less than 50,000) population. Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core. As shown in the adjacent map, the Sioux City CBSA consists of Woodbury and Plymouth Counties in Iowa, Dixon and Dakota Counties in Nebraska, and Union County in South Dakota.

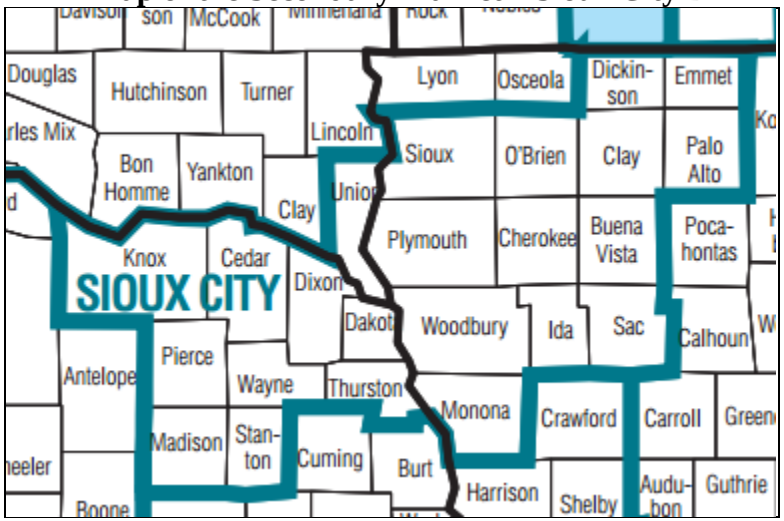
Map of the Primary Market – Sioux City CBSA



General Market Overview – Demographic and Economic Statistics (cont'd)

Major events/shows/competitions typically draw from a broader area considered the secondary market. For purposes of this analysis, the Designated Market Area (DMA) is defined as the secondary market. A DMA, or media market, is a region where the population can receive the same (or similar) television and radio station offerings, and may also include other types of media such as newspapers and internet content. They can coincide or overlap with one or more metropolitan areas, though rural regions with few significant population centers can also be designated as markets. Conversely, very large metropolitan areas can sometimes be subdivided into multiple media markets. Market regions may overlap, meaning that people residing on the edge of one media market may be able to receive content from other nearby markets. The Sioux City DMA includes 23 counties in three states which is shown in the following map.

Map of the Secondary Market – Sioux City DMA



Source: Nielsen.

Large equine events typically draw from an even wider radius depending on the level and nature of the show/competition. Some attendees travel several hundred miles to compete in sanctioned events. Given Sioux City's location along the border of Nebraska and South Dakota, there is potential for the proposed Ag Expo Center to draw out-of-State visitors to Iowa.

Crossroads CONSULTING SERVICES

General Market Overview – Demographic and Economic Statistics (cont'd)

Population

Population serves as a base from which events at the proposed Ag Expo Center could draw attendance and other forms of support. In 2014, the population of the primary market area is estimated to be approximately 168,900 compared to 411,500 within the secondary market. The DMA provides an incremental population of nearly 243,000. Between 2014 and 2019, the population within the primary and secondary markets is projected to experience relatively minimal change.

Age Distribution

Analysis by age group is helpful since certain events are targeted toward consumers who fall within specific age categories. Approximately one-third of residents in the primary and secondary markets are under age 21, a popular target market for 4-H or Future Farmers of America (FFA) events. The median age within the CBSA is 36.6 years old which is slightly younger than that for the secondary market (38.6 years old).

Income

Income offers a broad measurement of spending potential because it indicates the general ability of individuals or households to purchase a variety of goods and services including admission to fairs, rodeos, expos, and other entertainment events. The median household income within the CBSA ($49,500) is slightly lower than that for the DMA ($50,600). Similarly, the average household income within the CBSA ($63,600) is slightly lower than that for the DMA ($64,500). In addition, approximately 18% of the households in the secondary market have income levels of $100,000 or more.

Summary of Key Demographic/Economic Characteristics

Category	Geographic Area CBSA	DMA
Population		
2000 Population	167,900	417,900
2014 Population	168,900	411,500
2019 Projection	170,200	414,700
Average Annual Growth Rate (2000-2014)	0.0%	-0.1%
Average Annual Growth Rate (2014-2019)	0.2%	0.2%
Age Distribution		
Under 21 Years Old	31%	30%
21 - 44 Years Old	29%	27%
45 - 54 Years Old	13%	13%
55+ Years Old	27%	30%
Median Age	36.6	38.6
Household Income Distribution		
Less than $25,000	24%	23%
$25,000 to $49,999	27%	26%
$50,000 to $74,999	20%	21%
$75,000 to $99,999	12%	13%
$100,000 to $149,999	11%	12%
$150,000 or more	6%	6%
Median Household Income	$49,500	$50,600
Average Household Income	$63,600	$64,500

Source: Claritas.

General Market Overview – Area Employment

A broad workforce distribution helps lessen a community's dependency on support from any one single industry segment. Industry diversification also helps a local economy withstand economic downturns due to dependency upon one industry; should one industry fail, there are others upon which the local economy can rely. While the Sioux City Metro Area offers employment in various industries, employment data shown in the following table indicates that the workforce is primarily concentrated in trade/transportation/utilities, manufacturing and retail trade. In aggregate, these industries comprise 50% of total jobs.

Non-Farm Employment by Industry as of August 2014		
	Sioux City Metro Area	
Industry	Total Jobs	% of Total
Trade, Transportation, and Utilities	16,400	21.6%
Manufacturing	12,500	16.5%
Retail Trade	9,300	12.3%
Government	8,600	11.3%
Professional and Business Services	8,500	11.2%
Goods Producing	7,700	10.1%
Leisure and Hospitality	7,600	10.0%
Other	5,300	7.0%
Total	**75,900**	**100.0%**

Note: Sorted in descending order by total jobs as of August 2014.
Source: U.S. Bureau of Labor Statistics.

The Sioux City Metro Area employs nearly 76,000 people. The distribution of an area's employment by industry is a consideration when targeting various events and sponsorships in agricultural/equine expo centers. For instance, a significant manufacturing industry may represent trade associations that produce regional and national expositions that require space to exhibit large equipment.

General Market Overview – Area Employment (cont'd)

With nearly 5,000 employees, Tyson Foods is the largest employer in the Sioux City Metro Area.

Major Employers in Sioux City	
Company	**Employees**
Tyson Foods	4,953
Sioux City Schools	1,580
Unity Point Health-St. Lukes	1,434
Mercy Medical Center	1,404
City of Sioux City	1,139
Hy-Vee	1,098
185th Air Refueling Wing IA ANG	950
Curly's Foods	701
Western Iowa Tech Community College	650
Tur-Pak Foods	647
Sabre Industries	509
Century Link	500
Wilson Trailer	500
MidAmerican Energy	497

Note: Sorted in descending order by total employees.
Source: Sioux City Economic Development

According to the Bureau of Labor Statistics, the non-seasonally adjusted unemployment rate for Sioux City was at 4.4% in September 2014 which was comparable to the State of Iowa (4.6%) and lower than the U.S. (5.7%).

General Market Overview – Accessibility

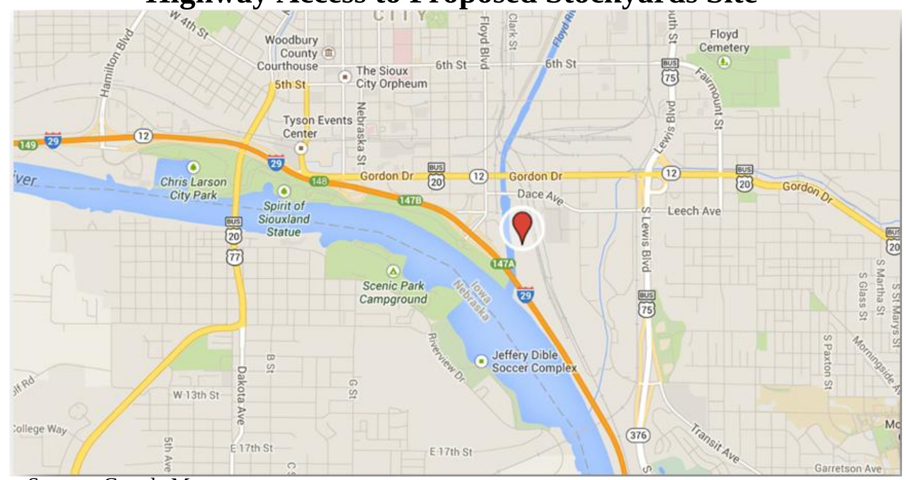
The method event promoters/producers use to select venues to host their event is partially based on ease of access to a market for attendees. In addition, the location and accessibility of a facility relative to the population base can impact its marketability for certain types of events.

As mentioned earlier, the proposed site for the Ag Expo Center is along I-29 at the former Sioux City Stockyards site which provides excellent highway accessibility. As shown in the map below, Interstate 29 provides direct north/south access to several cities including Sioux Falls, South Dakota and Omaha, Nebraska. Interstate 29 also provides a direct connection to Interstates 80 and 90 which offer east/west access to Minneapolis, Minnesota and Des Moines, Iowa.

Regional Highway Access

Source: Mapquest.

Highway Access to Proposed Stockyards Site



Source: Google Maps

Commercial air access is provided by the Sioux Gateway Airport which had more than 25,000 passenger enplanements in 2013. The Federal Aviation Administration (FAA) defines passenger enplanements as domestic, territorial and international passengers who board an aircraft in scheduled and non-scheduled service of aircraft. Within an easy drive of Sioux City are Eppley Airfield in Omaha, Nebraska and the Sioux Falls Regional Airport (also known as Joe Foss Field) in South Dakota. Both of these airports offer major air carriers including American Airlines, Delta, United, and US Airways and had over 2.0 million and 482,000 enplanements, respectively, in 2013. Proximate, convenient air access can be beneficial in accommodating the needs of event promoters/producers and other VIPs such as show judges, and/or company executives and therefore serves as an asset to attracting certain types of events to the proposed Ag Expo Center.

General Market Overview - Hotel Market

The diversity, supply and proximity of hotel rooms serving the proposed Ag Expo Center can play a role in attracting certain events that draw overnight attendees such as regional/national shows/competitions.

As shown in the adjacent table, there are approximately 2,500 hotel rooms in Sioux City which are distributed in four major geographic areas. The majority (45%) of existing hotel rooms are located in Sioux City. Downtown offers approximately 683 rooms including the Hard Rock Hotel and Casino which opened in August 2014. This hotel property is a fully integrated gaming resort with over 835 slot machines and a multitude of gaming tables as well as a live entertainment venue, an outdoor event park and various restaurants.

As a point of reference, potential user survey respondents indicated having amenities such as hotel rooms within 10 miles of the proposed Ag Expo Center site was sufficient for their needs.

In 2013, Sioux City hotels had an occupancy rate 55.6% and an average daily rate of $92.

Given the proposed Ag Expo Center's climate-controlled indoor space, it could be marketable year-round, helping to generate overnight visitors and room nights during off-peak seasons.

Sioux City Hotels

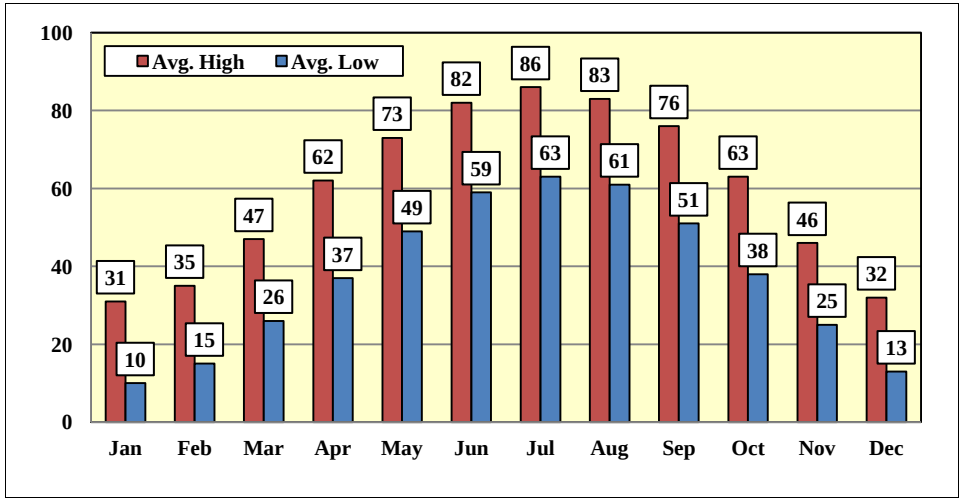
Property	Location	Number of Rooms
Sioux City Hotel & Conference Center	Downtown	225
Marina Inn Conference Center	South Sioux City	194
Stoney Creek Inn & Conference Center	Downtown	170
Rodeway Inn & Conference Center	Sioux City	157
Hilton Garden Inn	Sioux City	155
Holiday Inn Downtown	Downtown	120
Ramada City Centre	Downtown	114
Holiday Inn Express & Suites	Sioux City	109
Country Inn & Suites by Carlson Dakota Dunes	North Sioux City	84
New Victorian Inn & Suites	Sioux City	76
Econo Lodge Inn & Suites	South Sioux City	74
Comfort Inn at Southern Hills Mall	Sioux City	69
Hampton Inn	North Sioux City	69
AmericInn	Sioux City	68
Fairfield Inn	Sioux City	66
Palmer House Motel	Sioux City	61
America's Best Value Inn	South Sioux City	60
Sioux City Super 8 Motel	Sioux City	58
Days Inn	Sioux City	57
Quality Inn & Suites	Sioux City	57
Super 8 Motel	Sioux City	57
Hard Rock Hotel & Casino	Downtown	54
Budget Host Inn	South Sioux City	51
Comfort Inn-North Sioux City	North Sioux City	49
Super 8 Motel	North Sioux City	47
Haven Inn Motel	Sioux City	41
Red Carpet Inn & Suites	North Sioux City	41
Bennett's Motel	Sioux City	37
Regency Inn	South Sioux City	25
Corey Motel	Sioux City	18
Town & Country Motel	Sioux City	18
Economy Inn Motel	Sioux City	15
Elmdale Motel	Sioux City	15
Total		**2,511**

Source: Sioux City Official 2014 Visitors Guide.

General Market Overview – Climate

Both tourism to Sioux City and usage at the proposed Ag Expo Center are impacted by the weather/climate, particularly for outdoor activities. Lows typically remain below freezing from November through March. The months April through October experience highs ranging from the 60s to the 80s. Offering indoor, climate-controlled space at the proposed Ag Expo Center that protects attendees and animals from inclement weather will allow it to increase its marketability year-round.

Sioux City Average Temperatures by Month (High & Low)



Source: weather.com.

General Market Overview - Tourism Trends

Visitors traveling to and throughout Iowa represent an important component of the State's economy. Visitor spending on items such as lodging, retail, eating/drinking and entertainment/recreation supplements local resident spending at area businesses and increases tax revenues to both local and State governments. According to a study conducted in 2012 by the U.S. Travel Association for the Iowa Economic Development Authority, domestic travel spending by all overnight and day visitors in Iowa was approximately $7.6 billion, an increase of 5.6% from 2011. Visitors who traveled with children comprised 48% of individuals traveling to Iowa with a travel party size of 4.2 people. Visitors traveling without children accounted for the remaining 52% of individuals traveling to Iowa with a party size of 2.4 people.

April through October was the most popular season for overnight visitors, representing 66% of occupied rooms. Popular activities cited by visitors included historical sites, state parks, museums, scenic byways, shopping, festivals and events, wineries, breweries, and outdoor land and wildlife. The primary reason given for overnight trips was leisure followed by visiting family/friends.

Local and State government revenues generated by travel spending were estimated to be $841.3 million (excluding property taxes). The federal government accounted for approximately 46% of all travel generated revenue whereas the State and local governments generated 41% and 13% respectively.

The U.S. Travel Association study also estimated the tourism travel impacts by individual county and ranked them by expenditure levels. As one would expect, Polk County, where the capital City of Des Moines is located, accounted for the highest expenditures within the State in 2012 - $1.7 billion. During that same year, Woodbury County ranked 8th out of the 99 counties with nearly $261 million in expenditures.

The top ten counties in Iowa were estimated to generate approximately $5.3 billion of direct travel spending in 2012. While direct travel spending in Woodbury was in the top ten it only captured 4.9% of the total top ten expenditures. The proposed Ag Expo Center could serve as an additional tourism generator both in terms of attracting new visitors as well as extending the length of stay for existing visitors.

General Market Overview - Area Attractions

In order for any new facility to be successful and attract new visitors, it should complement existing offerings. Sioux City's attractions include, but are not limited to, the following:

- Children's Museum of Siouxland
- Dorothy Pecaut Nature Center
- Hard Rock Hotel & Casino
- Historic Fourth Street
- Lewis & Clark Interpretive Center/Betty Strong Encounter Center
- Mid America Museum of Aviation & Transportation
- Orpheum Theatre
- Pearl Street Historic District
- Promenade Theater
- Ponca State Park, Ponca, NE
- Riverfront Park
- Riviera Theater
- Sgt. Floyd Monument
- Sioux City Art Center
- Sioux City Public Museum
- Trinity Heights
- The Milwaukee Railroad Shops Historic District
- Tyson Events Center
- Woodbury County Fairgrounds

Table of Contents

1	Introduction	1
2	General Market Overview	4
3	Industry Trends	15
4	Competitive Environment	23
5	Potential Demand Generators	30
6	Financial Analysis	41
7	Economic and Fiscal Impact Analysis	53
8	Overall Summary	63

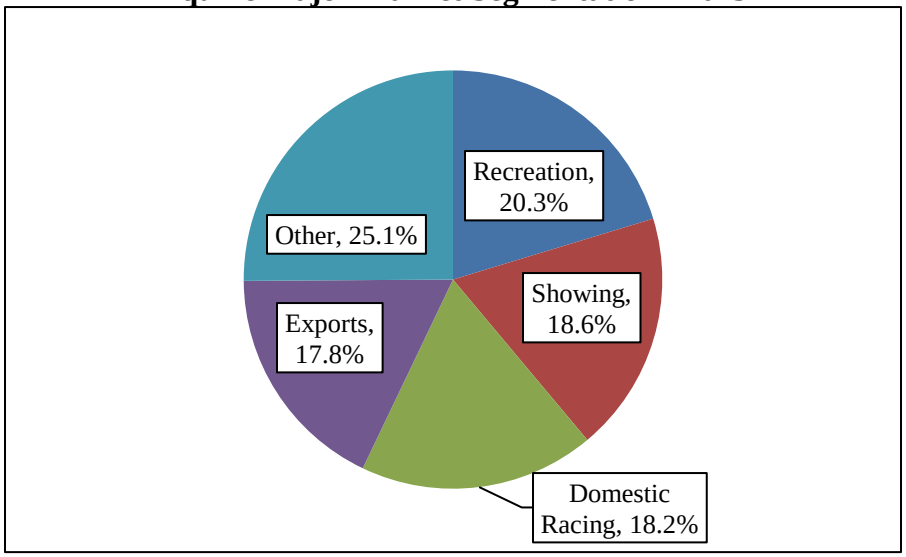
Industry Trends - Equine

Any development project is somewhat dependent on the attributes of the industry as a whole. This section summarizes key trends in the equine, agriculture and agritourism industries that may guide future decisions regarding the proposed Ag Expo Center.

According to IBIS*World*, revenue for the horse/other equine production industry in the U.S. was on an upward trend until the recession weakened demand for horses. Key drivers of demand for horses include disposable income, activity in the horse racing industry, and the popularity of horses for recreation.

Demand for racehorses and stud services or breeding services has declined in recent years due to the recession and decreased revenue from spectators' gambling activity. In addition, horse racing has been negatively impacted by the growth of other forms of gambling such as casinos and sports betting. However, consumers have not lost interest in horse racing and combination horse racing/casinos or "racinos" have helped generate more interest in the sport in recent years.

Equine Major Market Segmentation - 2013



Source: IBIS*World*.

Horse showing includes a variety of disciplines such as barrel racing, cutting, roping, dressage, and jumping. Each of these could be target markets for the proposed Ag Expo Center, particularly given the surrounding region's supply of horses.

Although considered a luxury, there is a consistent demand from particular segments of the U.S. population for racehorses and show horses. This consistency and a recovery in consumers' disposable income are projected to boost spending on race and recreational horses over the next ten years.

Industry Trends – Equine (cont'd)

The proposed Ag Expo Center is anticipated to offer a number of program elements that could support equestrian events such as competitions and breed shows. The following table presents the inventory of horses and ponies in Iowa and surrounding states. According to the most recent U.S. Department of Agriculture (USDA) census, Iowa offers the lowest inventory of horses and ponies among profiled regional states. All of the profiled states experienced a decline in the number of horses and ponies since 2007 representing a cumulative decrease of 16%. This decline is consistent with broader U.S. trends.

	Horses and Ponies Inventory		
State	**2007**	**2012**	**% Change**
Missouri	149,165	117,295	-21%
Wisconsin	120,044	103,481	-14%
Kansas	89,898	74,873	-17%
South Dakota	70,225	68,925	-2%
Minnesota	90,140	66,384	-26%
Nebraska	65,624	64,326	-2%
Illinois	79,481	62,714	-21%
Iowa	***71,994***	***62,206***	***-14%***
Total (excluding Iowa)	**664,577**	**557,998**	**-16%**
United States	**4,028,827**	**3,621,348**	**-10%**

Note: Sorted in descending order by 2012 horses and ponies inventory.

Source: USDA Census of Agriculture.

While economic pressures have contributed to the decline in the inventory of horses in recent years, positive economic trends such as increasing disposable income and decreasing gas prices are anticipated to help curb this decline. Sioux City's location along the border of Nebraska and South Dakota make the proposed Ag Expo Center marketable to horse show participants in neighboring states.

Industry Trends – Agriculture

The USDA conducts a census of agriculture every five years. A farm is defined by the census as any place from which $1,000 or more of agricultural products were produced and sold, or normally would have been sold, during the census year. The most recent census was conducted in 2012 and released in 2014. Results indicated the value of agriculture sales was the highest ever recorded in 2012, with both crop and livestock sales at record levels. In 2012, crop sales exceeded livestock sales for only the second time in census history (the only other time was in 1974).

According to results of the 2012 Census, the number of farms in the U.S. decreased by 4.3% between 2007 and 2012. The 2012 Census reported 2.1 million farms, a net decrease of approximately 95,500 farms since 2007 occupying 914.5 million acres.

The same USDA 2012 Census reports that despite a 4.5% decrease in the number of farms in Iowa, the total acres of farm land in the State only decreased by 0.4% between 2007 and 2012. The market value of agricultural products sold in 2012 was estimated to be more than $30.8 billion (or 8% of the U.S. total), which represents an increase of 51% from 2007.

Comparison of Select Agriculture Growth Statistics

	Iowa			U.S.		
Statistic	**2007**	**2012**	**% Change**	**2007**	**2012**	**% Change**
Farms (number)	92,856	88,637	-4.5%	2,204,792	2,109,303	-4.3%
Farm land (acres)	30,747,550	30,622,731	-0.4%	922,095,840	914,527,657	-0.8%
Market value of ag products sold ($000s)	$20,418,096	$30,821,532	51.0%	$297,220,491	$394,644,481	32.8%

Source: USDA Census of Agriculture.

Industry Trends – Agriculture (cont'd)

According to the USDA, Iowa ranks second in terms of crop sales and livestock sales behind California and Texas, respectively. Iowa's combined agricultural product sales in 2012 represented 7.8% of the U.S. total second only to California which represents 10.8% of the national total. These statistics are indicative of this industry's significance to both the State and national economies.

Relative to inventory, the number of hogs and pigs increased by 6.0% between 2007 and 2012 while the number of cattle and calves as well as poultry layers decreased during the same period.

Iowa Livestock Inventory			
Livestock	**2007**	**2012**	**% Change**
Cattle and calves	3,982,344	3,893,683	-2.2%
Hogs and pigs	19,295,092	20,455,666	6.0%
Poultry layers	53,793,712	52,218,870	-2.9%

Source: USDA Census of Agriculture.

According to the most recent census, Iowa's top crops include corn for grain, soybeans for beans, and corn for silage or greenchop (i.e., used in feed).

Iowa Top Crops by Acres of Farmland			
Crop	**2007**	**2012**	**% Change**
Corn for grain	13,842,282	13,709,408	-1.0%
Soybeans for beans	8,612,810	9,301,594	8.0%
Corn for silage or greenchop	220,646	392,304	77.8%

Source: USDA Census of Agriculture.

Several organizations promote and foster agricultural education for youth as well as strong business development skills for the agricultural community including, but not limited to, farm bureaus, industry councils, associations, 4-H programs and Future Farmers of America programs. As a point of reference, the Iowa Future Farmers of America Association has more than 14,300 student members in 224 chapters across the state. 4H clubs are located throughout Sioux City and Woodbury County as well as Iowa. These youth organizations foster the education and hands-on learning in a variety of programs including many that are agriculture – related.

Crossroads
CONSULTING SERVICES

Industry Trends – Agriculture (cont'd)

Given the continued growth, evolution and specialization of agricultural industries, the demand for specially trained professionals is on the rise. Higher education institutions are meeting this demand by increasingly providing training and infrastructure to foster agriculture-related professions.

Iowa has several strong agriculture colleges and universities including Iowa State University. Twenty (20) Iowa agriculture colleges offer certificates, associate's, bachelor's, master's, and/or doctoral degrees in agricultural business and management, food science and technology, plant sciences and crop production, horticultural sciences, animal sciences and livestock management, agricultural mechanics and equipment, landscaping and groundskeeping, soil sciences and agronomy, equestrian studies, general agriculture, and other related programs.

As mentioned earlier, Sioux City is located in the heart of one of the most productive agricultural regions in the U.S. Within Sioux City, Morningside College and Western Iowa Tech Community College both offer various agriculture-related programs.

Morningside College is a private, four-year college affiliated with the United Methodist Church that offers more than 40 majors, plus 12 pre-professional programs. The campus is made up of 21 buildings on 68 acres and enrollment is approximately 1,300 full-time students. Morningside College offers a Bachelor of Arts degree as well as a Bachelor of Science degree in the Regina Roth Applied Agricultural and Food Studies (AAFS) program. In addition to the Bachelor of Science or Bachelor of Arts majors, students can select minors in agribusiness, sustainable agriculture, environmental policy/law, food safety, chemistry, sustainability studies, etc. Morningside College works with area businesses to provide AAFS majors with paid, semester-long externships where they work side-by-side with management and production teams to obtain first-hand, real world experience.

Western Iowa Tech Community College (WITCC) is a two-year publicly supported comprehensive community college primarily serving Cherokee, Crawford, Ida, Monona, Plymouth, and Woodbury counties in Iowa. Enrollment is approximately 6,400 students. WITCC offers several agriculture-related programs including Agribusiness Technology, Agriculture, Agriculture Management, and Agriculture Transfer Emphasis. These programs focus on crop production, animal production, agricultural production, agribusiness, finance, management, sales and marketing, etc. WITCC also offers students a combination of classroom instruction and agriculture/cooperative work experience.

The proposed Ag Expo Center presents an opportunity to foster continued growth in research efforts as well as to provide educational seminars, internships and continuing education learning experiences in agriculture and other related industries.

Industry Trends – Agritourism

Agritourism typically refers to any activity, enterprise or business designed to increase farm and community income by attracting the public to visit agricultural operations and outlets that provide educational and/or recreational experiences to help sustain and build awareness of the rural quality of life.

Agritourism can take many forms including retail sales, hay rides, corn mazes, pick-your-own operations, and use of woodlands on farms for hunting, hiking, horseback riding, and other activities. There may be educational components such as programs for schoolchildren, tours, as well as exhibits and demonstrations tailored to specific visitor groups. Farms may combine retail sales and tours with accommodations such as bed and breakfasts and farm-stays. In general, agritourism is providing educational and authentic agricultural experiences that enhance direct marketing of farm products and improve public support for agriculture. Agritourism combines essential elements of the tourism "experience" and agriculture industries. It offers visitors something to see, do and/or buy.

The USDA 2012 Census reported a significant increase in agritourism farms and associated sales in Iowa between 2007 and 2012. The following table illustrates how Iowa and the surrounding region experienced growth in agritourism sales between 2007 and 2012.

Agritourism in Iowa and Surrounding States

State	Agritourism Farms			Agritourism Sales ($000s)		
	2007	2012	% Change	2007	2012	% Change
Illinois	665	834	25%	$11,776	$13,534	15%
Wisconsin	568	692	22%	$6,836	$12,865	88%
South Dakota	667	606	-9%	$14,936	$12,400	-17%
Missouri	588	844	44%	$7,722	$10,553	37%
Minnesota	367	395	8%	$7,744	$8,966	16%
Kansas	930	1,000	8%	$8,091	$8,271	2%
Nebraska	301	393	31%	$4,455	$7,378	66%
Iowa	***245***	***577***	***136%***	***$3,122***	***$4,611***	***48%***
Total (excluding Iowa)	**4,086**	**4,764**	**17%**	**61,560**	**73,967**	**20%**
United States	**23,350**	**33,161**	**42%**	**$566,834**	**$704,038**	**24%**

Note: Sorted in descending order by 2012 agritourism sales.

Source: USDA Census of Agriculture.

Industry Trends – Agritourism (cont'd)

Historically, counties and states have acknowledged the value of fairgrounds, expo centers, and other similar facilities in supporting the agriculture industry as well as providing a source of education and entertainment for attendees. Fairs also provide a focal point for community members to celebrate their heritage, compete in a variety of events, hold family reunions, display and view artwork, learn about other cultures, premier new technologies, and showcase their State's specialties. Agricultural fairs in many parts of the U.S. struggle to remain relevant in the changing American society where fewer people rely on the land for their livelihoods. The ability for fairs to remain relevant and attractive to the next generation has caused many communities to combine traditional agricultural elements with other facilities that can accommodate a variety of event activity and generate greater economic and fiscal returns year-round.

Agritourism businesses have operated in the U.S. for a number of years however, it is only in recent years that this industry has been given official status and strategically promoted to tourists. Several states have created positions that bridge the agriculture and tourism industries at the state level, others have gone further to pass legislation defining the enterprises and establishing their liability. Many have, at the least, created avenues for farm-owners to become educated on agritourism opportunities and implementation and included them in promotional materials associated with more traditional visitor attractions.

The economic impacts of blending tourism and agriculture have significant potential. Trends that are favorably impacting agritourism include a growing desire to buy local produce, concerns about health and obesity, and increased environmental awareness. The proposed Ag Expo Center represents a unique opportunity to capitalize on these trends.

Table of Contents

1	Introduction	1
2	General Market Overview	4
3	Industry Trends	15
4	Competitive Environment	23
5	Potential Demand Generators	30
6	Financial Analysis	41
7	Economic and Fiscal Impact Analysis	53
8	Overall Summary	63

Competitive Environment – Local Venues

As previously stated, the proposed Ag Expo Center is envisioned to host a diverse set of event activity that is appealing to both local residents and out-of-town visitors. In order to assess the Ag Expo Center's potential demand and marketability, it is useful to profile the supply of existing and planned area competitive facilities. Facility size, geographic location, program elements, configuration, age, market focus and date availability are factors that impact how competitive or complementary area facilities may be to the proposed Ag Expo Center. While this section provides an overview of select State and regional facilities that may offer elements similar in nature to those envisioned at the proposed Ag Expo Center, it is not meant to be an exhaustive inventory of all facilities.

Sioux City Convention Center

Owned by the City, the Sioux City Convention Center has 50,000 square feet of exhibit space, 10,000 square feet of meeting space in 10 rooms, and 2,000 square feet in an atrium setting. The facility hosts a variety of events including expos, trade shows, conventions, conferences, banquets, social events, and sports/entertainment events. Over the last three years, the facility has averaged approximately 190 events that attracted 275,000 attendees. The City has invested in various capital improvements including replacement of the skylight roof in 2012 and technical equipment enhancements that are expected to be completed in FY 2015.

Tyson Events Center

Owned and operated by the City, the Tyson Events Center consists of the Gateway Arena and the Long Lines Family Recreation Center. The Gateway Arena includes a full size ice hockey rink with a U-shaped seating bowl. Maximum capacity is approximately 10,000 people, the seating bowl can be curtained off to create a more intimate atmosphere for smaller events. The arena also has 28 suites. The facility hosts a variety of entertainment and sporting events including the United States Hockey League (USHL) Sioux City Musketeers, the Champions Professional Indoor Football League (CPIFL) Sioux City Bandits, the National Association of Intercollegiate Athletics (NAIA) Wrestling National Tournament, NAIA Woman's Volleyball National Tournament, the Division II NAIA Woman's National Basketball Tournament, Monster Trucks, Rawhide Bull Riding Challenge, concerts, and circuses. The facility hosted 46 events in 2012, 33 events in 2013 and 27 events in 2014 which included concerts, family shows, and sporting events that drew approximately 722,000 attendees.

Located adjacent to the Tyson Events Center, the Long Lines Family Recreation Center, also known as the Sioux City Municipal Auditorium, is a multi-purpose facility that seats 3,500. When the Tyson Events Center opened in 2003, the Sioux City Auditorium was converted to its current use as a recreation center that hosts various sporting, community, and social events.

Competitive Environment – Local Venues (cont'd)

Orpheum Theatre

The Sioux City Orpheum Theatre was constructed in 1927 as part of the Orpheum Circuit. Throughout the years, the Orpheum was used for symphony performances, ballet and special attractions and hosted entertainers such as Fred Astaire, Tallulah Bankhead, and Katherine Hepburn. In the 1970's and 1980's, the Orpheum was remodeled and turned into a movie house. The building was closed to the public in 1992. A nonprofit organization, the Orpheum Theatre Preservation Project, Ltd. (OTPP), was established to pursue the fundraising necessary to renovate and reopen the theatre. In 2001, the Orpheum Theatre reopened and has hosted a variety of events and performers including live music, theater, movie showings and special events. The 2,456-seat Orpheum Theatre was scheduled to host approximately 40 events in 2014 including the Sioux City Symphony Orchestra, a Broadway series, Jay Leno, Disney Junior Live, and Moscow Ballet's Great Russian Nutcracker among others.

IBP Ice Center

The IBP Ice Center is an indoor ice rink that is open year-round. The IBP Ice Center has several programs such as Learn to Skate for area residents. The facility's primary users are public ice skating, Sioux City Musketeers' practices, Siouxland Youth Hockey Association, Siouxland Adult Hockey Association, SYHA Metros High School team and several private party rentals. The 38,000 square feet facility has a seating capacity of 900.

Woodbury County Fairgrounds

In Iowa, there are currently 106 State, County and Regional Fairs. The focal point of a Fair historically centers on youth and furthering their education in areas of interest. Equally as meaningful can be a focus on history and culture of the community during the fair. Fairs can draw visitors from a wide area, which brings additional dollars into the community. The Woodbury County Fair, which draws total attendance of approximately 55,000, has been a tradition since 1926.

Competitive Environment – Regional Agricultural/Equestrian Facilities

Chosen based on survey responses and input from the client group, the table below lists several agricultural/equine facilities that currently serve the region. Three of the eight profiled facilities are publicly owned and operated, four are privately owned and operated and one is run by the Iowa State Fair Authority. These profiled facilities host a variety of events including rodeos, fairs, horse shows, banquets, meetings, agricultural events and festivals.

Summary of Select Characteristics of Area Agricultural and Equine Facilities

Facility	Location	Owner	Operator	Primary Uses
Central State Fair	Rapid City, SD	City	City	Fair/equine shows/weddings/theater productions/meetings
Christensen Field	Fremont, NE	City	City	Concerts/festivals/fairs/livestock shows
Custer County Fairgrounds	Broken Bow, NE	County	City	Rodeos/barrel racing/equine shows
Ellsworth Equestrian Center	Iowa Falls, IA	Private	Private	Equine Shows
Iowa Equestrian Center	Cedar Rapids, IA	Private	Private	Equine shows
Iowa State Fair	Des Moines, IA	State Fair Authority	State Fair Authority	Fair/equine shows/weddings/theater productions/meetings
Lancaster Event Center	Lancaster, NE	Private	Private	Fair/equine shows/barrel racing
Poweshiek County Fair	Grinnell, IA	Private	Private	Fair/equine shows

Notes: Sorted alphabetically.
Sources: Individual facilities; secondary research.

Although there are several other private farms, equine facilities and county fairgrounds throughout the surrounding area, many of these venues are focused primarily on boarding, training, riding and/or local agricultural/entertainment activity rather than on hosting larger competitive events.

The proposed Ag Expo Center would offer an alternative in the western part of Iowa and, given its location along the border, could draw attendees from neighboring states.

Competitive Environment – Regional Agricultural/Equestrian Facilities (cont'd)

The following table summarizes the primary program elements at each profiled facility. Based on available information, the average site size of the profiled regional facilities is 139 acres with an average total facility square footage of approximately 119,000. All but one of the profiled regional facilities offer an indoor arena that is climate controlled. The average facility has approximately 275 permanent stalls. All of the profiled facilities offer on-site recreational vehicle (RV) hook-ups.

Summary of Regional Agricultural/Equestrian Facilities								
Facility	**Central State Fairgrounds**	**Christensen Field**	**Custer County Fairgrounds**	**Ellsworth Equestrian Center**	**Iowa Equestrian Center**	**Iowa State Fairgrounds**	**Lancaster Event Center**	**Poweshiek County Fairgrounds**
Location	**Rapid City, SD**	**Fremont, NE**	**Broken Bow, NE**	**Iowa Falls, IA**	**Cedar Rapids, IA**	**Des Moines, IA**	**Lancaster, NE**	**Grinnell, IA**
Program Element								
Site size (acres)	N/S	65	49	40	N/S	400	N/S	N/S
Total facility size (SF)	N/S	N/S	N/S	75,100	90,560	268,000	122,050	40,000
Indoor arena (number)	1	1	1	1	1	2	4	1
Indoor arena (capacity)	3,000	1,000	200	300	N/S	3,500	21,450	N/S
Indoor arena (SF of largest)	146,250	N/S	48,400	27,500	20,000	32,000	37,500	20,000
Indoor climate controlled (heated)	Yes	Yes	No	Yes	Yes	Yes	Yes	N/S
Outdoor Arenas (number)	3	1	1	N/A	1	N/S	N/A	N/S
Outdoor arena (capacity)	6,000	N/S	N/S	N/A	300	N/S	N/S	N/S
Warm up arena (SF)	6,000	N/S	N/S	6,000	10,560	N/S	14,000	N/S
Stalls - permanent	500	200	140	89	210	400	393	N/S
Stalls - temporary	N/S	N/S	100	51	N/S	200	500	N/S
Exhibition facility	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes
Banquet/meeting facilities	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes
Food service/catering	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
RV Hook-ups	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: N/A denotes not applicable and N/S denotes not supplied.

Sources: Individual facilities; other secondary research.

Located approximately 76 miles from Sioux City, Christensen Field in Fremont, Nebraska is the closest large-scale agricultural/equine facility. This 65 acre complex is owned and operated by the City and offers a multi–purpose building, senior center, indoor and outdoor livestock arenas and warm up arenas. The complex also has a soccer complex and campgrounds with 150 camping pads. In 2014, the arena was scheduled to host approximately 40 events including fairs, swap meets, music festivals, carnivals, camper rallies, and large livestock events. Other profiled competitive facilities are located more than 150 miles from Sioux City.

Crossroads CONSULTING SERVICES

Competitive Environment – Regional Sports/Entertainment Venues

In general, concert and entertainment promoters focus on a specific radius drive time which varies by market, geographic region, and facility inventory. Given the distance between market populations in the region, it is not unrealistic to consider a radius of 100 to 200 miles or a two to three hour driving distance. The table below illustrates the supply of existing indoor sports and entertainment facilities within 200 miles – most of which are located 100 miles or more from Sioux City. As shown, there is an extensive supply of venues targeting indoor sports and entertainment activity. Of the profiled facilities, only the I-90 Expo Center in Minnesota offers a dirt floor; however many others bring in dirt as necessary to accommodate certain events such as rodeos, bull riding, motorsports, etc.

Regional Sports/Entertainment Venues

Facility	Location	Approximate Distance from Sioux City (Miles)	Seating Capacity	Flooring	Primary Uses
CenturyLink Center Omaha	Omaha, NE	100	18,200	Concrete	Sports, Entertainment
Wells Fargo Arena	Des Moines, IA	200	17,100	Concrete	Sports, Entertainment
Pinnacle Bank Arena	Lincoln, NE	130	15,500	Concrete	Sports, Entertainment
Hilton Coliseum	Ames, IA	170	15,000	Concrete	Sports
Bob Devaney Sports Center	Lincoln, NE	130	13,870	Concrete	Sports
Denny Sanford Premier Center	Sioux Falls, SD	90	13,000	Concrete	Sports, Entertainment
Tyson Events Center/Gateway Arena	**Sioux City, IA**	**0**	**10,000**	**Concrete**	**Sports, Entertainment**
USD DakotaDome	Vermillion, SD	39	10,000	Concrete	Sports
Mid-America Center	Council Bluffs, IA	100	8,500	Concrete	Entertainment
Verizon Wireless Center	Mankato, MN	190	8,300	Concrete	Sports, Entertainment
Sioux Falls Arena	Sioux Falls, SD	90	8,000	Concrete	Sports, Entertainment
Mankato Civic Center	Mankato, MN	190	7,300	Concrete	Sports, Entertainment
I-90 Expo Center	Sherburn, MN	150	7,000	Dirt	Rodeo, Equine, Entertainment
Heartland Events Center	Grand Island, NE	190	7,000	Concrete	Sports, Entertainment
Swiftel Center	Brookings, SD	140	7,000	Concrete	Sports, Entertainment
Brookings Area Multiplex	Brookings, SD	140	6,500	Concrete	Rodeo, Sports, Entertainment
Ralston Arena	Ralston, NE	100	5,700	Concrete	Sports, Entertainment
Long Lines Family Recreation Center	**Sioux City, IA**	**0**	**3,500**	**Concrete**	**Sports, Entertainment**
Corn Palace	Mitchell, SD	160	3,218	Concrete	Sports, Entertainment
Clay-County Regional Events Center	Spencer, IA	100	2,796	Concrete	Entertainment

Notes: Sorted in descending order by seating capacity.
Includes indoor sports/enteratinment venues within 200 miles.
Sources: Management at individual facilities; secondary research; Pollstar; Mapquest.

Competitive Environment – Regional Sports/Entertainment Venues (cont'd)

In some instances, similar facilities to the proposed Ag Expo Center also serve as the primary entertainment venue in the market. Consolidation of the live-touring entertainment industry has impacted the operations of facilities around the country, especially with respect to the concert market. Live Nation and AEG Live, a subsidiary of Anschutz Entertainment Group, are the dominant promoters in the U.S. In many instances, Live Nation and AEG Live control the touring product and the venue. Despite capital outlay and on-going maintenance expenditures, this operating structure can yield significantly higher profit margins than stand-alone programming, particularly when a promoter owns, manages, or exclusively books multiple venues. As such, some facility operators seek to have formalized relationships with regional and/or national promoters with the objective of maximizing concert bookings.

This consolidation of venues and live entertainment significantly changed the composition of the industry. By assuming the roles of both promoter and venue manager, these companies can buy a show and book it into their network of venues. This consolidation over the past decade coupled with the economic pressures on ticket buyers combined to create a very competitive entertainment industry, particularly for publicly owned and operated venues.

Other key factors impacting a facility's marketability to host entertainment acts include, but are not limited to, the following:

- Condition of facility in terms of production and technology, revenue generating potential (e.g., VIP areas, etc.), cost effectiveness/efficiency of event production
- Supply and popularity of touring acts
- Management's relationship with key promoters
- Seasonality of the acts in relation to the venue/market
- Market size and affluence
- Competition from other area entertainment venues offering similar content/programming
- Extensive supply of nationwide venues positively impacts financial deal for the artist rather than the venue which increases facility's dependence on ancillary revenues such as concessions, sponsorships, VIP/hospitality and parking
- Usage is relatively cyclic and extremely dependent on the types and number of acts that tour in any given year

Table of Contents

1	Introduction	1
2	General Market Overview	4
3	Industry Trends	15
4	Competitive Environment	23
5	Potential Demand Generators	30
6	Financial Analysis	41
7	Economic and Fiscal Impact Analysis	53
8	Overall Summary	63

Potential Demand Generators

To assist in identifying potential market demand for the proposed Ag Expo Center, interviews/surveys were conducted with State and regional event promoters/producers to gauge their interest in utilizing the proposed facility as well as to obtain an understanding of programmatic elements and/or destination attributes necessary to host their event(s). Respondents expressing an interest in hosting events at the proposed Ag Expo Center where asked about their typical event statistics. The input obtained is not intended to be statistically valid but rather reflects a representative sample of potential future event activities. Input was obtained from a variety of demand segments outlined in this section including: agricultural, equestrian, expositions/consumer shows, and other complementary uses.

Agricultural Activity

Input was received from State and regional agricultural organizations. A total of 80 potential agricultural organizations were contacted. Respondents represented various agricultural areas and a broad range of animal-related activities. The following summarizes key feedback obtained from these event producers:

Several respondents indicated the proposed Ag Expo Center is not a potential venue for their events due to their location in eastern Iowa and being unsure of the overall cost to utilize the proposed center. However, there is interest in using the Ag Expo Center for event types including meetings, seminars, fund-raisers, and hands-on interactive learning.

Respondents interested in hosting events at the proposed Ag Expo Center cited the following building program and location needs:

- Modernized agricultural exhibition space suitable for animals
- Multi-use indoor, climate-controlled exhibition, meeting and banquet space
- Parking and RV hook-ups
- Venue proximity to target audience
- Overall price/value of rental package

Potential Demand Generators (cont'd)

Equine-Related Activity

State and regional equine organizations were contacted to gain insights regarding the proposed Ag Expo Center's marketability for their events. The majority of respondents represent breed events followed by barrel racing events.

Other venues where respondents commonly host events include the Ellsworth Equestrian Center (Iowa Falls, IA), the Iowa Equestrian Center (Cedar Rapids, IA), and the Iowa State Fair (Des Moines, IA). Respondents commented that most of existing venues they use in Iowa have quality indoor arenas but they have small warm up arenas. For example, the shows at the Ellsworth Equestrian Center and the Iowa Equestrian Center are significantly reduced if the weather is poor since competitors cannot appropriately warm up their horses.

Providing an indoor arena along with an indoor warm-up arena and stalls could be a competitive advantage for the proposed Ag Expo Center. The top ranking required program elements cited by survey respondents were an indoor arena; parking for cars and RVs; stabling; covered warm-up arenas leading to indoor arena; and full-service RV hookups.

All respondents indicated that they would need a climate-controlled indoor arena, including stalls/pens. The majority (94%) of respondents indicated that having the indoor facility would be a positive attribute to entice them to host events in Sioux City and several of them noted the lack of an all-inclusive indoor facility in Iowa to accommodate their needs.

Community attributes important to show producers include the overall price/value of the complex rental package, proximity of hotels, and highway access. For the majority (65%) of respondents, hotels, restaurants and retail can be up to 10 miles from the show site.

Potential Demand Generators (cont'd)

The following table summarizes the average characteristics from respondents interested in bringing new events to the Ag Expo Center.

Feedback From Potential Equine Users	
Event Statistic	**Average Response**
Required number of arenas	1
Number of warm up/practice arenas	1.4
Number of horses	170
Number of stalls	200
Number of full-service RV hook-ups	50
Number of attendees (participants/spectators)	230
Percent of attendees who stay overnight in hotels	64%
Percent of attendees originating from outside Iowa	45%
Number of event days	2.4
Number of move in/out days	1.6
Number of total usage days	4.0

As a point of reference, 81% represent regional/national shows which may be partially attributable to Sioux City's geographic location bordering other states.

The following summarizes input from survey respondents regarding estimated spending amounts of attendees (including participants and spectators):

- 69% spend between $75 and $150 on lodging per night and average 2.5 people/room and 2.2 nights per stay
- 50% spend between $26 and $50 on meals per person, per day
- 69% spend between $26 and $50 on retail/merchandise per person, per day
- 60% spend at least $50 on transportation per person, per day in the local market where the facility is located

Lastly, 100% of survey respondents thought the proposed new Ag Expo Center would be a benefit to the State and regional equine industry.

Potential Demand Generators (cont'd)

Rodeo

The Iowa Rodeo Cowboys Association would be interested in hosting their State finals at the proposed Ag Expo Center. The event would likely draw 150 participants and 1,500 spectators over the three-day event. Aside from the required competition arena, other necessary program elements include one warm-up arena, 100 stalls/pens, four to five wash racks, 80 full-service RV hookups, and 1,500 square feet of meeting/banquet space.

Expositions/Consumer Shows

In general, Sioux City offers one primary indoor, climate-controlled venue for expositions/consumer shows, the Sioux City Convention Center which has 50,000 square feet of exhibit space. Shows requiring more flat floor, indoor square footage cannot currently be accommodated in the market. With the appropriate space, Sioux City should be better able to capitalize on hosting expositions that are synergistic with its market attributes such as agriculture/manufacturing related activity.

Consumer show producers representing seven shows and one weekly farmers market were contacted. Their responses are summarized below:

DAKOTA Farm Show

The DAKOTA Farm Show is held annually in Vermillion, South Dakota approximately 40 miles northwest of Sioux City. The Farm Show typically has nearly 300 exhibitors representing over 1,000 agricultural products and services. Attendance typically ranges from 25,000 to 30,000 and includes agricultural producers from South Dakota, Nebraska, Iowa, and Minnesota interested in reviewing the latest farm technology focused on improving yields, reducing costs, and managing risk. The event is currently held inside the climate-controlled University of South Dakota DakotaDome and requires the entire field, lobby and adjacent west annex totaling approximately 110,000 square feet.

According to organizers, they would be interested in moving the Farm Show to the proposed Ag Expo Center if it offered a minimum of 150,000 square feet of climate-controlled space, ability to expand the show in the future, large load-in doors to accommodate farm equipment, ease of ingress/egress to speed move in/out time, and sufficient on-site parking. Advantages of Sioux City include its accessibility and proximate, affordable hotels to accommodate exhibitors. According to show producers, the event draws attendees from a 200-mile radius for the three-day event; however not many stay overnight in the host city.

Potential Demand Generators (cont'd)

Farmers Market

The 501(c)3 non-profit, Buy Fresh Buy Local – Siouxland, Inc., produces the Sioux City Farmers Market. The market is held every Saturday and Wednesday from May through October. The Farmers Market is currently held at the Tyson Events Center parking lot. Attendance averages 2,500 on Saturdays and 500 on Wednesdays. The market averages 30 vendors but can have as many as 56 vendors during peak season. The event requires approximately 12,000 square feet of space. Parking is required for both vendors and attendees. Parking can become an issue when the Events Center has events on the same days as the Farmers Market. The event producer has to bring in their own portable restrooms and vendors supply their own tents/shelter at their current location.

The Farmers Market is looking for a more ideal venue that they can utilize year-round. The ability to expand the farmers market as well as create a family-friendly environment with entertainment is important to the producers. Elements that are also of importance include year-round storage for the event promoter and vendors, permanent booths, a covered/sheltered area for vendors and their produce with some exposure to the outdoors to maintain the farmers market feel, an area for entertainment, a commercial kitchen for cooking and product demonstrations, visibility from primary roads/highways, and adequate parking for vendors and attendees.

Iowa Show Productions

Iowa Show Productions hosts six shows in Iowa annually including Home & Landscaping Shows, Sportshows, and a Boat, RV & Vacation Show in Waterloo, Mason City, Council Bluffs, Cedar Falls, and Cedar Rapids. Event producers indicated that they have not explored producing events in Sioux City citing that doing so would dilute their existing shows. Producers indicated that the requirements needed to host their events include open space, move-in area, quality lighting, high ceilings, and ease of parking for both vendors and attendees.

Iowa-Nebraska Equipment Dealers Association

The Iowa-Nebraska Equipment Dealers Association hosts two major events annually: the Iowa Power Farming Show held at the Iowa Events Center in Des Moines and the Nebraska Power Farming Show held at the Lancaster Events Center in Lincoln. The show in Des Moines has been held there for over 100 years, currently has a five-year contract, and utilizes 310,000 square feet in several buildings. The Lincoln show utilizes 400,000 square feet. The Lancaster Events Center is exploring the addition of two facilities on-site that would add another 150,000 square feet to the complex to allow the show to expand.

Potential Demand Generators (cont'd)

Attendance at the Iowa show averages between 20,000 to 25,000 attendees and the Nebraska show averages approximately 15,000. Important elements to the event producers include: parking for vendors with trucks and attendees; wide and tall doors for large farming equipment and vehicles; high ceiling height with no obstructions; and strong internet signals.

The event producer indicated that the minimum size for a local farm equipment show would be 70,000 square feet. The producer is a member-based dealer association and, if their membership agreed, then a smaller, localized show could be discussed for Sioux City. It was also mentioned that being in a downtown, major metropolitan area is not desirable for their vendors as it is too difficult to maneuver large farm trailers and equipment in an urban street setting. However, currently, the producer is focused on their two state-wide events only.

American Quilter's Society (AQS)

The AQS QuiltWeek event that is held in Des Moines, Iowa at the Iowa Events Center is one of seven events hosted by the AQS in conjunction with the Iowa Quilt Guild. This four-day event utilizes 96,000 square feet for the AQS portion of the event and an additional 57,000 square feet for the local Guild. Meeting rooms are used extensively for educational breakout sessions. Total attendance at the event generally ranges from 12,000 to 16,000 people.

The AQS ideally looks for a community with a population between 200,000 and 300,000. Paducah is smaller as it is the recognized national headquarters. The majority of their attendees drive within a six hour radius of the host site. As this is considered textile art there is great importance in having a climate controlled, indoor facility with 90,000 to 150,000 square feet of exhibit space, a lecture hall with a minimum capacity of 200, and 12 to 15 breakout rooms for educational sessions. It is also a criteria to have a safe, walkable location close to restaurants and retail. Prime months for the AQS events are spring, fall, and January. The summer and winter holiday months are not ideal. The AQS would be concerned that Sioux City is within a six hour driving radius of Des Moines and would probably not seek to expand into the market.

Given that the Sioux City Convention Center offers climate-controlled exhibit space, it will be important for the proposed new Ag Expo Center not to compete for consumer shows that are already held in the market. If the proposed new facility offers adequate ceiling height and ingress/egress, it would be well suited to accommodate a local farm equipment show or other events that cannot currently be accommodated in the Convention Center. Further, the proposed Ag Expo Center could also allow the Farmers Market to expand and be held year-round supporting local farmers.

Potential Demand Generators (cont'd)

Other Complementary Uses

Event activity at comparable facilities as well as feedback from potential demand generators suggest several complementary uses that could augment agricultural/equine activity including, but not limited to, the following:

- Interactive educational element focusing on agriculture of the future
- School groups, summer/holiday camps for kids
- Youth agriculture activities (e.g., FFA, 4H, etc.)
- Dog shows
- Fundraisers
- Sales/auctions
- Seminars/training
- Community events such as graduations, elections, political speeches, etc.
- Festivals – food, wine, cultural, music

Potential Demand Generators (cont'd)

Programmatic Considerations

Required support elements varied by market segment. The degree to which the proposed Ag Expo Center is successful in attracting, servicing and maintaining event activity on a consistent basis will be dependent on factors such as:

- Facility program in terms of size, configuration, amenities and flexibility
- Required equipment to appropriately accommodate multiple, diverse events
- Accessibility
- Overall ingress/egress to and throughout the site needs to be carefully considered in order to safely and adequately accommodate auto/trailer, pedestrian, and animal traffic
- Affordability of rental packages
- Cost containment
- Adequate parking for cars, trailers, and trucks
- Strategic marketing efforts
- Established facility management that has strong relationships with equine/agricultural promoters/producers

The following general criteria are typically used to assist in assessing similar development projects:

- Market demand opportunities
- Complementary use with existing facilities
- Ability to serve multiple demand segments
- Revenue generation potential
- Ability to draw new visitor segments
- Economic/fiscal impact potential

Potential Demand Generators (cont'd)

Using the above criteria as a guideline, market research suggests the following minimum building program elements for the proposed Ag Expo Center:

- Indoor, climate-controlled arena with minimum dimensions of 150' x 300' and 2,500 to 3,000 seats which can be supplemented with floor seating for certain event types
- Adjacent covered warm up arena
- A minimum of 300 on-site stalls
- Temporary pens for livestock
- 50 full-service RV spaces
- On-site parking for a minimum of 1,000 cars
- Locker/dressing rooms
- Dust mitigation systems for dirt-floor oriented events
- Additional space for limited retail based on demand by area businesses

While equine event producer survey responses indicated they require an average of 200 stalls, many regional events require up to 300 stalls. These observations combined with the supply of stalls at other competitive and comparable facilities suggest that a minimum of 300 permanent, enclosed stalls should be constructed in order to be marketable to larger events that generate hotel rooms and related spending.

It is our understanding that the current plan for the proposed Ag Expo Center calls for the main arena, the covered warm up arena, and the stalls to be located all under one roof. In addition, the facility will offer additional support space and potentially a Hall of Fame area that could build on the heritage of the stockyards as well as other retail outlets.

Potential Demand Generators (cont'd)

As stated previously, no architectural related services such as detailed building programming, site planning, conceptual site drawings or preliminary construction/project costs estimates are addressed as part of this initial assessment. However, from a marketability perspective, it will be important for the site to be able to accommodate the minimum building program elements in a functional manner. In addition, other site characteristics including accessibility, visibility and proximity to visitor support amenities will impact its marketability, financial operations and associated economic impact.

It appears that the current site under consideration for the proposed Ag Expo Center has several challenges in terms of accommodating the proposed/recommended program. As such, it is recommended that an architectural and site design be completed based on the recommendations in this report.

The site is located along the interstate and offers good visibility. The adjacent interstate is currently undergoing major reconstruction that will improve overall access, however it is recommend that the City consider potential street improvements to ensure good access for large trailers and RVs to navigate from the interstate to the actual site itself. In addition, the site design for the relatively long, narrow site needs to allow for internal accessibility for trailers, RVs and/or large equipment deliveries as well as meet on-site spectator and participant parking needs. As a point of reference, parking for cars and RVs was the second ranked required program element by survey respondents. The site location along an active railroad may create significant noise issues which will be challenging for equine events and will need to be addressed with some sort of buffer. Also, the site may not offer a significant amount of adjacent land for potential future expansion. From a planning perspective, the ideal site should also consider the ability to expand over time to meet long-term future needs.

Table of Contents

1	Introduction	1
2	General Market Overview	4
3	Industry Trends	15
4	Competitive Environment	23
5	Potential Demand Generators	30
6	Financial Analysis	41
7	Economic and Fiscal Impact Analysis	53
8	Overall Summary	63

Financial Analysis

With respect to financial performance, it is important to understand that one of the primary reasons that similar facilities are developed is because of the economic activity that they can generate in terms of spending, employment, earnings and tax revenues to local and state governments. These facilities typically attract events that draw residents as well as patrons from outside the immediate market area who spend money on hotels, restaurants and other related services. In many instances, these net new benefits can outweigh any potential operating subsidy. Consequently, when evaluating the merits of these types of projects, it is important to consider all aspects of the costs and benefits including operating requirements, debt service and economic/fiscal benefits. An order-of-magnitude estimate of the potential economic/fiscal benefits associated with on-going operations of the proposed Ag Expo Center is provided in the next section of this report.

Crossroads assisted the City in developing a hypothetical, order-of-magnitude estimate of operating revenues and operating expenses before taxes, depreciation and debt service for the proposed Ag Expo Center for a stabilized year of operations. The financial estimate and related assumptions are based on information from primary and secondary sources including, but not limited to, general market data, input from potential demand generators and area stakeholders as well as data on competitive/comparable facilities which provides a general frame of reference relative to potential usage and financial operations that may occur at the proposed Ag Expo Center. This analysis is also based on certain hypothetical assumptions pertaining to operations of the facility, attendance levels and other related financial assumptions provided by and agreed to by the City. The accompanying analysis was prepared for internal use by the City for its consideration of plans for the proposed Ag Expo Center and should not be used or relied upon for any other purpose including financing of the project.

The analysis performed was limited in nature and, as such, Crossroads does not express an opinion or any other form of assurance on the information presented in this report. As with all estimates of this type, we cannot guarantee the results nor is any warranty intended that they can be achieved. The estimates of operating revenues and operating expenses are based on the anticipated size, location, quality and efficiency of the proposed Ag Expo Center. Since these estimates and assumptions are based on circumstances that have not yet transpired, they are subject to variation. Further, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Financial Analysis (cont'd)

Estimated Range of Financial Operations

The table below summarizes the estimate of operating revenues over operating expenses before taxes, debt service, and depreciation for a stabilized year of operations including a reserve for replacement fund. This analysis represents a net revenue and expenses assessment and is subject to change depending on the actual building program and site location, contractual agreements with service providers, and operating strategies at the proposed Ag Expo Center.

Estimate of Financial Operations - Proposed Ag Expo Center in Sioux City, Iowa			
Category	**Range - Stabilized Year**		
Net Operating Revenues	$560,000	-	$715,000
Net Operating Expenses	$768,000	-	$853,000
Estimate of Net Operating Revenues Over Net Operating Expenses	($208,000)	-	($138,000)
Reserve for Replacement	$28,000	-	$36,000
Operating Loss Before Taxes, Debt Service and Depreciation	($236,000)	-	($174,000)
Expense Coverage Ratio	73%	-	84%

Notes: Expense coverage ratio equals operating revenues divided by operating expenses. The above estimate of financial operations does not include various non-operating revenues such as naming rights, beverage pouring rights, long-term sponsorship opportunities and the lease of commercial space which may positively influence the financial operations.

Financial Analysis (cont'd)

General Assumptions

Based on input from the client group, several assumptions were used to develop estimates of event activity, financial operations and economic/fiscal impacts for the proposed Ag Expo Center. It should be noted that these assumptions are preliminary and will continue to be refined as decisions related to the building program and other operating characteristics evolve. The assumptions used in this analysis include:

- The preliminary program for the proposed Ag Expo Center presented in the previous section of this report is constructed.
- Primary objectives of the proposed Ag Expo Center include accommodating area residents and attracting out-of-town attendees who generate economic and fiscal activity.
- The proposed Ag Expo Center is professionally managed by an autonomous entity such as an authority, a not-for-profit or a private management company.
- Facility management team will be experienced in this specialized industry and will have established contacts and strong relationships with agriculture/equine event promoters/producers.
- The facility is aggressively marketed by established tourism agencies in addition to facility marketing efforts.
- A high level of quality customer service is provided.
- The final site selected for the project is adequate in terms of visibility, ingress and egress, parking, safety and other similar issues.
- Sufficient supporting infrastructure is located nearby (e.g., hotel rooms, restaurants, retail, entertainment, vehicular access, etc.).
- The proposed Ag Expo Center is complementary to existing facilities in the market and no other similar, competitive/comparable facilities are built in the region.
- Amounts are presented in current dollars and reflect a stabilized year of operations.
- Tax rates continue at their current rates.
- No major economic fluctuations or acts of nature that could adversely impact the project.

Financial Analysis (cont'd)

Attendance Assumptions

The financial and economic/fiscal impact analyses are based on several factors including a hypothetical estimate of utilization. Event activity at new facilities typically experiences a "ramp up" period to a stabilized level of activity which occurs for several reasons. For instance, some groups that book their event years in advance may not want to risk that a facility's construction is delayed and not completed in time for their event. In addition, some groups may choose to let management "fine tune" its operations before hosting an event at the Ag Expo Center. The length of time for new venues to reach stabilized operations varies but typically ranges from three to five years. Overall utilization at any facility is typically dependent on a number of factors (e.g., market size; accessibility; nearby amenities; size, configuration and quality of the facilities offered; effectiveness of the management team in booking the facility; date availability; cost, etc.) and is rarely consistent. As such, the estimated range of event activity shown in the table below represents a stabilized year of operations.

Proposed Ag Expo Center in Sioux City, Iowa
Estimated Range of Annual Event Activity - Stabilized Year

Event Type	Number of Events			Number of Event Days			Total Usage Days			Total Attendee Days		
Equine Events												
Low Impact	8	-	10	8	-	10	8	-	10	1,200	-	1,600
Medium Impact	10	-	12	20	-	24	30	-	36	9,000	-	10,800
High Impact	3	-	4	15	-	20	18	-	24	14,400	-	19,200
Subtotal	**21**	-	**26**	**43**	-	**54**	**56**	-	**70**	**24,600**	-	**31,600**
Other Events												
Rodeo	3	-	4	6	-	8	9	-	12	6,000	-	8,000
Consumer shows/expos	4	-	5	8	-	10	10	-	13	16,000	-	20,000
Civic/community	24	-	30	24	-	36	24	-	36	6,000	-	9,000
Subtotal	**31**	-	**39**	**38**	-	**54**	**43**	-	**61**	**28,000**	-	**37,000**
Grand Total	**52**	-	**65**	**81**	-	**108**	**99**	-	**131**	**52,600**	-	**68,600**

As shown, the proposed Ag Expo Center is estimated to host between 52 and 65 events that generate between 99 and 131 total usage days and between 52,600 and 68,600 attendee days in a stabilized year.

Financial Analysis (cont'd)

The 21 to 26 projected equine events represent a relatively small portion of the potential market of state, regional and/or national competitions/shows. Most of the projected events will likely occur over multiple days. As such, event days reflect the number of days that a particular event uses the facility. Total usage days include both event days as well as move-in/move-out days. Likewise, attendees consist of both participants and spectators who often attend each event day. An attendee day is defined as total attendance multiplied by the event length. For example, a three-day equine competition with 200 attendees equates to 600 attendee days which reflects that the same attendees return to the event each of the three days. Events are categorized as low, medium or high impact based on their likelihood to draw overnight attendees and generate greater economic impact. Non-equine events primarily attract spectators who attend only once during the event. Other non-equine events are assumed to include rodeos, consumer shows/expos, and other civic/community events. The utilization estimate is an order-of-magnitude and will not necessarily include the same distribution of events each year due to the seasonality and routing of events.

Operating Revenues

The following table summarizes the estimated range of operating revenues for the proposed Ag Expo Center in a stabilized year of operations:

Estimate of Operating Revenues - Proposed Ag Expo Center in Sioux City, Iowa			
Category	**Range - Stabilized Year**		
Facility Rent/Admissions	$396,000	-	$507,000
Food & Beverage	78,000	-	102,000
Parking	52,000	-	65,000
Advertising/Sponsorships	25,000	-	30,000
Other	9,000	-	11,000
Total	**$560,000**	-	**$715,000**

Financial Analysis (cont'd)

Net Operating Revenues Assumptions

Facility Rent/Admissions – Facility rent/admissions are typically derived from three primary usage fees: general facility rental, stall rental and bedding. It is important to recognize that facility management will likely negotiate rental terms based on various factors.

Comparable facilities' published rental rates are commonly negotiated based on the event's seasonality, type of venue(s) rented (e.g., indoor/ outdoor, lighted, seating, etc.), event length, number of stall rentals and/or multi-year contracts. Research indicates that there is a wide range in published rental rates which is primarily based on the quality of the facilities including their age, aesthetics, seating capacity, lighting, etc. In addition to facility rental, profiled facilities charge a per day fee for stall rental which varies based on what is included (e.g., bedding, cleaning charge, etc.).

General facility rental for equine events is based on an average negotiated facility rental rate per event day as well as stall rental per event day based on the published rental rate structures at comparable facilities. It should be noted that it is common industry practice for event planners to negotiate the event day rental rate, particularly for larger state/regional shows and, as such, negotiated rates are typically lower than published rates.

For non-equine events, an average facility rental rate per event day is applied based on the event type and published rates at competitive/comparable venues. Move-in/move-out days are assumed to be charged 50% of the event day rental rate.

Based on these assumptions, revenues associated with facility rent/admissions are estimated to range from $396,000 - $507,000.

Food & Beverage Sales – The operation and management of food and beverage sales are generally handled by one of two methods. The first method allows an independent concessionaire exclusive rights to facility events with the facility taking a percentage of gross sales. The second method allows for the facility owner to own and operate the food and beverage service. Under this method, the facility owner captures all food and beverage sales but also incurs expense items related to purchase and maintenance of equipment, labor costs and costs of goods sold.

Financial Analysis (cont'd)

It has not yet been decided whether the proposed Ag Expo Center will contract with a third party for food and beverage operations or retain concessions/catering in-house. For purposes of this analysis, a net food and beverage amount is estimated based on the experience of comparable facilities and, as such, the method of food and beverage operations is not required. Based on net food/beverage per capita spending by event type, net revenues associated with food and beverage are estimated to range from $78,000 to $102,000.

Parking – This line item includes estimated revenues generated from both spectator parking and RV parking. The current preliminary plan calls for 50 full-service RV parking spaces. While additional parking spaces for both cars and RVs may be available at nearby properties, this analysis only reflects parking revenues generated from the estimated on-site parking spaces. RV parking revenue is based on the estimated number of equine days, the number of RV spaces and an estimated daily rental rate of $20 per space. In addition, spectator parking at all events is assumed to be free of charge. Based on these assumptions, parking fees are estimated to range from $52,000 to $65,000.

Advertising/Sponsorships – Advertising and sponsorship opportunities are diverse and can range from temporary signage at a single event to permanent signage on buildings or billboards located throughout one or more buildings to advertising in a program to sponsoring an entire event/championship. Events sponsored by outside organizations do not typically share revenues with the facility owner/operator. However, advertising and sponsorship revenue generated from events that are organized/sponsored by the facility operator, or other local community groups is usually retained by the facility and is a function of the amount and type of event activity in terms of events and attendance (e.g., large national championships), the strength/breadth of the area employment base, and the approach taken by management in terms of the amount and type of advertising and sponsorships it wants to sell. Given the preliminary nature of the proposed Ag Expo Center, potential revenue from event and building sponsorship opportunities was estimated to range from $25,000 to $30,000.

Other – This line item, which consists of revenue generated from items such as vending machines, vendor space rental as well as other miscellaneous sources, is estimated to range from $9,000 to $11,000.

Financial Analysis (cont'd)

As the project development plan continues to evolve, there are several potential opportunities that may mitigate the construction costs and/or the ongoing operating subsidy from sources such as naming rights, concessionaire rights, pouring rights, long-term advertising/sponsorship sales, the sale/lease of retail parcels, etc. However, it should be recognized that each of these options are highly market-driven and their viability at the proposed Ag Expo Center would need to be tested through an extensive pre-development marketing initiative.

- *Naming rights* - where one or more parties can be solicited for up-front or annually recurring commitments. Although it is our understanding that Bomgaars has made a financial commitment for naming rights of the facility, no dollar amount is shown as this is assumed to be dedicated to debt service and not operating revenues.
- *Concessionaire rights* – where a third party concessionaire provides food/beverage equipment and/or capital in exchange for exclusive rights for a specified term.
- *Pouring rights* - where a beverage manufacturer pays the facility for exclusive selling rights for a specified term.
- *Long-term sponsorships* – include the sale of advertising for particular "zones" within or outside the facility such as a private area to gather prior to and after events or an entry boulevard named for a sponsor.
- *Land sale/lease* – could include lease of a portion of overall site for a compatible use such as a retail store outlet.
- *Incremental sales tax revenues* – generated within a potential re-investment district surrounding the proposed Ag Expo Center.

Given the preliminary nature of the proposed Ag Expo Center, potential revenues from these line items are not estimated as part of this analysis.

Financial Analysis (cont'd)

Operating Expenses

The table below summarizes the estimated range of operating expenses for the proposed Ag Expo Center in a stabilized year of operations:

Estimate of Operating Expenses - Proposed Ag Expo Center in Sioux City, Iowa			
Category	**Range - Stabilized Year**		
Salaries/Wages	$220,000	-	$250,000
Benefits	55,000	-	63,000
Utilities	250,000	-	275,000
Repairs/Maintenance	60,000	-	65,000
Insurance	55,000	-	58,000
Unreimbursed Contract Services	44,000	-	50,000
Marketing/Promotion	50,000	-	55,000
Materials & Supplies	24,000	-	26,000
Other	10,000	-	11,000
Total	**$768,000**	**-**	**$853,000**

Net Operating Expenses – Summary of Significant Assumptions

Salaries/Wages - Although the staffing requirements and subsequent salaries and wages can represent a significant expense, permanent full-time staffing plans can vary. This variance in staffing levels is generally attributed to multiple factors. One factor relates to the management philosophy of maintaining event-related personnel as full-time or part-time staff. Another factor relates to the management and physical relationship the facility might have to other facilities (e.g., convention center, stadium, etc.). For example, the staffing plan for a stand-alone facility is different than for an entire complex that can share administrative costs among several venues. In addition, the extent that contracted services are used also impacts staffing at a facility.

Financial Analysis (cont'd)

For purposes of this analysis, a staffing plan of five to six total full-time equivalents is estimated for the proposed new Ag Expo Center. Full-time positions dedicated to facility operations include:

- General Manager
- Office Secretary
- Finance Manager
- Marketing Manager
- Trades Worker/Maintenance Technicians (one to two)

Based on these assumptions, salaries/wages are estimated to range from $220,000 to $250,000.

Benefits – This line item includes employer paid benefits such as healthcare, retirement, etc. which are estimated to be 25% of the salaries/wages expense or approximately $55,000 to $63,000.

Utilities - Utilities generally represent one of the highest expense items for these types of facilities and can be variable depending upon the level of utilization, the type of facilities and climate. For purposes of this analysis, it is assumed that the operating entity passes through to the user, to the extent possible, utility costs related to a particular event. In many facilities, these costs are handled as an expense that is fully or partially reimbursed by the event at a later date or, for civic uses, a utilities charge is assessed. The utility cost shown in this analysis represents the total non-reimbursable costs. Based on these assumptions, utility costs are estimated to range from $250,000 to $275,000 for a climate-controlled facility. It should be noted that actual utility expenses will depend on facility design and decisions concerning energy systems and management.

Repairs/Maintenance - This line item includes various expenses that will be incurred related to building, equipment and grounds maintenance and will vary based on utilization. Expense allocations for repair and maintenance are also highly dependent upon the owner/management philosophy relative to upkeep of the facility. Repairs/maintenance expenses are estimated to range from $60,000 to $65,000.

Insurance – Due to factors such as utilization and facility size as well as the amount and type of coverage, insurance expenses can vary greatly among facilities. Insurance expense is based on the assumption that the proposed Ag Expo Center would be self-insured, the estimate of utilization and information provided by industry insurance representatives, insurance costs are estimated to range from $55,000 to $58,000.

Financial Analysis (cont'd)

Unreimbursed Contract Services – Unreimbursed contract services represent a variety of professional services which may include legal, accounting, janitorial, trash removal, landscaping, and/or maintenance contracts as well as other services that are not chargeable to event promoters/producers or users and are borne by the facility. For purposes of this analysis, contract services are estimated to be 20% of the salaries/wages expense which range from $44,000 to $50,000.

Marketing/Promotion – Providing a new Ag Expo Center alone will not bring events. An aggressive marketing strategy will need to be undertaken to allow the facility to diversify and enhance its event base, particularly for large equine/agriculture events. While other marketing agencies (e.g., Sioux City Tourism Bureau) are assumed to assist in marketing/promotion efforts; the facility should have its own dedicated resources. This line item is estimated to range from $50,000 to $55,000. The estimated amount is intended to supplement other marketing agencies' sales and marketing efforts for the proposed Ag Expo Center in an approach that seeks to maximize both financial and human marketing resources and minimize the marketing dollars spent by the facility. Marketing expenses associated with the proposed Ag Expo Center pre-opening will be a critical factor in its ability to attract high caliber event activity.

Materials & Supplies – This line item, which includes various general expenses used in the day-to-day management of the proposed Ag Expo Center that may include travel, communications, technology, postage, etc. is estimated to range from $24,000 to $26,000.

Other – This line item consists of miscellaneous operations costs for which the proposed Ag Expo Center may be responsible such as bank fees, memberships, subscriptions, etc. and is estimated to range from $10,000 to $11,000.

Reserve for Replacement Fund – It is recommended that the proposed Ag Expo Center's owner and operator plan for an annual payment specifically designated as a reserve for replacement fund in order to safeguard its investment. This fund is intended to cover any extraordinary annual/future capital repairs or improvements to the proposed Ag Expo Center. For purposes of this analysis, the reserve for replacement fund is estimated to be 5% of operating revenues.

Taxes, Ground Lease, Debt Service and Depreciation - This analysis excludes taxes, a ground lease payment for the use of the property, debt service or depreciation.

Table of Contents

1	Introduction	1
2	General Market Overview	4
3	Industry Trends	15
4	Competitive Environment	23
5	Potential Demand Generators	30
6	Financial Analysis	41
7	Economic and Fiscal Impact Analysis	53
8	Overall Summary	63

Economic and Fiscal Impact Analysis – General Overview

It is our understanding that one of the primary objectives of the proposed Ag Expo Center is to enhance the overall tourism appeal of the area attracting attendees that generate economic and fiscal impacts to the State and local community. As such, this study estimates the economic and fiscal impacts associated with on-going operations of the proposed Ag Expo Center to the local and State economies.

The City, County and State of Iowa would benefit from the proposed Ag Expo Center's operations in a number of ways, including such tangible and intangible benefits as:

- Broadening market reach to new visitors and/or extending the length of stay for existing tourists
- Increasing economic and fiscal impacts for local and State governments by generating more tourism
- Capitalizing on existing tourism efforts
- Receiving increased media exposure through hosting regional and national event activity
- Promoting agriculture and equine related businesses
- Enhancing the overall quality of life to area residents
- Serving as a catalyst for future, long-term development initiatives in the area including private sector investment
- Fostering relationships with area educational institutions and providing venues for the expansion of existing educational programs and/or the development of new programs

Each of these benefits is important in assessing the impacts that the proposed Ag Expo Center may have on the area. Although the value of many of these benefits is difficult to measure, the economic activity generated can be quantified. As such, this analysis estimates the economic impacts for the local and State economies associated with the on-going operations of the proposed Ag Expo Center. Experience at other similar facilities suggests that surrounding areas will experience spin-off economic benefits as people travel to and from events, stay overnight in hotels, visit attractions and recreational establishments and make retail purchases.

Economic and Fiscal Impact Analysis – General Overview (cont'd)

The number of events and attendance, event mix, origin of attendees, financial operations, industry trends, economic conditions, direct spending categories used, per person spending amounts, distribution of spending, multipliers, and specific taxes quantified are all variables that influence the economic and fiscal impact estimates. Spending amounts are presented in current dollars and rounded to the nearest thousand.

General Methodology Overview

Regional input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate. As such, estimating direct spending is the first step in calculating economic impact. Direct spending represents the initial change in spending that occurs as a direct result of the proposed Ag Expo Center's operations. This spending occurs both inside and outside of the facility. Spending related to these categories is adjusted to reflect leakage (spending which occurs outside of the economy) and displacement (spending which would have occurred elsewhere in the economy without the presence of the Ag Expo Center).

In preparation for new spending in the economy, several other economic sectors are impacted and jobs are created. Indirect effects reflect the re-spending of the initial or direct expenditures or the business-to-business transactions required to satisfy the direct effect. Induced effects reflect changes in local spending on goods and services that result from income changes in the directly and indirectly affected industry sectors. The model generates estimates of these impacts through a series of relationships using average wages, prices and transportation data, taking into account commute patterns and the relative interdependence of the economy on outside regions for goods and services.

In order to quantify total output, this analysis uses IMPLAN software and databases which are developed under exclusive rights by the Minnesota IMPLAN Group, Inc. IMPLAN, which stands for *Impact Analysis for Planning,* is a computer software package that consists of procedures for estimating local input-output models and associated databases. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a defined economic area. Its proprietary methodology includes a matrix of production and distribution data among all counties in the U.S.

Economic and Fiscal Impact Analysis – General Overview (cont'd)

As such, the advantages of this model are that it is sensitive to both location and type of spending and has the ability to provide indirect/induced spending, employment and earnings information by specific industry category while taking into account the leakages associated with the purchase of certain goods and services outside the economy under consideration.

Once the direct spending amounts are assigned to a logical category, the IMPLAN model estimates the economic multiplier effects for each type of direct new spending attracted to or retained in the State resulting from operations of the proposed Ag Expo Center. The following industry multipliers are used in this analysis:

	IMPLAN Multipliers		
Category	**Spending**	**Employment***	**Earnings**
Hotels	1.5773	16.9	0.4318
Eating & Drinking Places	1.5856	24.9	0.5188
Retail Trade	1.6476	22.2	0.6807
Entertainment/Recreation	1.6326	26.7	0.5240
Transportation	1.5913	11.2	0.5340
Business Services	1.6146	10.9	0.4753

Note: *indicated the number of jobs per $1 million in spending.
Source: IMPLAN.

These multipliers reflect IMPLAN's latest available economic data reflecting 2012 transactions and the complex interactions among regions.

The calculated multiplier effect is then added to the direct impact to quantify the total economic impact in terms of spending, employment and earnings which are defined as follows:

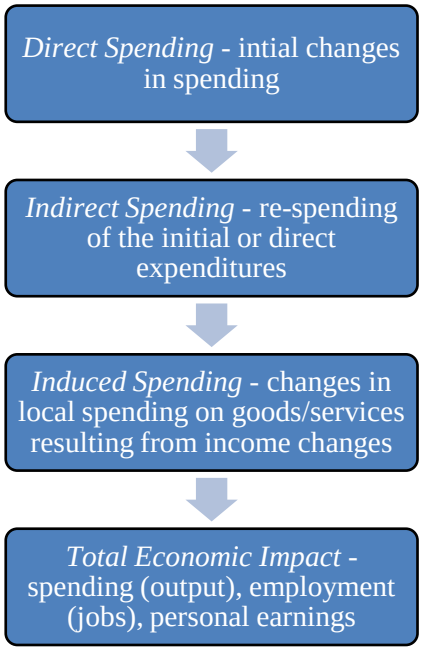
- *Spending (output)* represents the total direct and indirect/induced spending effects generated by operations of the proposed Ag Expo Center. This calculation measures the total dollar change in spending (output) that occurs in the economy for each dollar of output delivered to final demand.

- *Employment (jobs)* represents the number of full and part-time jobs supported by operations of the proposed Ag Expo Center.

- *Personal Earnings* represent the wages and salaries earned by employees of businesses associated with or impacted by operations of the proposed Ag Expo Center.

Economic and Fiscal Impact Analysis – General Overview (cont'd)

The following graphically illustrates the multiplier effect for calculating total economic impact.



The estimated spending generated from operations of the proposed Ag Expo Center also creates new tax revenues for the local jurisdictions and the State. Experience in other markets suggests that while a significant portion of the direct spending would occur near the facility, spending also occurs in other areas within the State, particularly such spending as business services and the everyday expenditures of residents. Although other taxes may also be positively impacted by the facility, this analysis estimates the revenues generated from State sales and use tax, personal income tax, and corporate net income tax as well as the local option sales tax and hotel/motel tax. This analysis assumes that all tax rates remain at their current levels.

Although not quantified in this analysis, project costs associated with construction of the proposed Ag Expo Center would provide additional economic impacts to the City, County and State during construction.

Economic Impact Analysis and Related Assumptions

Economic Impact Analysis and Related Assumptions

The following table summarizes the estimated annual State economic impacts associated with on-going operations of the proposed Ag Expo Center.

Proposed Ag Expo Center in Sioux City, Iowa Estimated Annual Economic Benefits From On-Going Operations			
	State of Iowa		
Category	**Range**		
Spending			
Direct Spending	$2,824,000	-	$3,659,000
Indirect/Induced Spending	$1,708,000	-	$2,211,000
Total Spending	$4,532,000	-	$5,870,000
Total Jobs	60	-	70
Total Earnings	$1,492,000	-	$1,932,000

The following section provides a description of the major assumptions used in this analysis.

Direct Spending

As mentioned previously, the first step in calculating economic impact is estimating the direct spending generated in the area. Direct spending relates to revenues generated from on-going operations of the proposed Ag Expo Center as well as attendee spending outside the proposed facility. Adjustments were made in order to account for leakage and displacement.

Economic Impact Analysis and Related Assumptions (cont'd)

Operating Revenues for the Proposed Ag Expo Center – Based on estimated financial operations for the proposed Ag Expo Center shown previously, direct spending from operating revenues is estimated to range from $560,000 to $715,000 in the State.

Attendee Spending Outside the Proposed Ag Expo Center - This category reflects the spending patterns of attendees (e.g., participants, spectators, exhibitors, etc.) outside of the facility before and after events. Based on the estimated mix of event activity, attendees are categorized as either high impact, defined as those generating hotel room nights, or low impact and are assigned different spending amounts. These spending amounts are allocated among various categories including hotel, food/beverage, entertainment, transportation and retail. For purposes of this analysis, a spending amount of $110 per day for high impact attendees and $25 per day for low impact attendees is utilized. The estimated spending amounts and the allocation among specific categories are based on various primary and secondary sources including, but not limited to, input obtained in the survey effort conducted as part of the 2013 Iowa Welcome Center visitor study. In addition, it is assumed that 80% of attendee spending outside the proposed Ag Expo Center occurs in the State given Sioux City's geographic location on the State border. Based on these and other assumptions, direct event attendee spending outside of the proposed Ag Expo Center is estimated to range from approximately $2.3 million to $2.9 million in the State.

Summary of Direct Spending

Based on the assumptions, the direct spending related to on-going operations and attendee spending outside of the proposed Ag Expo Center is estimated to range from approximately $2.8 million to $3.7 million annually at the State level.

Proposed Ag Expo Center in Sioux City, Iowa
Estimated Annual Direct Spending from On-Going Operations

Category	State of Iowa
Facility Revenues	$560,000 - $715,000
Attendee Spending Outside Arena	$2,264,000 - $2,944,000
Total Direct Spending	**$2,824,000 - $3,659,000**

These spending amounts are considered direct output and, therefore, serve as the basis for the multiplier analysis. Direct spending amounts were assigned logical industry categories and relevant multipliers were applied to these amounts in order to calculate estimates for total spending, total jobs and total earnings.

Economic Impact Analysis and Related Assumptions (cont'd)

Indirect and Induced Impacts

According to the IMPLAN model, direct spending spurred by the proposed Ag Expo Center is estimated to generate between $1.7 million and $2.2 million annually in indirect/induced spending in the State.

Total Spending

Outputs from the IMPLAN model indicate that total spending (i.e., direct, indirect and induced) related to the proposed Ag Expo Center is estimated to range from $4.5 million to $5.9 million in the State. Dividing the total impacts by the direct impacts yields an economic multiplier of approximately 1.6. Thus, every dollar of direct spending generated $1.60 in total economic activity.

Total Jobs

Based on the IMPLAN model, which calculates the number of jobs per $1.0 million in direct spending, the economic activity associated with the on-going operations of the proposed Ag Expo Center is estimated to support between 60 and 70 total jobs in the State. These jobs would be created in many sectors of the economy, which would both directly and indirectly support the increased level of business activity in the area on an annual basis.

Total Earnings

Outputs from the IMPLAN model indicate that the proposed Ag Expo Center is estimated to range from $1.5 million to $1.9 million in the State.

Fiscal Impact Analysis and Related Assumptions

As shown in the table below, the annual tax revenues related to on-going operations of the proposed Ag Expo Center are estimated to range from $259,000 to $334,000, of which approximately $212,000 to $273,000 or 82% is estimated to occur at the State level.

Proposed Ag Expo Center in Sioux City, Iowa Estimated Annual Fiscal Impacts From On-Going Operations			
Municipality/Tax	**Range**		
Local Economies			
Local Option Sales & Use Tax	$19,000	-	$25,000
Hotel Occupancy Tax	28,000	-	36,000
Total	$47,000	-	$61,000
State of Iowa			
Sales & Use Tax	$142,000	-	$183,000
Personal Income Tax	58,000	-	75,000
Corporate Income Tax	12,000	-	15,000
Total	$212,000	-	$273,000
GRAND TOTAL	**$259,000**	-	**$334,000**

The major assumptions utilized in this analysis are described on the pages that follow.

Fiscal Impact Analysis and Related Assumptions (cont'd)

Local Taxes

Local Option Sales Tax – A local option sales tax (LOST) is a special-purpose tax implemented and levied by the county and, under certain circumstances, at the State level as a means of raising funds for specific projects. The LOST rate for Woodbury County is 1%. Proceeds from the LOST tax are distributed on the basis of population (75%) and property tax levies (25%). For purposes of this analysis, the 1% tax rate is applied to the estimated taxable direct and indirect/induced spending generated by the proposed Ag Expo Center.

Hotel/Motel Tax – Woodbury County imposes a 7% tax on room rentals at hotels and motels located within the jurisdiction. Proceeds from the hotel occupancy tax are distributed to the appropriate jurisdictions on a quarterly basis based on the actual amount collected. For purposes of this analysis, this hotel/motel tax rate was applied to direct hotel spending estimated to be generated by the proposed Ag Expo Center.

State of Iowa Taxes

Consumer Sales and Use Tax **–** The State of Iowa collects a sales and use tax from sales and leases of tangible personal property and services throughout the State. Sales and use tax is uniform throughout the State at 6% for most items. However, hotels are taxed at a rate of 5%. For purposes of this analysis, the appropriate tax rate was applied to the estimated taxable direct and indirect/induced spending generated by the proposed Ag Expo Center.

Personal Income Tax **–** The State of Iowa imposes a tax on personal income for both residents and non-residents earning income in the State. Based on data provided by the Iowa State Tax Department, an effective tax rate of 3.9% was calculated based on the total tax collections and the total adjusted personal income for the State. This effective tax rate was multiplied by the total earnings estimated to be generated by the proposed Ag Expo Center.

Corporate Income Tax – The State of Iowa imposes a corporate income tax on the Iowa net income of corporations doing business within the State or receiving income from property in the State. The tax is imposed at a graduated rate ranging from 6% to 12% of a corporation's net income. Based on data from the Iowa State Tax Department and the U.S. Bureau of Economic Analysis, the total tax liability for the State was approximately 0.3% of Iowa's Gross State Product (GSP), a measure of total output in the economy. For purposes of this analysis, this effective tax rate was multiplied by the total spending estimated to be generated by the proposed Ag Expo Center.

Table of Contents

1	Introduction	1
2	General Market Overview	4
3	Industry Trends	15
4	Competitive Environment	23
5	Potential Demand Generators	30
6	Financial Analysis	41
7	Economic and Fiscal Impact Analysis	53
8	Overall Summary	63

Overall Summary

On-going efforts to enhance tourism in Sioux City have led the City to assess the overall viability of developing a proposed Ag Expo Center from a market and financial perspective within the context of the existing competitive environment and taking into account relevant economic and industry trends.

Specific research tasks completed as part of this analysis include, but were not limited to, the following:

- Conducting a kickoff meeting with the client team
- Interviewing area stakeholders
- Analyzing select market attributes
- Profiling area competitive facilities
- Analyzing industry trends
- Surveying potential users
- Analyzing data from select competitive/comparable facilities
- Summarizing the competitive market assessment
- Developing an estimate of potential usage and operating revenues and operating expenses
- Developing an estimate of the potential economic and fiscal impacts that the project could generate annually in terms of spending, employment, earnings and tax revenues
- Summarizing findings

Crossroads
CONSULTING SERVICES

Overall Summary (cont'd)

Market research suggests there is demand for the proposed Ag Expo Center. Given the existing supply of convention/meeting space and sports/entertainment venues in the market, the proposed facility will likely primarily cater to equine/agricultural related market segments. The region's strong agricultural economy provides a base for which competitions, meetings/seminars, tradeshows/expos, training events, etc. as well as advertising/sponsorship opportunities can potentially be derived. The proposed Ag Expo Center represents a unique opportunity to capitalize on recent trends in the equine, agricultural and agritourism markets. Multiple demand generators expressed an interest in utilizing the proposed Ag Expo Center many of which will attract out-of-town attendees who generate economic activity to the local area and the State. Market characteristics such as population, highway accessibility, availability and affordability of hotels and area attractions will contribute to the proposed Ag Expo Center's marketability. Challenges associated with the project include the supply of facilities in the competitive environment. The current plans for all program elements at the Ag Expo Center to be indoor and fully enclosed along with the flexibility of the space would be advantageous relative to similar existing facilities in the region.

As stated previously, no architectural related services such as detailed building programming, site planning, conceptual site drawings or preliminary construction/project costs estimates are addressed as part of this initial assessment. However, factors such as size, configuration, amenities and flexibility of the space; accessibility to/from and within the site to safely and effectively accommodate auto, pedestrian, and/or animal traffic; affordability to rent/utilize the site; ability to minimize operating expenses; availability of parking for cars, trailers, and trucks; strategic marketing efforts; and overall aggressiveness/effectiveness of management will impact the facility's overall marketability and success in attracting, servicing and maintaining its event activity.

It appears that the current site under consideration for the proposed Ag Expo Center has several challenges in terms of accommodating the proposed/recommended program. As such, it is recommended that an architectural and site design be completed based on the recommendations in this report.

The site is located along the interstate and offers good visibility. The adjacent interstate is currently undergoing major reconstruction that will improve overall access, however it is recommend that the City consider potential street improvements to ensure good access for large trailers and RVs to navigate from the interstate to the actual site itself. In addition, the site design for the relatively long, narrow site needs to allow for internal accessibility for trailers, RVs and/or large equipment deliveries as well as meet on-site spectator and participant parking needs. As a point of reference, parking for cars and RVs was the second ranked required program element by survey respondents. The site location along an active railroad may create significant noise issues which will be challenging for equine events and will need to be addressed with some sort of buffer. Also, the site may not offer a significant amount of adjacent land for potential future expansion. From a planning perspective, the ideal site should also consider the ability to expand over time to meet long-term future needs.

Overall Summary (cont'd)

The following table summarizes key elements of the analysis.

Summary of Key Financial Elements - Proposed Ag Expo Center in Sioux City, Iowa			
Category	**Range - Stabilized Year of Operations**		
Usage/Event Activity			
Number of Events	52	-	65
Total Usage Days	99	-	131
Total Attendees	52,600	-	68,600
Financial Operations			
Operating Revenues	$560,000	-	$715,000
Operating Expenses	$768,000	-	$853,000
Reserve for Replacement Fund	$28,000	-	$36,000
Operating Subsidy	($236,000)	-	($174,000)
Economic Impacts at the State Level			
Direct Spending	$2,824,000	-	$3,659,000
Indirect/Induced Spending	$1,708,000	-	$2,211,000
Total Spending	$4,532,000	-	$5,870,000
Total Jobs	60	-	70
Total Earnings	$1,492,000	-	$1,932,000
Fiscal Impacts			
City/County	$47,000	-	$61,000
State of Iowa	$212,000	-	$273,000
Total	$259,000	-	$334,000

Note: Taxes, ground lease payment, debt service and depreciation are excluded from the financial analysis.

The estimates presented in this analysis do not include the potential additional benefits that may be generated as the result of a successful application to the Iowa Re-Investment Act program and synergy with other projects such as a hotel planned for that application.

Overall Summary (cont'd)

A variety of facility revenue streams or governmental fiscal sources have been utilized to finance the construction of similar facilities. Based on the estimated event mix, utilization and financial operations for the proposed Ag Expo Center in Sioux City, a financing plan predicated on the use of facility-generated revenue sources would be tenuous.

One reason that such facilities are developed is because of the economic activity that they can generate in terms of spending, employment, earnings and tax revenues to local and state governments by attracting patrons from outside the immediate market area. This type of project is one of the few that allows local government to positively impact the economy through its investment. Developing the proposed Ag Expo Center will provide a unique asset to the region that draws out-of-town visitors as well as generates economic activity to the local and State economies. In addition, the proposed Ag Expo Center represents an opportunity to attract various funding partners from both the public and private sectors that can serve as an economic catalyst for the area.

SECTION C

ECONOMIC IMPACT

1. **PLEASE PROVIDE A DETAILED ANALYSIS OF THE EXPECTED ECONOMIC IMPACT OF THE PROPOSED REINVESTMENT DISTRICT. ASSESS THE FISCAL AND FINANCIAL IMPACT OF THE PROPOSED DISTRICT ON BUSINESS OR ON OTHER ECONOMIC DEVELOPMENT PROJECTS WITHIN THE PROJECTED MARKET AREA. YOUR EXPLANATION SHOULD INCLUDE THE DEVELOPMENT ACTIVITY WITHIN THE REINVESTMENT DISTRICT, AS WELL AS, THE ASSOCIATED AND RELATED ACTIVITY ADJACENT TO THE DISTRICT. CLEARLY DESIGNATE WHAT ACTIVITY WILL BE WITHIN THE DISTRICT VERSUS LEVERAGED ACTIVITY OUTSIDE THE DISTRICT.**

   THE EXPECTED ECONOMIC IMPACT MAKES UP A LARGE PORTION OF THE SCORING CRITERIA. THOROUGHLY DEMONSTRATE THE ECONOMIC IMPACT ON THE MUNICIPALITY, REGION AND STATE BY INCLUDING ALL ASSUMPTIONS AND INPUTS CONSIDERED IN YOUR ANALYSIS. TO THE DEGREE POSSIBLE, THE ECONOMIC IMPACT DATA SHOULD REPRESENT THE "NET IMPACT" TO THE MARKET AREA AND STATE. BE AS THOROUGH AS POSSIBLE IN YOUR EXPLANATION AND PROVIDE ASSUMPTIONS AND SUPPORTING DATA ANALYSIS. ATTACH ADDITIONAL INFORMATION TO SUPPORT YOUR CLAIMS.

   The proposed Sioux City Reinvestment District is a keystone to the community's aggressive economic and community development strategies. This proposed reinvestment district contains a diverse collection of underutilized warehouse and manufacturing buildings and land, former Brownfield and Grayfield sites, retail and food establishments, a hotel, a theater, a convention center, and an industrial firm; all located in a major section near downtown Sioux City. The area, as is often the case in many older industrial and commercial areas, has lost jobs and tax value in comparison to the region. The firms that once provided employment in these industrial, manufacturing and warehouse buildings closed up shop and now are either defunct businesses or have moved their operations to other facilities. However, these historic buildings often provide unique opportunities to attract new and exciting uses that are impossible to replicate in newer areas.

   Economically, the Sioux City Reinvestment District will increase property values, stimulate local market and tourism traffic, and create and sustain jobs resulting from the ignition of new development starting with the three anchor projects. The anchor projects are strategically located to mitigate the long-standing, negative economic impacts within each development node by stimulating investments at a time when each node needs private sector investment and increased employment.

   The Sioux City Reinvestment District projects will generate strong economic activity and support job sustainability by providing 200 jobs during the peak of construction activity of the Convention Center Hotel. Construction jobs related to the building of the Ag Expo & Learning Center are projected to employ 60 to 70 workers. The V Loft District is expected to employ a similar number of workers. In total, the strategic public/private investment of $67 million into the three anchor projects will create over 300 temporary jobs in the construction industry.

   This short-term stimulus will be far exceeded by the economic activity generated following completion of construction. Additional long-term employment opportunities will be realized by sustaining the jobs associated with the direct operation and support of the hotels, retail and commercial establishments, or those opportunities associated with tourist destinations such as the Ag Expo & Learning Center and the Sioux City Convention Center. An IMPLAN model forecasts the Ag Expo & Learning Center will create 60 to 70 permanent jobs (full-time and part-time) to operate the facility, setup and tear down exhibitions, and perform

routine maintenance and upkeep. With the proposed Sioux City Convention Center Hotel operating as a full-service operation, industry association statistics project the hotel will need a minimum workforce of 75 workers to staff hotel operations.

Calculations and assumptions for the following discussion on economic impact may be found in the feasibility study conducted for the Sioux City Convention Center Hotel by Hunden Strategic Partners and the market and financial analysis conducted for the Ag Expo & Learning Center by Crossroads Consulting Services. To avoid redundancy of information, all economic impact assumptions, market analyses, and input/output projections are documented, tabled, and graphed in each report. In our following discussion, we reference the pages where you may find the detailed information and assumption methodology.

The **Hunden Strategic Partners** study projects that the Convention Center Hotel development program will generate a total of $5.2 million in gross revenue during its first year of operation; gradually increasing to $6.8 million by the fifth operating year. Based on these operating revenues, the hotel is expected to generate over $2.3 million in new sales tax revenues over the first ten years, based on the statewide sales tax rate of 5 percent (Chapter 7, page 7). According to Hunden's performance assumptions, the daily average room occupancy rate for the proposed 150-room hotel will average 54 percent during the opening year (2018) and gradually increase to 66 percent by 2022 (Chapter 7, page 6).

The **Crossroads Consulting Services** study estimates the proposed Ag Expo & Learning Center will generate at least $2.8 million annually in event attendee spending in the local market outside of the center (page 59). These assumptions are based upon calculations using the IMPLAN input/output model generally accepted in the economic development realm. This IMPLAN model used in calculating the feasibility of the Ag Expo & Learning Center is expected to generate annual state sales tax revenues ranging from $259,000 to $273,000 (page 61). Crossroads estimates the Ag Expo & Learning Center will annually generate gross revenues ranging from $560,000 to $715,000 in ticketed events (page 59).

A major **IEDC Downtown Study** was completed in 2012 by the International Economic Development Council (the IEDC is the world's largest non-profit professional economic development membership organization). Their Advisory Services program affords communities the opportunity to utilize the expertise of economic development practitioners from around the country, and included with a separate real estate analysis by RCLCO. The study involved several hundred stakeholders and a comprehensive review of real estate data for downtown Sioux City.

The IEDC panel found a number of strengths in the local economy and downtown including the successful development of attractions and amenities, and identified challenges including in the real estate market. Specifically the study recommended building upon the recent successful of conversions of under-performing buildings into class A office suites and residential spaces, such as the United Center and 4th & Jackson buildings. The study supported the conclusion that this success can be replicated in many other downtown historic and significant buildings.

The study identified considerable unmet demand for commercial and residential uses:

- Estimated an annual demand for 40-100 residential units annually downtown (and 115-220/units if downtown is more positively positioned)
- Estimated a demand for 150,000 SF of retail space – in areas where there is an under-supply, and recommend targeting regional and local businesses.

- While the study found the demand for office space in the market is more difficult to forecast it determined the market has responded favorably to upgrades to class A office space and recommended upgrading of inventory and adaptive re-use of other space to residential.
- At the same time found that other factors, including the recent attraction of additional employers, relocation of the casino, and growth of local businesses will have a positive impact on the downtown real estate market.
- Recommended continuation of efforts to build on the success and to achieve critical mass in key areas such as Historic 4th, the central core area, and Historic Pearl District and further enhancements of local arts-related development.
- Overall concluded there are multiple opportunities to continue the transformation of downtown into a premier walkable and livable place that can attract young people and continued growth.

Sioux City is already seeing economic development that may be attributed directly to the impact of work beginning on the Cold Storage Building by Ho-Chunk, Inc. This five-story brick structure is currently under renovation for its conversion into a mix of office, retail, and upscale loft apartment housing. During February 2015 an adjacent steel addition that was used for cold storage and loading docks by Premium Pet Food were demolished to begin the site improvements. This area will be redeveloped and streetscaped for a parking lot for future residents and commercial tenants. Ho-Chunk has hired an architect to lay out a floor plan for the multi-story structure. With the addition of 66 market-rate residential units, the V Loft District will more than double the current number of market-rate units in downtown Sioux City.

Iowa Department of Transportation road crews have completed the redesign and expansion of the intersection at Gordon Drive and Virginia Street, to prepare this area for the shifting traffic pattern that will come from a $400 million project to widen I-29 from two lanes to three lanes in each direction from Sergeant Bluff to the South Dakota border. This project is scheduled for completion in 2019. The Department of Transportation will replace the existing northbound Dace and Floyd Boulevard ramps at Exits 147A & 147B with a single ramp serving both Floyd Boulevard and Virginia Street. This shift in traffic pattern will increase Virginia Street's carrying capacity to a projected 10,000 vehicles per day -- two-thirds more traffic than the current counts. This new direct access to Virginia Street will flow more out-of-town traffic directly into the proposed reinvestment district, Historic Fourth District and the city-owned convention center. Construction costs for this phase were an estimated $77 million.

Sioux City is the economic engine and largest job center in the northwest region of Iowa. This reinvestment district project is needed to energize the economic development potential of properties adjacent to the three projects that anchor the three development nodes. The current state of disrepair precludes any potential for economic growth in the district. As the attached feasibility studies show, not implementing the proposed development projects and other site improvements would threaten the future economic competitiveness of Sioux City and the state of Iowa.

C1 – ANY VISUAL AIDS THAT CORRESPOND WITH YOUR ANALYSIS IN THIS SECTION.

Please see attached corresponding visuals.

United Center class A office space

4th & Jackson building with class A office space and residential lofts

C2 – AN ECONOMIC IMPACT STUDY FOR THE PROPOSED DISTRICT, CONDUCTED BY AN INDEPENDENT ECONOMIST. THE ECONOMIC IMPACT STUDY SHOULD INCLUDE, AT A MINIMUM:

- **A DETAILED ANALYSIS OF THE FINANCIAL BENEFIT OF THE PROPOSED DISTRICT TO THE ECONOMY OF THE STATE AND MUNICIPALITY.**
- **IDENTIFY ONE OR MORE PROJECTED MARKET AREAS IN WHICH THE DISTRICT CAN REASONABLY BE EXPECTED TO HAVE A SUBSTANTIAL ECONOMIC IMPACT.**
- **ASSESS THE FISCAL AND FINANCIAL IMPACT OF THE PROPOSED DISTRICT ON BUSINESS OR ON OTHER ECONOMIC DEVELOPMENT PROJECTS WITHIN THE PROJECTED MARKET AREA.**

Following provisional approval by the Iowa Economic Development Authority, an economic impact study of the district will be completed and submitted as part of the final application.

SECTION D

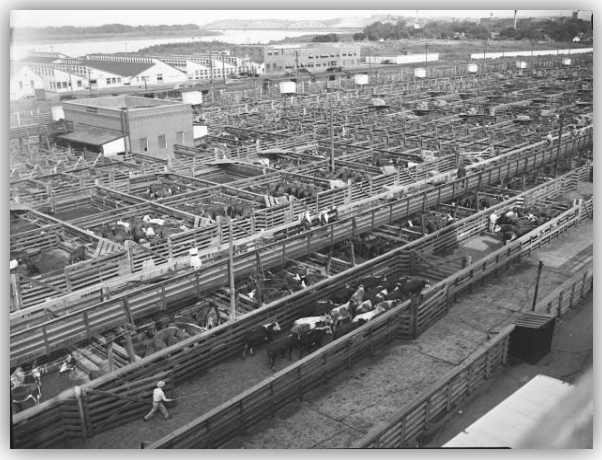
UNIQUE IN NATURE

1. **JUSTIFY AND DEMONSTRATE THAT THE DISTRICT MEETS THE DEFINITION OF "UNIQUE NATURE", SHOWN BELOW. PROVIDE A COMPREHENSIVE DISCUSSION OF HOW THE PROJECTS, WITHIN THE PROPOSED REINVESTMENT DISTRICT, MEET THIS REQUIREMENT. BE AS THOROUGH AS POSSIBLE IN YOUR EXPLANATION AND PROVIDE ASSUMPTIONS AND SUPPORTING DATA ANALYSIS. ATTACH ADDITIONAL INFORMATION TO SUPPORT YOUR CLAIMS.**

"Unique nature" means a quality or qualities of the projects to be developed in a district which, when considered in the entirety, will substantially distinguish the district's projects from other existing or proposed developments in the state. For purposes of this chapter, whether a project is of a unique nature is a subjective and contextual determination that will be made by the board. In determining whether a project is of a unique nature, the board will not necessarily require a project to be entirely without precedent or to be the only one of its kind in the state, but rather the board will evaluate whether the projects to be undertaken in a district will either (1) permanently transform the aesthetics or infrastructure of a local community for the better, including by preserving important historical structures or neighborhoods; or (2) contribute substantially more to the state's economy or quality of life than other similar projects in the state.

Like so many cities that boomed in the early 20th Century, Sioux City made development choices in the past focused on industrial growth and having those industries located in close proximity to the downtown commercial core and railroad connections. That seemed logical at the time, but in retrospect, those choices are now challenging communities with what to do after those industries cycle through success, stagnation and infrastructure obsolescence; finally leading to the abandonment of facilities and scarred lands.

Stockyards, meatpacking, warehousing and distribution – once all healthy industries that defined the character and setting of the proposed Sioux City Reinvestment District – has left our community with a legacy of economic disinvestments and landscapes with limited redevelopment opportunities due to blight and decaying buildings, vacant parcels of land, and perceptions of limited economic opportunities. Despite the district's current anemic look, it has a mix of stately old warehouse and manufacturing buildings and vacant lands that are shovel ready for redevelopment ideas and activities.



Sioux City Stockyards, circa 1946

Redevelopment activities proposed for the Sioux City Reinvestment District form a multi-staged, multi-faceted "community building and placemaking" transformational agenda unparalleled elsewhere within the state of Iowa. The redevelopment to take place in this district will emphasize an array of commercial, residential, cultural, and recreational reuses by positioning the spotlight on three high-profile *destination anchor projects* to anchor development nodes and initiate the transformation:

- Sioux Convention Center Hotel (150-room full service, name brand hotel)
- Ho-Chunk, Inc.'s V Loft District
- Ag Expo & Learning Center with 60-room select-service hotel

One of the unique features of this proposed reinvestment district is its longitudinal and lateral shape drawing upon a place-based, corridor development approach. The district is comprised of three destination anchors along a route designed to link these projects like "pearls on a necklace." These anchors are comprised both of existing high-use places, currently in various states of repair and makeover, to the construction of two new hotels and mix-use agricultural exposition center. This "string of pearls" economic development approach will create places to go to within the reinvestment district, rather than the current state of promoting traffic passing through.

In addition, our community's use of a place-based, corridor approach will in turn drive the economic revitalization of properties located next to and in-between the destination anchors. A core purpose of this type of development strategy is to encourage *in-filling* by generating adaptive reuses of existing building stock and creating new uses for vacant and underutilized properties. The photos published as an attachment to this narrative section illustrate the need for sparking the in-fill development projects.

Visioning and planning for the redevelopment of this district area has taken place since the mid-1980s; but the momentum shifted into high gear when the former John Morrell meat packing plant permanently closed in April 2010. After the John Morrell plant closed, the City Council enacted a special urban renewal area calling for economic reinvestments and redevelopment activities.

Permanently transform the aesthetics or infrastructure of a local community for the better, including by preserving important historical structures or neighborhoods

Ho-Chunk Inc.'s. V Loft District calls for the reuse of three historic industrial buildings originally built in the railroad warehouse district area lying between the Missouri River on the south and downtown Sioux City on the north. These three buildings will permanently commemorate the history of light industrial manufacturing and food processing in the community. These three buildings are part of a set of less than twelve buildings left in all of downtown Sioux City that can speak to the community's industrial dominance during the 1920s and 1930s. The proposed new activities planned for these buildings represent a unique opportunity to showcase adaptive reuse of buildings to business travelers, tourists, and local residents as they traverse the Virginia Street corridor.

Contribute substantially more to the state's economy or quality of life than other similar projects in the state

The functional use of the three anchor projects, and linking them through a corridor approach, is unparalleled elsewhere in the state when it comes to driving redevelopment and revitalization of three distinct, intertwined distressed areas. The redevelopment of the Sioux City Reinvestment District will improve the quality of life in the community and across the state of Iowa through its innovative approach of using development nodes and adapting generally accepted urban planning and placemaking principles to bind them together into one cohesive district.

The Sioux City Reinvestment District project embodies the six core livability and placemaking principles formulated through the Partnership for Sustainable Communities, a federal interagency association between the Department of Transportation, Department of Housing and Urban Development, and the Environmental Protection Agency. As the

following discussion will show, these six livability principles guide the scope of work Sioux City will take to transform this reinvestment district.

1. Provide more transportation choices

The development projects to take place through this reinvestment district initiative will make use of existing transportation infrastructure; which may be found either within the proposed reinvestment district or nearby in close proximity to the projects. Those transportation assets include Interstate 29, two city-owned parking ramps, several private off-street parking lots, on-street parking, streets, sidewalks, skywalk, and utilities. While all of these transportation amenities are found within the proposed Reinvestment District, walkability is impeded by high traffic volumes particularly at the intersections of Virginia Street and Dace Avenue and Virginia Street and Gordon Drive; frequent driveways into parking lots and commercial businesses; and a lack of suitable connectivity between the sidewalk system and the citywide trail system. The South Lafayette Street-Dace Avenue-Virginia Street segments are primarily designed for 100% motor vehicle (auto and truck) traffic. The nature of business along these segments is solely for the purpose of accommodating customers in autos and other vehicles. This condition is further hampered by the street image of these segments as one of being unattractive and decaying.

The proposed convention center hotel will rely on the utilization of parking in nearby parking lots and ramps. Potential exists to incorporate underground parking in the design of the hotel structure. The Ag Expo & Learning Center Hotel will have a parking lot incorporated in its site layout as will the Ag Expo & Learning Center. The V Loft District will construct a new tenant parking garage off the northwest corner of the Cold Storage Building with a setback from Virginia Street. In addition, they will utilize the vacated 1st Street segment lying between the Hopper Building and Cold Storage Building as a parking lot to serve tenants and visitors to the retail/commercial enterprises to be housed in both buildings. Similarly, Ho-Chunk will transform the 1st Street segment running adjacent to the Creamery Building to off street parking for tenants and customers of the commercial enterprises to be house in that building's lower levels. Finally, Ho-Chunk Inc.'s development plans call for upgrading the degraded parking lot located directly west and adjacent to the Creamery Building. The plans show a hard surfaced parking lot that is streetscaped with aesthetics to remove the snaggletooth look that currently characterized the parking lot. Streetscaping of parking lots is a priority of the reinvestment district's long term aesthetic improvement plan because parking will be of substantial importance to meeting the needs of residents, customers, and tourists. The streetscaping will help to give each development node its uniqueness while ensuring there is uniformity and connectivity throughout the district. This practice is modeled after the City of Sioux City's design standards for its parking ramp system. Each of the three downtown

ramps have been designed with unique architectural features that help blend them into the aesthetic appeal of the city while maintaining their functionality as parking garages.

Routing through an economically distressed area, the Sioux City Reinvestment District serves as a catalyst for new streetscape and pedestrian-oriented development activities to support walkability in a former industrial area that currently lacks access to trails, sidewalks and other walkable features. The need for these infrastructure improvements is underscored by a Street Smart Walk score of 38 (out of 100) for the Ag Expo & Learning Center segment and a walk score of 82 (out of 100) at the location of the Riviera 4 Digital Theater. These ratings by Walkscore.com measure several factors to determine pedestrian friendliness by analyzing population density and road metrics such as block length and intersection density. The table below details the walkability index for each proposed anchor project site. The data illustrates as the reinvestment district traverses southward from downtown Sioux City, the walkability of the area decreases from "very walkable" (Most errands can be accomplished on foot) to "Car Dependent (Most errands require a car).

Attraction	Address	Time (in Minutes) Required to Reach Downtown				
		Score	Walking	Bicycle	Car	Transit
Full-Service Convention Center Hotel	803 4th Street	82	7	2	1	6
V-Loft District	101 Virginia Street	61	15	4	2	N/A
Ag Expo & Learning Center	1003 S. Lafayette Street	38	38	12	5	N/A

Future reinvestment plans call for the improvement of walkability in the southern segment of the district. This will be accomplished through streetscaping activities such as the upgrading and new construction of sidewalks; improved crosswalk traffic signals timed to allow for continuous walking from both ends of the reinvestment district; and improved wayfinding signage along the sidewalk system. Future visioning includes incorporating the reinvestment district's sidewalk system into the citywide trail system with future linkages to the riverfront trail along both the Missouri River and the Floyd River.

2. Promote equitable, affordable housing

The future for this redevelopment district depends on drawing the right demographic mix of young professionals, "creatives", empty-nesters, and retirees to live, work, shop, and participate in civic/cultural life within the proposed Sioux City Reinvestment District. The V Loft District project reuses three historic buildings for market rate apartments and loft units to provide urban life style options for the targeted populations. The new apartments will be located about two blocks south of the business district,

well within walking distance. Construction crews are cleaning and preparing the three buildings for renovation work. Ho-Chuck Inc.'s development plans call for a cumulative total of 42 apartments in its three buildings: The Creamery Building will house a total of 18 apartments spread across the upper two floors of the three-story building; The Cold Storage Building will house 10 apartments on the 3rd floor of the three-story building; and The Hopper Building will provide a total of 14 apartments spread across the 4th and 5th floors of the five-story building. The V Loft District joins several other downtown residential living projects, including the Williges Building, United Center, and the 4th & Jackson Building.

3. Enhance economic competitiveness

With the increased demand for downtown urban living, hotel accommodations, nightlife amenities, and other cultural and recreational activities; the addition of 210 hotel rooms and 42 residential apartments and lofts will generate economic activity within the reinvestment district and drive sales tax revenues. Future development plans call for the construction of a Kum & Go convenience store on the northeast corner at the intersection of Gordon Drive and Virginia Street. The convenience store will provide the residents and hotel guests with access to a 24-hour/365 day limited assortment of groceries and a selection of prepared foods such fresh made pizzas, breakfast sandwiches, and other snacks. The land has been cleared and awaits excavation work for the new store construction. In addition to the proposed new Kum & Go store, there are two national franchise restaurant outlets (Hardees and Arby's) within a one to two block walking distance of the V Loft District. Both of these restaurants will directly benefit from increased sales from the influx of urban residents, as well as the inflow of travelers from the Bomgaars Ag Expo & Learning Center and Interstate 29 who will be using the new Virginia Street entry way into downtown Sioux City.

Complementing these economic opportunities to grow business is also the opportunities associated with developing new employment centers. Both the high-end, full-service convention center hotel and the smaller, select-service Ag Expo & Learning Center Hotel are anticipated to create employment opportunities for nearly 200 to 250 full- and part-time workers. The equestrian competitions and agricultural trade shows are expected to create another 50 full- and part-time jobs to staff the operations at the Bomgaar's Ag Expo & Learning Center. Finally, the commercial spaces within the V Loft District will present great opportunities for small business expansion and entrepreneurial start-ups.

4. Support existing communities

The mixed-use of development nodes and land recycling — to increase community revitalization — and tying them into a cohesive, unified reinvestment district supports existing communities by drawing upon the characteristics of their individual past functional uses. A key factor in this project's redevelopment strategy is to utilize existing building stock to house new businesses. The V Loft Project provides physical spaces to house new commercial and retail operations in co-existence with the proposed residential living activities in the upper levels of the historic buildings. There also exist some vacant spaces in current properties that may be encouraged to be filled as new business opportunities emerge the operations of the new anchor projects.

The new high-end convention center hotel will bring a significant number of new visitors to utilize the Sioux City Convention Center. A recent market study conducted by Hunden Strategic Partners found that while there are a number of quality hotels in downtown Sioux City, they are aging and do not offer the size, room blocks, and proximity to the convention center that meeting/convention planners require. In addition to a high-quality hotel, the convention center itself suffers from not having a ballroom within its physical design. The new convention center hotel will include a ballroom, designed either within the envelope of the hotel building or adjacent to the hotel and the convention center. Because of these existing gaps in services, the Sioux City Convention Center has seen a steady decline in bookable events over the past ten years.

5. Coordinate policies and leverage investment

The proposed Sioux City Reinvestment District received a jumpstart through an investment of federal funds. Using proceeds from a $2 million federal grant awarded by the Economic Development Administration, the City of Sioux City razed the 1950-built John Morrell packing plant and ancillary facilities to prepare the land for future redevelopment. As a long, narrow strip of land the property faced many challenges as a brownfield property. The EPA funds assisted with the site cleanup and allowed the City to put the property in a “state of shovel-readiness.”

The Sioux City Reinvestment District is benefiting from the $400 million upgrade project to Interstate 29, which is reconstructing the roadway and bridges, as well as widening the interstate through the downtown corridor. With the reconstruction of the interstate, Exit 147A & 147B into downtown are being reconfigured to flow into Dace Avenue and Virginia Street. Thus the Dace Avenue and Virginia Street spines of the proposed reinvestment district will become the entry and exit gateways to and from the downtown commercial district. The increased volumes of traffic will create demand for new businesses and commercial enterprises to serve the traveling public. This demand should in turn spur the new construction of buildings to support those firms, and it will cause a ripple effect of encouraging current land owners to upgrade and makeover their properties. In preparation of the rerouting of Exits 147 A & B, the Iowa Department of Transportation has razed dilapidated and obsolete buildings that once lined the rights-of-ways for Dace Avenue and Virginia Streets. These vacant spaces are now shovel-ready for developing new green spaces, streetscaping activities, or the construction of new commercial buildings.

The reconstruction of Interstate 29 saw an additional investment in the redesign and reconstruction of the Gordon Drive (US20/IA12) and Virginia Street intersection. The infrastructure improvements included the widening of both Gordon Drive and Virginia Street to include enhanced turning lanes; installation of new traffic control systems; and upgrades to the sewer and water lines within the intersection and rights-of-ways. The BNSF Railway and the City of Sioux City upgraded the at-grade crossing signals at Virginia Street to improve traffic and pedestrian safety.

Private placemaking investments include the Aalfs Courtyard at the intersection of Historic 4th Street and Virginia Street. This small pocket park and green space hosts a three-story mural depicting businesses once located in the business district during the 1890s. green space area is accented with wrought iron benches that provide a place for resting, gathering or meditation.

6. Value communities and neighborhoods

The Ag Expo & Learning Center enhances the unique characteristics of the proposed reinvestment district by valuing the functional heritage of the once bustling stockyards area. This project invests in the new construction of a multi-purpose facility to house events such as equestrian (horse) competitions, farm-equipment expos, and a variety of tradeshows relating to the agricultural industry. The Learning Center provides an opportunity to house exhibits that interpret the history of the Sioux City Stockyards industry. Western Iowa Tech Community College is expressing its intentions to house associate degree-granting and diploma programs in veterinarian sciences, such as vet tech, and some other agricultural-related programs of study.

Horizon Projects – Looking to the Future

To achieve the vision and transformation of the Sioux City Reinvestment District, as outlined in this application, the progression will unlikely happen all at once or within a few years. As part of the evolution of the reinvestment district over time and after the initial investment in the three anchor projects proposed in this application; the planning activities to follow do allow for an incremental approach to improve connectivity to other projects in the downtown core outside of the reinvestment district.

For example, the completion of the anchor projects proposed in this application can create an opportunity for a partnership to develop between the City of Sioux City and the Siouxland Historical Railroad Association, doing business as the Sioux City Railroad Museum, to reintroduce streetcar services within the downtown business district and to serve several of the anchor projects within the Sioux City Reinvestment District. The suggested streetcar system could consist of a loop alignment with streetcars operating eastbound along 5th Street, southbound along Iowa Street, westbound along 3rd Street, and northbound along Pearl Street; with an option to build a beltline heading northwest along West 7th Street. This proposed route will connect the Sioux City Reinvestment District with the western sections of downtown commercial district.

While the proposed streetcar services will primary function as a tourism attraction to commemorate the community's street railway heritage, a secondary purpose will be to provide downtown residents, workers and visitors with an attractive, convenient, and comfortable mode of transportation for short trips within the area. As both a tourism and transportation development project, the streetcar services will improve connectivity between major activity centers and destination attractions in the downtown business district; which includes many of the projects proposed in this reinvestment district application. With the growing number of people residing in the loft apartments and condominiums now housed in the former warehouse buildings and office buildings, there will be a need to improve mobility for a number of non-automobile users and transit-dependent populations. This project will improve accessibility and making it possible for all populations of users to travel conveniently from key destinations and event venues without a car.

The proposed streetcar services are currently in an exploratory stage of development. The estimated cost to develop the system is $6 million; which includes installation of rail, building and purchasing three street cars, and obtaining right-of-way easements. It is estimated this project could come to fruition during the 2020 to 2025 timeframe.

D1 – ANY VISUAL AIDS THAT CORRESPOND WITH YOUR ANALYSIS IN THIS SECTION

Ho-Chunk, Inc.'s V Loft District Project – Existing Site

SECTION E

CERTIFICATION & RELEASE OF INFORMATION

I hereby give permission to the Iowa Economic Development Authority (IEDA) to engage in due diligence, make credit checks, contact the applicant's financial institutions, insurance carriers, and perform other related activities necessary for reasonable evaluation of this application. I also hereby authorize the Iowa Department of Revenue to provide to IEDA state tax information pertinent to the state income tax, sales and use tax, and state tax credits involved with the Iowa Reinvestment District.

I understand that all information submitted to IEDA related to this application is subject to Iowa's Open Record Law (Iowa Code, Chapter 22).

I understand that IEDA reserves the right to negotiate the financial assistance.

I understand this application is subject to final approval by IEDA and the Project may not be initiated until final approval is secured.

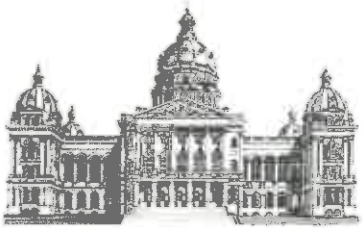
I hereby certify that all representations, warranties, or statements made or furnished to IEDA in connection with this application are true and correct in all material respect. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision.

FOR THE APPLICANT:

Robert E. Scott
Mayor, City of Sioux City

3/12/15
Date

LETTERS OF SUPPORT



Iowa Legislature
State of Iowa
Eighty-Sixth General Assembly
STATEHOUSE
Des Moines, Iowa 50319

March 5, 2015

Debi V. Durham
Director
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309-1819

Director Durham,

We are pleased to submit this letter in support of the Iowa Reinvestment District Program application by the City of Sioux City.

Established in 2013 by the legislature and Governor, the program allows communities to retain local dollars for improvements to quality of life; the creation of cultural amenities, tourist attractions, and accommodations; and to generate economic development benefits. The proposal submitted by Sioux City achieves each of these goals.

The proposed district includes unique features not limited to:

- Creation of destination points and cultural attractions for residents and visitors.
- Restoration of historical buildings and aesthetics enhancements at key entry points to the city.
- Emphasis of the city's heritage in agriculture and livestock.
- Development of a premier hotel to accommodate conferences and events at our convention center.
- More than $45 million of capital investment in downtown Sioux City.

We believe strongly in the merit of this proposal, and believe further that this project in Northwest Iowa coincides with the program's emphasis on geographic diversity.

Thank you for your consideration of these comments and the application.

Sincerely,

Senator Rick Bertrand
Senator Bill Anderson
Representative Chris Hall
Representative Ron Jorgensen
Representative David Dawson

March 10, 2015

Debi V. Durham
Director
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309-1819

Director Durham,

Our community is about to embark on something that could make our region the Capital of the Midwest for agricultural conventions, expositions, demonstrations, competitions, learning and more!

On behalf of the Board of Directors for the Ag Expo & Learning Center, I am writing to express our board's commitment and strong support of the Iowa Reinvestment District Program application by Sioux City. This district is vital to the success of our project.

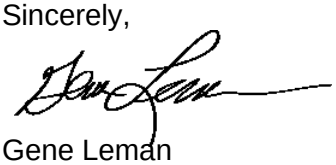
Agriculture and food processing have historically had a profound and positive impact on our state and regional economy. At one time, more livestock was sold at the Sioux City stockyards than anywhere else in the nation. The new Ag Expo & Learning Center will be located in the former stockyards area in Sioux City and will bring the heritage and commerce of the historic stockyards to life in a modern expo venue

The Ag Expo & Learning Center will provide a safe, fun and functional facility for family and youth-oriented agricultural organizations in the tri-state area. The venue will host live events, such as horse and livestock shows, rodeos, tractor and trade shows. Livestock and equestrian educational and research components will also be included. By providing first-hand experience and educating future leaders in the equestrian and livestock industries, we can better serve our community and existing employers.

The facility, located directly off the newly enhanced Interstate 29, will have convenient interstate access and will act as a visual gateway into our community. The new Ag Expo & Learning Center will have a positive impact on many aspects of our community, including commercial and retail development, tourism, event growth and educational outreach. The facility will allow our community to celebrate the rich history and culture of agriculture in our region, as well as invest in our future growth and prosperity.

We look forward to the opportunity to participate in the Sioux City Reinvestment District and add this unique asset to our region. Thank you for your consideration.

Sincerely,



Gene Leman
Ag Expo & Learning Center
Board Member & Retired Executive

WIT
Community College

Office of the President
Terry A. Murrell, Ph.D.

Western Iowa Tech
Community College
4647 Stone Avenue
P.O. Box 5199
Sioux City, IA 51102-5199
712-274-6400
800-352-4649
Fax: 712-274-6435
www.witcc.edu

Cherokee Campus
& Conference Center
Denison Campus
Le Mars Center
Mapleton Center
Sioux City Campus

March 11, 2015

Ms. Debi V. Durham
Director
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309-1819

Dear Director Durham:

This letters conveys Western Iowa Tech Community College's support the Sioux City Reinvestment District project, for which the City of Sioux City is requesting funds from the Iowa Reinvestment District Program. Western Iowa Tech Community College is pleased to participate in this endeavor as a potential partner.

The projects discussed within this application are both unique and vital to our downtown area. They combine historic preservation, the creation of regional attractions, and the development of culture and tourism. Each project has the potential to encourage further investment and build on recent success. Together they build on the City's strategic planning process.

One project of particular interest to Western Iowa Tech Community College is the Bomgaars Ag Expo & Learning Center to be developed at the former site of the John Morrell & Company meatpacking plant. This project will increase learning opportunities for degree-seeking students enrolled in the Veterinary Assistant program. This facility will allow for our students to receive hands-on experience with animals and interact with horses and livestock in a clinical experience under the supervision of a veterinarian.

The College's Veterinary Assistant program prepares students to work as veterinary assistants in a variety of settings including animal hospitals and clinics, equestrian centers, animal shelters, laboratories, zoos, and animal parks. The veterinary assistant provides basic care, performs laboratory procedures, and assists in the veterinary clinic with other functions. Graduates or our program will be able to provide basic nursing animal care and assist with laboratory procedures used in veterinary clinics.

When the Bomgaars Ag Expo & Learning Center is built and operational, Western Iowa Tech Community College intends to utilize the multi-purpose rooms and other spaces within the facility for classrooms and clinical labs.

Your support of this project is highly desired by Western Iowa Tech Community College and we look forward to your favorable consideration of the funding request.

Sincerely,

Dr. Terry A. Murrell
President

HO·CHUNK
INCORPORATED

March 10, 2015

Debi V. Durham
Director
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309-1819

Director Durham,

On behalf of Ho-Chunk Inc., I am writing to express our strong support of the Iowa Reinvestment District Program application by Sioux City.

Ho-Chunk, Inc. is an economic development corporation owned by the Winnebago Tribe of Nebraska that was established in 1994 with the intent to create jobs for tribal members and help the tribe become economically self-sufficient. Since then, our corporation has grown to over 1,000 employees with operations in 10 states and 4 foreign countries and generates $230 million in annual revenue.

Ho-Chunk, Inc. is a major employer in Siouxland, and in 2012 our corporation continued to grow its presence in the area by acquiring the largest building in downtown Sioux City, the former Terra Centre. In 2014, Ho-Chunk, Inc. also acquired three former industrial buildings at 1st and Virginia Streets in downtown Sioux City with plans to redevelop them into retail, commercial and market-rate residential. These historic buildings were built in 1913 and have deteriorated in value over the last 15 years. With the reconstruction of Interstate 29 through downtown Sioux City, Virginia Street will soon be a new primary entrance into downtown, and the redevelopment of these three buildings into the "V Loft District" will not only provide significant additional tax value in the area, but permanently transform the aesthetics of downtown.

Ho-Chunk, Inc. looks forward to the opportunity to substantially benefit the region and the state through our participation in the Sioux City Reinvestment District.

Thank you for your consideration.

Sincerely,

Lance Morgan
President & CEO

1 Mission Drive
PO Box 390
Winnebago, NE 68071

800.439.7008
P 402.878.2809
F 402.878.2560

March 2015

DOWNTOWN PARTNERS SIOUX CITY
418 Pierce Street
Sioux City, IA 51101
P (712) 252-0014
F (712) 258-8516
DOWNTOWNSIOUXCITY.COM

Debi V. Durham
Director
Iowa Economic Development Authority
200 East Grand Avenue
Des Moines, Iowa 50309-1819

Director Durham,

On behalf of Downtown Partners Sioux City we proudly support the City of Sioux City in their application to the Iowa Reinvestment District Program.

Downtown Partners Sioux City is a non-profit community-based corporation that exists to coordinate revitalization efforts, encourage economic development, facilitate collaboration amongst businesses, and promote Downtown Sioux City. Nestled between the Historic 4th Street District and the newly designated Historic Pearl District, you will find over 450 properties that make up this culture and entertainment hub of the region.

The projects contained within this application are both unique and vital to our downtown area. They combine historic preservation with the creation of regional attractions, which would enhance our culture and ongoing tourism goals. Each project also has the potential to encourage further investment and build upon our recent success as we work together with the City's strategic planning process.

In 2012, we partnered with the City of Sioux City to commission a comprehensive downtown study. The study, compiled by the International Economic Development Council (IEDC), identified several key factors for downtown revitalization. Many of the report's recommendations are already underway or complete. The projects being presented to you within this application will greatly assist in what remains, an improved convention center hotel and investing in a sense of place and destination. We believe nothing captures the spirit of our community better than the historic architecture of downtown and the agricultural heritage of Sioux City. They are the heart of the reinvestment application and future of our downtown development efforts.

We are very proud of the positive things happening in Downtown Sioux City and we enthusiastically support the City of Sioux City's application. Thank you for your consideration.

Sincerely,

Ragen A. Cote
Executive Director, Downtown Partners