



**Events Center Complex Advisory Board
February 8, 2024, 11:00 a.m.**

City Hall - Media Room (First Floor)
224 W 9th St, Sioux Falls, SD 57104

Joining Online via Webex: Included in Outlook Calendar Invite

Join by Phone: 408-418-9388 – Meeting Code 24943712718##

- ITEM 1. Call to Order & Quorum Determination
- ITEM 2. Approval of Agenda (Action Item)
- ITEM 3. Approval of Minutes for May 4, 2023 (Action Item)
- ITEM 4. Election of Officers
- ITEM 5. ASM Global Year in Review for 2023
- ITEM 6. Review of Riverline District / Event Center Complex and Indoor Recreation Impacts
- ITEM 7. Review of Johnson Consulting Proposal
- ITEM 8. Baseball Stadium and Maintenance Needs
- ITEM 9. Next Steps / Meeting Schedule
- ITEM 10. Public Input
- ITEM 11. Adjournment



**Events Center Complex Advisory Board Minutes
May 4, 2023, 8:00 a.m.**

City Hall – Media Room (First Floor)
224 W 9th St, Sioux Falls, SD 57104

Joining Online via Webex: Included in Outlook Calendar Invite
Join by Phone: 408-418-9388 – Meeting

ITEM 1. Call to Order & Quorum Determination

VOTING MEMBERS PRESENT: Angie Bakke, Ken Bashore, Kurt Brost, Dick Dempster, Mike Hart, Reggie Kuipers, Kristi Metzger, Jamie Nold, Tony Nour, Orlen (OT) Tschetter

NON-VOTING MEMBERS: Teri Schmidt, Mike Krewson, Shawn Pritchett, and Jeff Eckhoff

STAFF: Tom Huber, Scott Rust, Dustin Powers, Stu Webber, and Jaime Franken

ITEM 2. Approval of the Agenda

A motion was made by Kristie Metzger and seconded by Dick Dempster to approve the May 4, 2023, meeting agenda. Motion passed unanimously.

ITEM 3. Approval of the Minutes for January 31, 2023

A motion was made by Jamie Nold and seconded by Kristie Metzger to approve the January 31, 2023, meeting minutes. Motion passed unanimously.

ITEM 4. City Updates

Shawn Pritchett gave an update on the status of the Proposed Land Exchange with County. There was mention about the Premier Center and being up for ACM nomination.

ITEM 5. Stakeholder Engagement with Johnson Consulting

Ryan Johnson and John Fleming from Johnson Consulting talked about their involvement in the Riverline District. They had an open conversation to understand the strengths and weaknesses of Downtown Sioux Falls.

ITEM 6. Update on 2035 Downtown Plan

Dustin Powers talked about the 2035 Downtown Plan, but nothing has been drafted at this point.

ITEM 7. Set Dates and Times for Upcoming Meeting

The next meeting time was not discussed. Information will be sent out.

ITEM 9. Next Steps
This will be discussed at the next meeting.

ITEM 10. Public Input
There wasn't any public input.

ITEM 11. Adjournment
No motions were made.

An Equal Opportunity Employer/Service Provider

ADVISORY SERVICES FOR THE PROPOSED RIVERLINE CENTER



SUBMITTED TO:
City of Sioux Falls, SD



SUBMITTED BY:
Johnson Consulting



DATE
February 6, 2024

February 6, 2024

Mr. Shawn Pritchett
City of Sioux Falls
Director of Finance

Re: Advisory Services for the Proposed Riverline Center – Sioux Falls, SD

Johnson Consulting in association with **Williams Architects** and **Concord Group** (“Consulting Team”) is pleased to provide this proposal to the City of Sioux Falls (“Client”) to provide comprehensive advisory and owner’s representative services for the development of the Riverline Center. It was a pleasure to work with the City on our previous assignment where it was recommended a convention center would be the optimal option for Sioux Falls.

For this assignment, the Consulting Team will conduct due diligence and a market analysis focused on a new downtown convention center, analyze the optimal way to repurpose the existing convention center into an indoor recreation venue, assist with a funding strategy and business plan development.

We appreciate the opportunity to continue our relationship with the City of Sioux Falls. Johnson Consulting can commit to working within a schedule that meets your needs. The balance of this document outlines our scope of work, timing and proposed fees to perform this engagement. We look forward to the opportunity to continue serving you and if you have any questions, please contact me at 312.447.2008 or at bdowling@chjc.com.

Sincerely yours,

C.H. Johnson Consulting, Inc.

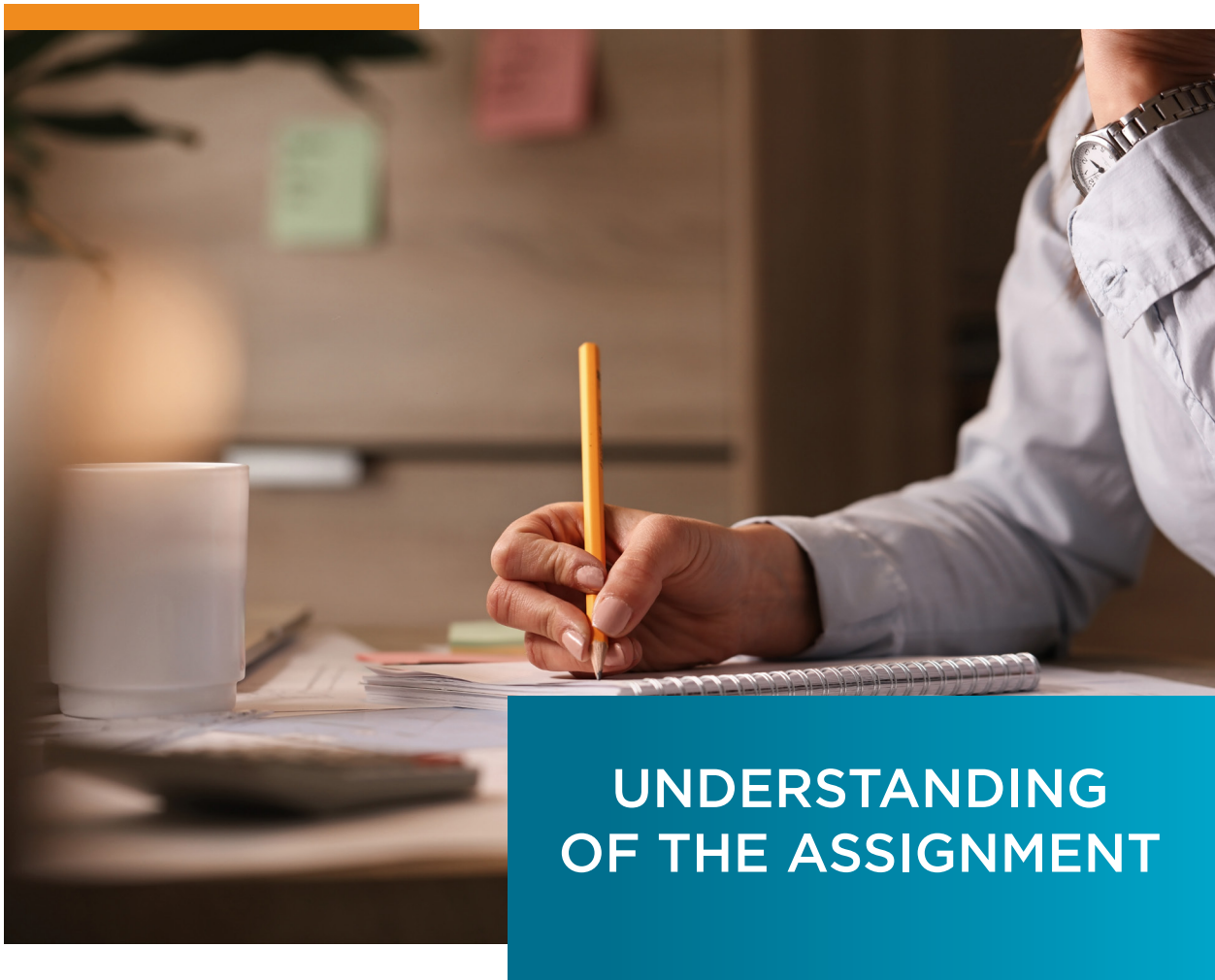


Brandon Dowling, Principal
cc: Charles H. Johnson IV, President



PROJECT APPROACH

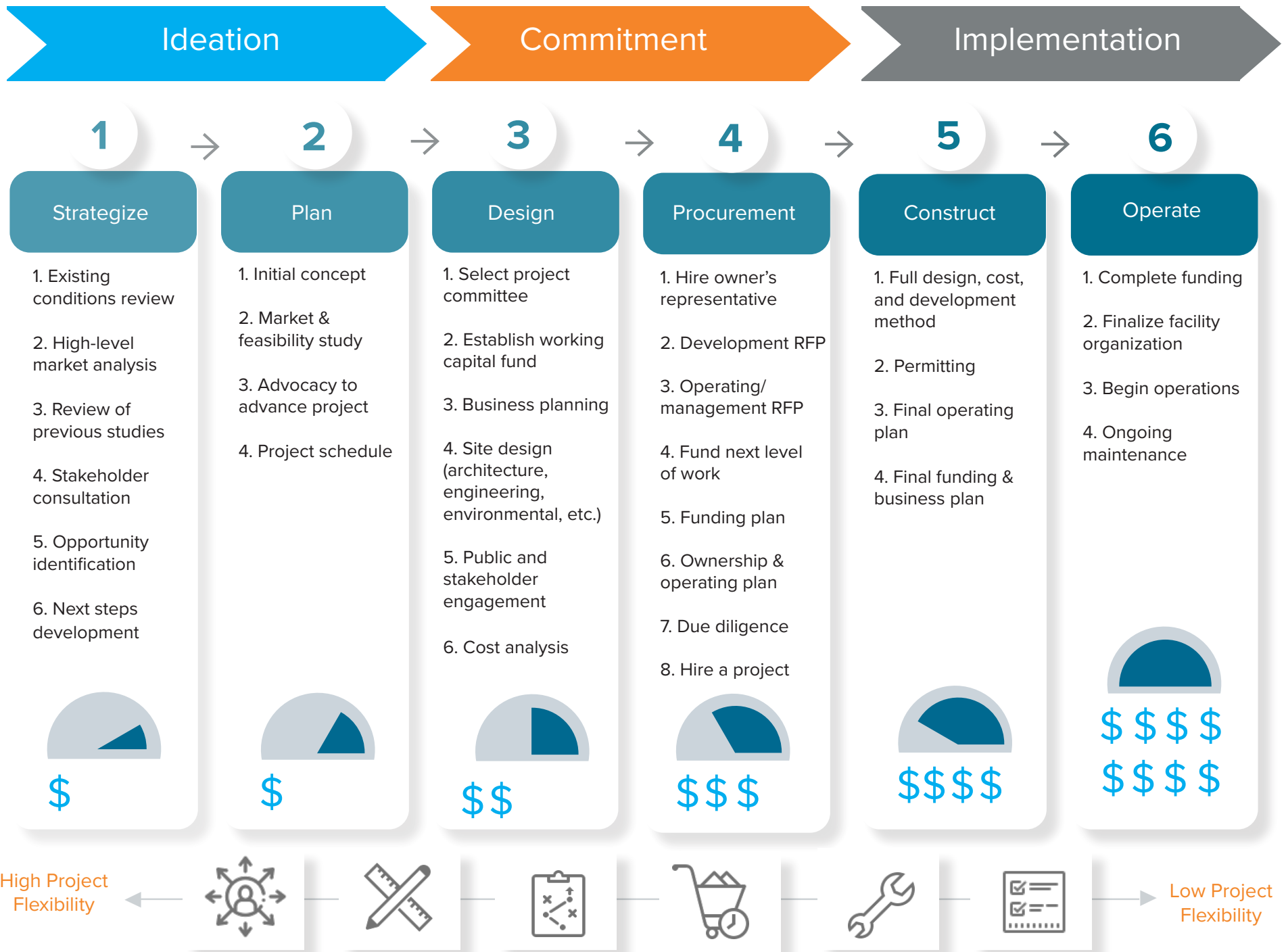




Johnson Consulting was initially retained by the Sioux Falls Development Foundation to perform a Highest & Best Use Analysis and Economic Impact Study for the Riverline District adjacent to Downtown Sioux Falls, the study revealed that a downtown convention center, though associated with a higher capital investment, presents a much greater opportunity for economic and fiscal impact than the baseball stadium and entertainment district. With this in mind, Johnson Consulting is now pleased to continue assisting the City of Sioux Falls as a full-service development advisor and owners representative overseeing the project management for each of the various Phases of development as further explained below. We specialize in real estate districts, hotels, convention, sports and cultural facilities, in all kinds of settings, including urban, resort and rural locations.

A project's development starts with feasibility analysis, gains political approval, obtains funding and then is built and operated. A project can take two to three years to construct and come to fruition. Upfront work can last two or three years as well, and there are certain steps that must be followed in order to finalize a project. Figure 1 (on the following page) summarizes these steps.

FIGURE 1



The process is iterative and as Phases 1 and 2 (outlined below) are completed, data is refined multiple times until all of the details are finalized. In Sioux Falls, at this point the idea and orientation of the site are set, and further due diligence on the market opportunity and the overall viability from an operations and funding stand point is now needed.

PHASE 1 – DUE DILIGENCE AND MARKET ANALYSIS

The next level detail is needed, and this is where Johnson Consulting will lead on behalf of and in support of the City. We will first work to confirm the need for the proposed Riverline Center through a deeper analysis specific to a convention center, and to understand the programming needs of the new facility and location downtown. During a similar path, Williams Architecture and team will be assessing the viability of repositioning the existing convention center into an indoor recreational facility and playground, suitable to still host a few historical sports, trade, and consumer shows better suited for that site location. At this juncture, we will also investigate the cost of the proposed Riverline Center. Upon completion of the initial phase, we will serve as project coordinator in association with the City. All the recently prepared information from Williams and team needs to be organized into a project package that continues building project details. This resource becomes the point of departure for the balance of the project.

PHASE 2 – FUNDING STRATEGY & BUSINESS PLAN DEVELOPMENT

This Phase entails the funding direction, project direction, and method of delivery to build the project. Thought will also be given on how to own the project- via government agency, Chamber of Commerce, or a special purpose corporation. More importantly, demand studies and financial planning becomes more granular and specific. Clear definition of a demand calendar, by industry sector and by target markets is developed.

The result of Phase 2 will be a strategy that will consider if the venue will develop and own its own shows or use a third party to seed events into the Riverline Center. Certain events and shows will come from outside users, but if the management team and ownership wish to own and operate and operate their own shows, a major operating profit can be earned, but can also experience launch failure and as such, be risky. A business plan for show development strategies needs to be prepared at this stage.

SCOPE OF WORK

Below, Johnson Consulting outlines our well-developed approach described above, that we have successfully used in conducting similar studies for convention centers throughout North America. The deliverables will articulate a strategy and implementation plan to allow for efficient phasing recommendations regarding a potential new Riverline Center in Sioux Falls. The scope will include:

PHASE 1 A – HOSPITALITY REVIEW AND RIVERLINE CENTER ANALYSIS

1. Project Orientation and Initial Fieldwork
2. Historical Operation Review
3. Convention Center Industry Trends
4. Comparable Case Studies
5. SWOT Analysis Based on Benchmarks
6. Existing User Group Interviews and Lost Business Surveys
7. Initial Demand Projections
8. Initial Program Recommendation, Site Test Fits, and Cost Estimates

PHASE 1 B – REPURPOSE OF EXISTING CONVENTION CENTER

1. Project Management/Data Collection and Analysis/Kick-off Meeting
2. Facility Existing Conditions Assessment Findings
3. Facility Management Guidance for Operations/Performance Assessment
4. Core Programs and Spaces Development
5. Preliminary (Test Fit)
6. Order of Magnitude Capital Cost for Re-purposing Improvements

PHASE 2 – RIVERLINE CENTER BUSINESS PLAN & FUNDING STRATEGIES

1. Confirmation of Program and Cost Analysis
2. Operational Review and Oversight
3. Hotel Market Study
4. Demand Projections
5. Financial and Operating Analysis
6. Refined Economic and Fiscal Impact Analysis
7. Sioux Falls Funding Strategies and Case Studies

PHASE 1A – HOSPITALITY REVIEW AND RIVERLINE CENTER ANALYSIS

TASK 1 – PROJECT ORIENTATION AND INITIAL FIELDWORK

To initiate the process, the Consulting Team will hold a workshop with City representatives, and key stakeholders to confirm the objectives of the study, develop clear lines of communication, gather related documents, optimize our project methodology, and conduct initial fieldwork. Tasks to be performed include:

- Gather, review, evaluate and organize existing background information related to the project, including the work Johnson Consulting has completed in our initial study.
- Review the near and long-term economic development objectives of the City of Sioux Falls.
- Identify key stakeholders, including potential partners and tenants of the proposed facilities. This may include area hoteliers, local and regional event spaces, regional meeting and event planners, arts groups and associations, major corporations and organizations in the local area, local and regional tour operators, and local and regional developers, among others.
- Identify specific and niche markets that could serve as sources of demand for the new convention facility.
- Identify competitive/comparable markets for use in benchmarking.
- Identify appropriate contacts and resources necessary to ensure complete review and assessment of issues and specific data, including governmental agencies and other stakeholders.
- Establish project deadlines for deliverable products and regular updates on the progress of the analysis.

We will also use this initial meeting as an opportunity to initiate fieldwork. Fieldwork activities will include:

- Tour and profile the existing meeting facilities in Sioux Falls and surrounding areas.
- Perform current and potential user group interviews, including local public officials and community leaders, arts organizations, meeting and event planners, businesses, and other stakeholders, to solicit a broad range of input and to acquire a complete coverage of the market area.

TASK 2 - HISTORICAL OPERATIONS REVIEW

In this Task, we will determine how the current Sioux Falls Convention Center is operating, develop baseline operating information, and identify initial opportunities for future facility modifications, enhancements and improvements, if the convention center is repurposed as an indoor recreation center/playground. Johnson Consulting will summarize and evaluate historical data for the existing convention center and prepare a performance review.

TASK 3 - CONVENTION CENTER INDUSTRY TRENDS

Johnson Consulting will review and analyze recent statistics related to the convention, entertainment, events, and sports industries highlighting key performance metrics such as growth, meeting planner and event promoter trends, venue selection criteria, and trends for technology, hospitality, tourism, as well as overall industry health, among others. This analysis will be based upon primary and secondary sources of information, such as Convention and Visitors Bureau research files, Destination International (DI) data, Meeting and Convention Magazine, Association of Meeting Professionals (AMPS), and the International Association of Venue Managers (IAVM), Center for Exhibition Industry Research (CEIR), Professional Convention Management Association (PCMA), International Congress and Convention Associations (ICCA), as well as other publications and resources, and Placer AI data to understand macro level visitation trends for similar developments.

TASK 4 – COMPARABLE CASE STUDIES

In conjunction with the City and other relevant stakeholders, we will select several comparable convention and meeting facilities that may offer innovative ideas with respect to facility expansion and enhanced performance in both the region and nationally. We will interview facility management and compile statistical data on the size, quality and performance of these facilities/markets, including demand and operational information.

Johnson Consulting has developed a substantial database of financial and operating data for convention centers, hotels, adjacent real estate districts, meeting, event, and multi-purpose facilities throughout the U.S that can be shared with the Client. We also have working relationships with numerous facility operators that will provide us with a comprehensive understanding of what the costs and benefits of enhanced facilities would be for the Riverline Center. For these peer facilities, our analysis will provide real world operating data and financial performance results that will be one of the primary inputs into our demand and financial analysis.

Case study information on comparable and competitive facilities will be fully profiled in our report in a comparative analysis that benchmarks the facility attributes and performance of the Center against the selected facilities. We will identify facility strengths and areas for improvement.

TASK 5 – SWOT ANALYSIS BASED ON BENCHMARKS

The Consulting Team will synthesize the findings from the Benchmarking Analysis and Comparable Case Studies and perform a SWOT analysis. We will analyze the benchmark markets in a competitive context for the convention center markets and produce a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) that includes qualitative and quantitative metrics. We will prepare a historical and recent trend summary of objective statistical data for the competitive sets.

Through the above analysis, the Consulting Team will identify areas of deficiency and present those that appear to offer the greatest opportunities, by sub region of the market.

TASK 6 – EXISTING USER GROUP INTERVIEWS AND LOST BUSINESS SURVEYS

Focusing on the existing convention center users, we will work with the City of Sioux Falls and Convention Center Representatives to document major corporations, associations, event promoters, organizations, and institutions active in the region and nationally. We will identify past, current, and potential users and interview them regarding the need and desire for the new Center and any attributes that perform well, can be enhanced, or that are missing. We will have similar conversations with regional and national trade and consumer show producers, convention/event organizers, show promoters, and other relevant industry participants, as well as representatives of events that make the circuit through existing regional facilities.

The interviews/surveys will provide detailed intelligence on what the destination and the Center can do to maintain, recruit and grow events and prioritize events based on economic contribution to the community.

We will utilize a combination of interviews, focus groups (typically a customer advisory board), and a web-based survey tool to gather input from past, current and potential users as well as local businesses and community organizations. This methodology will ensure that we have a clear and accurate understanding of perceptions of the need and desire for a new Riverline Center, the target markets for the venue to pursue, and the impact of potential development projects on facility demand to remain competitive.

TASK 7 – INITIAL DEMAND PROJECTIONS

The Consulting Team will utilize the baseline data developed in Task 1 and the subsequent research conducted in Tasks 2 through 6 to develop a basis for future year demand projections of events and attendance for the Riverline Center.

The future demand projections will provide insight on how the new Riverline Center will perform at the downtown site, as identified through the market research conducted in prior tasks. This will provide an understanding of potential consequences for no action vs. building the Riverline Center.

TASK 8 – INITIAL PROGRAM RECOMMENDATIONS, SITE TEST FITS, AND COST ESTIMATES

Our Consulting Team will use information gathered from the preceding tasks to determine the appropriate convention center program, support space product and destination enhancements that the Sioux Falls area will absorb, if any, over the next 10 years. We will also comment on the associated land use components that could complement the Center and shared amenities such as the adjacent support environment, including hotels and mixed-use offerings, parking and other items to support expansion of the Center.

Our Consulting Team will provide recommendations relating to the facility(s) program, including options for optimal configuration and the overall size of the venue, commenting on and advising on the list of needed facility attributes. Additionally, we will recommend optimal pricing levels for facility rentals as well as optimal staffing requirements needed. We will use this information to determine the appropriate Convention Center product that Sioux Falls and the regional market can accommodate over the next 10 years.

PHASE 1B – REPURPOSE OF EXISTING CONVENTION CENTER (LED BY WILLIAMS ARCHITECTS)

TASK 1 - PROJECT MANAGEMENT / DATA COLLECTION AND ANALYSIS /KICK-OFF MEETING – CHJC AND WA DESIGN TEAM

Initial Project Start-Up Services

- Discuss the understanding and unity of the newly proposed Riverline Center and the proposed Re-purposed Indoor Recreation Center/Playground's goals and objectives.
- Review preliminary project schedule and deliverables.
- Discuss needs, wants, and desires (Core Program).
- Discuss big-picture operations, budgeting, funding, and prioritization.
- Identify key decision makers, stakeholders, focus groups, and City of Sioux Falls leadership involved in decision-making.
- Identify proper lines of communication.
- Identify information and other services to be provided by the City.
- Initial tour of the Existing Convention Center and Arena with City Parks & Recreation staff.

TASK 2 - FACILITY EXISTING CONDITIONS ASSESSMENT FINDINGS (STRUCTURAL, MECHANICAL, PLUMBING, ELECTRICAL, FIRE PROTECTION AND ARCHITECTURAL SYSTEMS) - WA & IMEG

Collect and review Owner facility information available: drawings, maintenance history, occupant feedback, etc. The scope of the analysis will encompass evaluating and reporting on the current conditions of the facilities with respect to their effectiveness in meeting current objectives. In conducting an existing conditions analysis, we will provide the following services:

- Tour the existing facilities and site with engineering and the rest of our consultants and provide the City of Sioux Falls with a written report of our findings, including cost estimates for renovations and/or any required repairs and site-related construction to achieve facility objectives outlined.
- Analyze the conditions of the facilities to determine what deficiencies exist, propose solutions for improvements, identify when repairs should be made, and provide cost estimates for each improvement. Review facility for conformance to building codes, ADA, and other requirements.
- Determine any apparent Architectural, Structural, Mechanical, Electrical, Plumbing and Fire

Protection deficiencies.

- Provide an overview of the current facilities as they relate to current code requirements.
- Prepare summary of overall condition, recommended urgent repairs, deferred maintenance needed, typical upcoming maintenance requirements, and a schedule/estimate of future recommended repairs in conjunction with Item D – Core Programs & Spaces Development and Item E - Preliminary (Test Fit) Design as they are developed.

TASK 3 - FACILITY MANAGEMENT GUIDANCE FOR OPERATIONS/PERFORMANCE ASSESSMENT - PROS

PROS Consulting will be retained as an advisor during the preliminary review of the conversion of the former Sioux Falls Convention Center & Arena into an Indoor Recreation Center/Playground Facility Amenity. PROS Consulting will support the Design Team in the discovery phase of the potential recreation alternatives that could be applied to the facility.

- No financial analysis will be done in this initial phase. All meetings will be held virtually.

TASK 4 - CORE PROGRAMS AND SPACES DEVELOPMENT - WA & PROS

Initial meeting with the Council and key stakeholders will take place to gather additional program input for the Existing Convention Center & Arena Re-Purposing. We will meet with City staff to review their program/space needs, ensuring a thorough and complete understanding of their functions and space needs. Additionally, we will:

- Meet with representatives and potential partners of the City to review their program needs for the Existing Convention Center & Arena Re-Purposing.
- Establish and review the Project budget and describe the anticipated scope of work related to the facilities program elements / areas.
- Prioritize the space in terms of need, use, and operation.
- Prepare a Bullet Point Program with like-photo examples of desired spaces.

The refined program for the Existing Convention Center & Arena Re-Purposing will provide a bullet point summary of the amenities proposed. Utilizing our team's experience with similar recreational facilities, an early indication of the order of magnitude of cost will be identified based on the amenities.

TASK 5 - PRELIMINARY (TEST FIT) DESIGN - WA

We will provide a preliminary design solution for the Owner's review and incorporate comments elicited through this process.

- The Building Program Summary will provide a summary of areas each program space requires. Based on the Program Summary, we shall prepare preliminary blocking and stacking diagrams depicting the organization and adjacency of spaces within the proposed facility for review by the City of Sioux Falls.

TASK 6 - ORDER OF MAGNITUDE CAPITAL COSTS FOR RE-PURPOSING IMPROVEMENTS - WA & IMEG

Utilizing the Existing Conditions Report, the Consultant Team will provide a preliminary order of magnitude cost estimate for the proposed solution, which addresses:

- Major utility and support infrastructure.
- Building Systems.
- Other related Project Hard and Soft Costs to provide a Total Project Budget.

At the conclusion of Phases 1A and 1B, Johnson Consulting would only proceed to Phase 2 upon client approval

PHASE 2 – RIVERLINE CENTER BUSINESS PLAN AND FUNDING STRATEGIES

TASK 1 – CONFIRMATION OF PROGRAM AND COST ANALYSIS

Our Consulting Team will develop preliminary development costs for the Riverline Center reflecting the complexity and preliminary layout that will include:

- Construction costs based on local market conditions.
- Land acquisition cost. Our team can use an agreed upon cost per acre assumption since the site analysis will not have been completed.
- Infrastructure and site development costs, if any (subject to site selection). Our team can use an agreed upon cost per acre assumption since the site analysis will not have been completed.
- Phasing and scheduling considerations.
- Soft costs (planning, design, other non-construction costs).
- Furniture, fixture and equipment allowance.
- Recommended construction and project contingencies.

TASK 2 – OPERATIONAL REVIEW/OVERSIGHT

This task will result in an asset ownership strategy, and will include coordination with other “sister” facilities, organizing an effective management model, consideration of self vs. private management, and the coordination with and capacity of Experience Sioux Falls.

As such, this task will consider both the contemplated Riverline Center on the Riverline Site and the existing Sioux Falls Convention Center and Sioux Falls Arena. The current assumption is that the existing facilities will be repurposed into a recreation facility which could still be used, in tandem with other event spaces in the market (e.g., the PREMIER center and proposed Riverline Center) to host large signature events (e.g., Summit League). This task will examine how these facilities would work together and consider all of the topics listed above.

TASK 3 – HOTEL MARKET STRATEGY

We will evaluate the current and projected hotel market supply and demand to determine how supportive of this project the hotel community is of the proposed Riverline Center and whether a full-service hotel could be attracted. We will analyze the size of the Center in context of available room blocks given hotel market conditions and pricing. Our in-depth knowledge and thorough understanding of hotel market demand segmentation, fill patterns, and seasonality, as well as our experience with hundreds of hotel projects will be invaluable for this analysis.

TASK 4 – DEMAND PROJECTIONS

The Consulting Team will build upon the initial demand projections in Phase 1 and further define the actual number and type of events projected at a new Riverline Center downtown.

- Development of long-range demand projections addressing the number of events by type, number of attendees, and the amount of space required for various event types.
- Testing of demand projections using two analytical methods:
 - **'BOTTOM-UP' APPROACH** reflecting current demand, annual repeat events, turned away events, and transfers from other locations, and;
 - **'TOP-DOWN' APPROACH** reflecting analysis of comparable facility demand, relative levels of supply and demand in the overall market, and anticipated future market share.

TASK 5 – FINANCIAL AND OPERATING ANALYSIS

Building upon our demand projections from current bookings and future opportunities, historical financial operations for the Center and supplemented by data from competitive and comparable facilities, we will develop a detailed financial model for the proposed Riverline Center to determine anticipated revenues and expenses for the facility. The model will generate a 10-year projection of operating revenues, expenses (including estimated debt service), and net operating income, highlighting what the expected financial picture will be.

By way of example, revenues will include: space rentals, food and beverage, advertising, parking, service charges, and others specific to this project; and expenses will include: payroll, utilities, repairs and maintenance, advertising and marketing, security, insurance, management expense, reserve for replacement, and others identified. The Consulting Team will work with the Center to determine non-operating revenue/expense assumptions to inform the overall financial outlook.

We will also offer a specific discussion regarding revenue sources that are available to public assembly facilities, including benefactor naming rights and other specialized revenue streams, such as advertising or grants, and based on market conditions.

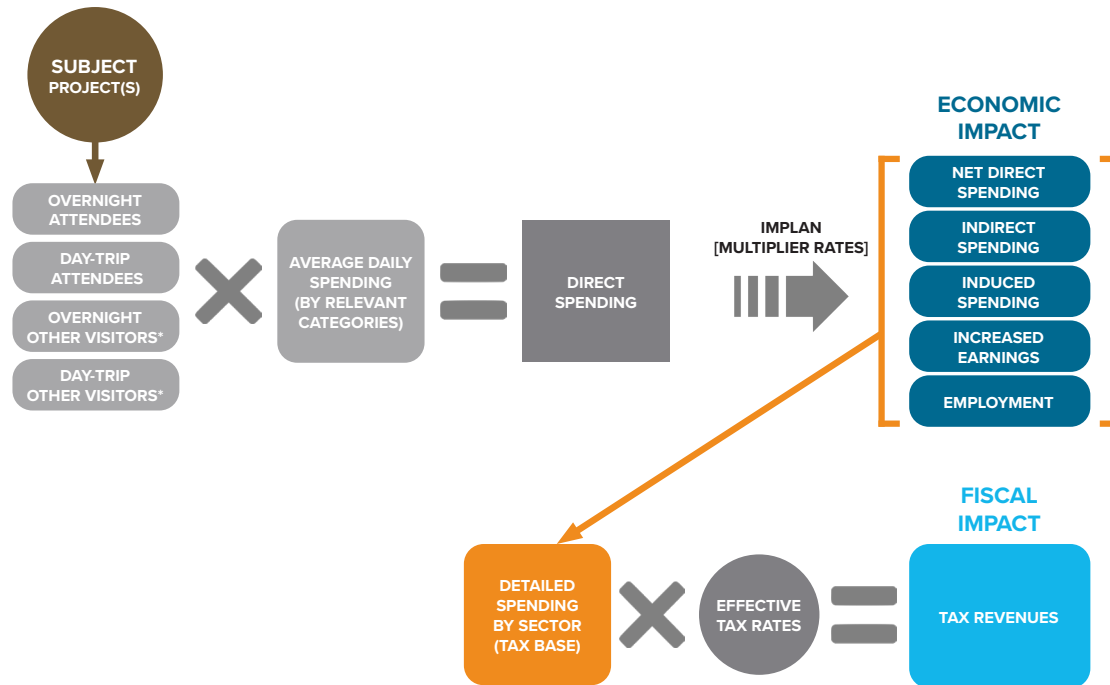
TASK 6 – REFINED ECONOMIC & FISCAL IMPACT ANALYSIS

Based on the Center’s projected demand schedule and assumptions regarding origin of attendees, as well as the local and regional tax structure, our Consulting Team will project the economic, social and fiscal impacts that will accrue in the local market as a result of the annual operations at the new Center, as well as the one-time construction impacts. The analysis will consider direct spending impacts, and indirect and induced impacts, fiscal impacts, and local employment and income impacts based on standard multipliers of direct impacts that are refined based on local market conditions.

The presentation of our economic and fiscal impact analysis will include the following:

- **BASELINE ASSUMPTIONS** Our model will develop variables for visitor spending, promoter spending, attendee origin, and other information. From our discussions with event managers and collection of secondary data, Johnson Consulting will have the necessary information on event attributes and attendee origin, attendee length of stay, percent of attendees who will likely stay overnight, and other significant variables.
- **DIRECT SPENDING ESTIMATES** The analysis will estimate the direct spending of attendees, show organizers, and promoters for use in the projections.
- **INDIRECT AND INDUCED SPENDING AND JOB CREATION** By using IMPLAN regional multipliers or Bureau of Economic Analysis RIMS II regional multipliers (both input-output models of the local economy), the economic impact analysis will estimate the indirect and induced spending and employment impacts of the Center, including realistic projections for jobs created and retained as a result of recommendations outlined in the study and identify types of jobs (part-time, seasonal, and full-time) and realistic wage ranges for the projected jobs.
- **FISCAL IMPACT ANALYSIS** The fiscal impact analysis will quantify what the local (City and County) and state governments will receive from the development of the expansion. If applicable, we will estimate annual tax dollars returned to the state and local governments as a result of increased business activity and personal income associated with the construction and operation of the facility.

This analysis will define current operation and future operation impacts after the new Center is built. We will also quantify the cost of inaction. There will be discussion of major non-quantifiable benefits such as image, dominance in certain categories/situations, influence on redevelopment, with specific targets for adjacent development, etc.



TASK 7 – SIOUX FALLS FUNDING STRATEGIES AND CASE STUDIES

Johnson Consulting has extensive municipal, not-for-profit finance experience and private sector development experience throughout the US. We will use our collective experience to judge what the market and financial models indicate, to help consider how to execute the project. Previously, we have identified multiple private sector funding sources, created operating districts, and helped authorities create Tax Increment, Special Assessment and Tourism Development Zones and many other forms of governance. We also have created special park districts and not-for-profit entities to help fund and operate sports complexes, hotels, conference centers, arenas, and real estate development districts.

Drawing on our experiences in markets across the country, and discussions with the City of Sioux Falls and other stakeholders, our Consulting Team will recommend potential funding sources for the proposed conference center. We will review public initiatives such as tax increment financing, the market’s capacity in lodging or meals taxes, etc. In addition, we will explore opportunities for public-private participation and identify potential joint partnerships whereby the Client and another entity would both contribute to financing cost for shared usage. We will draw upon examples of communities that have taken these various approaches. The report will set the stage for developing funding applications and deliberations regarding phasing, planning, and subsequent implementation.

DELIVERABLES

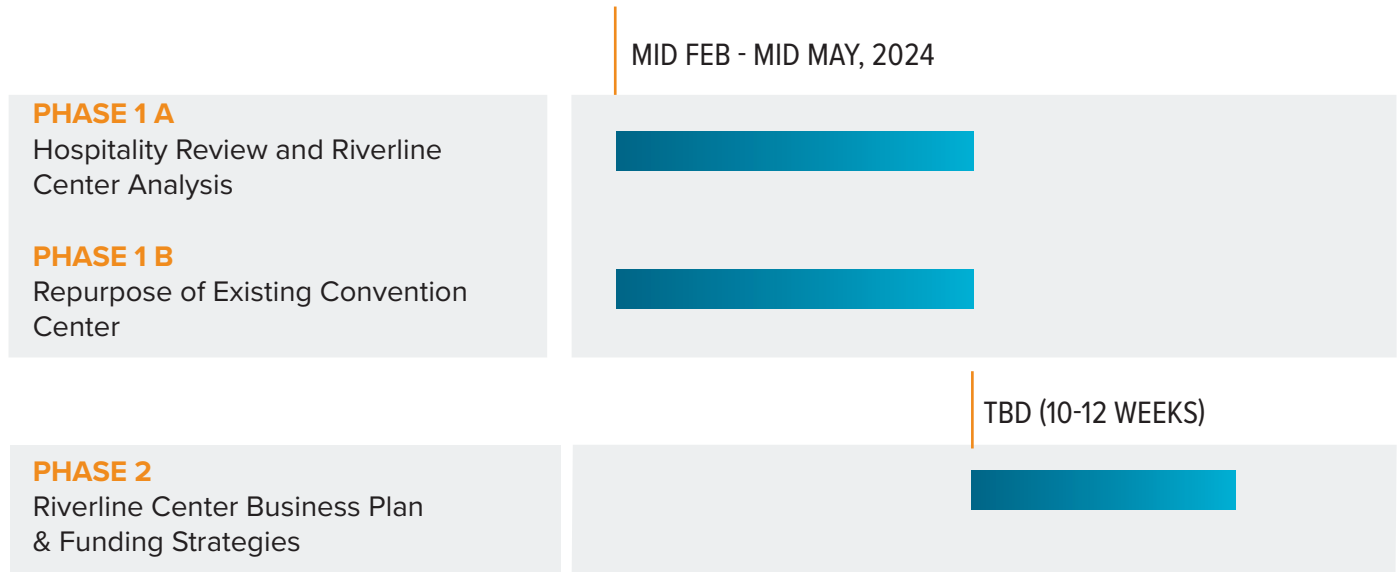
We are noted for the clarity and quality of our reports and all communications. The following are deliverables that we will provide to the City of Sioux Falls:

- **Draft Report:** Will be provided to Client representatives at the completion of our study. The Draft Report will include fully documented findings and recommendations and will be accompanied by appropriate graphics and presentation material. Following the issuance of the Draft Report, the Consulting Team will meet with Client representatives to discuss key recommendations and receive input and guidance from the Client Team.
- **Final Reports:** We will provide a fully documented Final Report, addressing all Client comments and refinements received throughout the study and review periods.
- **Presentations:** A PowerPoint presentation detailing the results of our findings and recommendations to be provided to the City of Sioux Falls following the issuance of our Final Report for our study. We will also be available to explain the project's findings and recommendations to the City of Sioux Falls and key stakeholders, if desired.

Our Consulting Team will meet and exceed all of City of Sioux Falls's requirements and expectations relating to this project. We will achieve this by working closely with Client representatives, in person and through regular conference calls, to ensure the timely delivery of a study that accurately meets the needs and requirements of the City of Sioux Falls, and addresses all relevant questions and concerns that arise during the study period.

▶ PROJECT SCHEDULE

We anticipate that the study will take from mid February to mid May to complete, and we commit to meeting the deadline if work commences on schedule.



▶ COST PROPOSAL

We propose to complete the scope of work detailed in this proposal for the fee outlined below, plus expenses. Expenses will be in addition to fees, and will only be billed, if incurred. Expenses include travel expenses and data purchase.

PHASE 1	FEES
WORK PROGRAM	
PHASE 1A	
Hospitality Review and Riverline Center Analysis (Johnson Consulting)	\$50,000
Concord Group Cost Estimate Fee	\$15,000
Total	\$65,000
PHASE 1B	
Repurpose of Existing Convention Center (Williams Architects)	\$54,000
IMEG	\$32,500
PROS	\$8,250
Total	\$94,750
Total Phase 1 Fee Budget	\$159,750

PHASE 2 (ONLY UPON CLIENT APPROVAL, PRICE VALID FOR 6 MONTHS)	FEES
WORK PROGRAM	
Phase 2 Riverline Center Business Plan and Funding Strategies	\$45,000
Total	\$45,000

CONTRACTUAL CONDITIONS

Subject to the actual terms and conditions of any subsequent agreement with you, the following conditions are standard policy for Johnson Consulting and are customary for engagements of this type. Should you have any questions concerning any of these conditions, please feel free to contact us.

The findings and recommendations of our research will reflect analyses of primary and secondary sources of information. Estimates and analyses presented in our report will be based on economic trends, market assumptions, and financial data that are subject to variation. Johnson Consulting will use sources that it deems reliable, but will not guarantee their accuracy. Recommendations will be made from information provided by the analyses, internal databases, and from information provided by management.

It is understood in accepting this proposal that neither fees nor payment thereof is contingent upon the findings of the study. Upon receipt of invoices, payment is to be made within 30 days of receipt unless prior arrangements have been made with management. Additionally, all outstanding invoices must be current prior to the release of any draft and final reports.

Johnson Consulting will have no responsibility to update its report for events and circumstances occurring after the date of its report. If you decide not to proceed with the project, or if it appears that the study will result in a finding that the project cannot achieve its required results, Johnson Consulting would, at your request, terminate its work and would only bill you for fees and expenses incurred to that point in time.

If you require us to attend meetings and make presentations beyond the scope of services, Johnson Consulting will charge separately for its actual hours of professional time incurred in preparing for and attending the meetings. Professional time will be billed at Johnson Consulting's standard hourly rates plus travel and incidental expenses. Billing rates are subject to a minimum five percent increase as of January 1, 2025.

Invoices outstanding after thirty days of receipt shall accrue at the interest rate of one percent per month until paid. If we need to bring action to enforce the terms contained in this letter, you will be responsible to pay our reasonable attorney's fees, costs and expenses.

We commit to delivering the highest quality product within the timeframe we have proposed. If you have any questions, please feel free to call me at 312-447-2008.

Thank you for your interest in our firm. We look forward to the opportunity to serve you.

AUTHORIZATION TO PROCEED

Signature: _____

Name: _____

Title: _____

Date: _____

Wire Information:

Please remit payments electronically to the wire information below.

Bank of America

Account Number: 898134113680

Wire #: 026009593

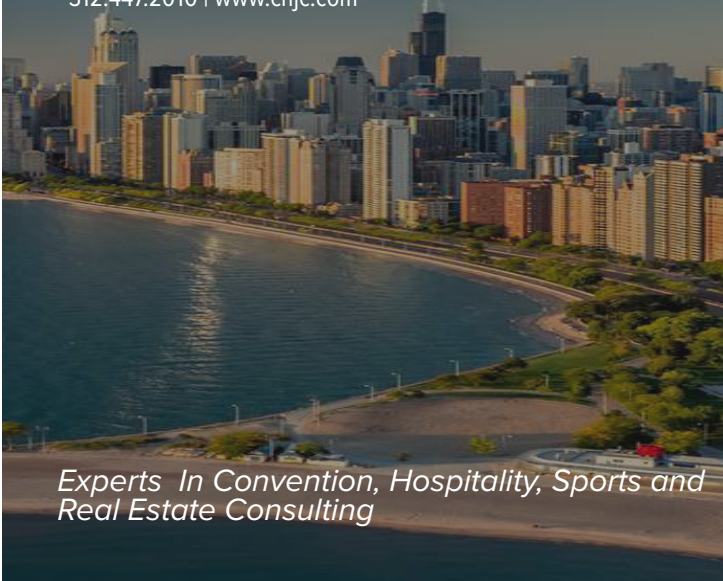


QUALIFICATIONS



JOHNSON CONSULTING

6 East Monroe Street, 5F, Chicago, Illinois 60603
312.447.2010 | www.chjc.com



Experts In Convention, Hospitality, Sports and Real Estate Consulting



+25 YEARS

Conducting economic, market and financial analysis for public assembly facilities



20,000

Built hotel rooms



30M SQ.FT

of exhibition space



\$100B

in projects built



+2,000

Projects/assignments

COMPANY OVERVIEW

Johnson Consulting, a corporation founded in 1996 in Chicago, Illinois, has conducted hundreds of engagements in the U.S., Canada, Central and South America, Asia, Africa, and Europe with a focus on strategic planning for urban renewal districts, public assembly facilities, hotels and surrounding districts, and the broader real estate markets.

Our staff has worked in the real estate planning, hospitality, and sports consulting fields for over 35 years. The majority of this work is focused on strategic planning, market and feasibility studies, economic and fiscal impact assessments, economic development, strategy development, tax analysis and projections, site selection, development consulting, developer and investor recruitment and downtown and suburban development and redevelopment planning. These engagements involve a variety of land uses, including mixed-use development districts, retail, office, industrial, housing, and special uses such as hotels, conference centers, arenas, sports facilities, entertainment and tourism, and university based projects.

The majority of our clients are cities and counties, and we also perform studies for private developers and quasi-governmental organizations, such as universities, convention and visitors bureaus and authorities. With both our public and private sector clients, we deliver high- quality work in a timely manner. Numerous repeat engagements with several clients are evidence of our reputation for quality and client satisfaction.

We have provided analysis, insight and recommendations for various development and real estate projects, providing both comprehensive evaluation of an entire area and specific evaluation of individual facility concepts and economic development potential. Our expertise allows us to counsel communities on whether development is appropriate, and if so, what should be built, where it should be built, and how to finance and develop the project. Johnson Consulting is noted for providing straightforward opinions and creating meaningful solutions to complex challenges.

▶ JOHNSON CONSULTING SERVICES



CONSULTING SERVICES

Market & Demand Analysis
 Proforma/Financial Analysis
 Economic & Fiscal Impacts
 Strategic Master Planning
 Expansion/Renovation Analysis
 Funding Strategies

Project Financing Analysis
 Tax Analysis & Projections
 Asset Valuation
 Sensitivity/Gap Analysis
 Owner’s Representation
 Site Analysis

Manage RFP/RFQ Solicitations
 Operational Audits
 Naming Rights Valuation
 Negotiation Assistance
 Public-Private Partnerships (P3)
 Public Engagement



Charles H. Johnson
PRESIDENT & PROJECT EXECUTIVE
JOHNSON CONSULTING

THE EXPERTS



Brandon Dowling
PROJECT MANAGER
JOHNSON CONSULTING



Ryan Johnson
PRINCIPAL
JOHNSON CONSULTING



Sarah Emmerton
DIRECTOR OF RESEARCH
JOHNSON CONSULTING

THE CONCORD GROUP OVERVIEW



HEADQUARTERS & PRINCIPAL PLACE OF BUSINESS

55 East Monroe Street
Suite 2850
Chicago, IL 60603
312.424.0250

PRINCIPALS/PARTNERS

Ed Stritch - President & CEO
Eamon Ryan - Co - COO
John Duggan - Co - COO
Principals/Partners
Ed Stritch - President & CEO
Eamon Ryan - Co - COO
John Duggan - Co - COO

ADDITIONAL LOCATIONS OF BUSINESS

1000 North Water Street,
Suite 1550
Milwaukee, WI 53202
414.225.5305

300 Ottawa Ave. NW
Suite 230
Grand Rapids, MI 49503 616.235.3000

175 South Third Street
Suite 200
Columbus, OH 43215
614.484.0930

101 Marietta Street NW
Suite 2600
Atlanta, GA 30303
404.323 0579

101 Marietta Street NW
Suite 2600
Atlanta, GA 30303
404.323 0579



The Concord Group was founded in 1996 and has provided professional Cost Estimating services for over 27 years to higher education institutions, healthcare organizations, municipalities, governmental agencies and other institutional clients on high profile, complex projects. During this time, our staff has grown to over 50 professionals with expertise in Cost Estimating, Owner's Representative services (OR), Schedule Management, Infrastructure Management, Cost Segregation, Specialized Real Estate Services, Commissioning and Technical Services (including Building Energy Management, Energy Modeling/ Life Cycle Costs, Facility Condition Assessments and Sustainability Consulting).

Our Cost Estimating services form the foundation of all of our services that we offer as an organization and is just one characteristic that separates us from our competitors. Our objective is to always provide our clients with an accurate and reasonable estimate of the cost to construct or remodel a project, regardless of use or scale.

All of our estimates are prepared "in-house" by our knowledgeable and experienced staff of cost estimators, engineers, quantity surveyors and project managers who have the ability to help clients manage their construction costs. We provide cost estimates at all typical design stages and for all construction disciplines including architectural, structural, civil, mechanical, electrical and plumbing. We work with "state-of-the-art" technologies for project measurement and pricing along with the latest in Building Information Management (BIM) applications.

Our in-house LEED AP staff members bring environmental awareness to all of the projects that we are involved with. We evaluate and offer suggestions on environmentally sustainable alternatives on a wide array of projects, focusing on construction cost versus life-cycle costs, resilience and overall building performance.

Our process is collaborative in that we work closely with the design team to make sure that we understand design intent as well as client goals. Working with the design team we can then provide realistic cost estimates that ultimately provide the client with the confidence needed to move forward with a project.

Due to our relationship with a number of significant institutional and governmental clients, we see a large number of bids on a weekly basis. This substantial volume of cost data provides us with "real time" information about the state of pricing in the marketplace.



PROJECT EXPERIENCE





Convention/Conference Centers

“

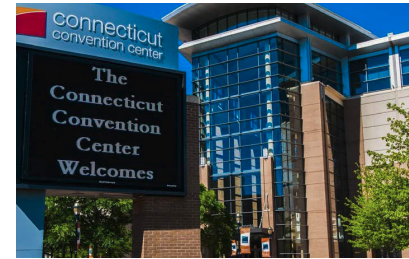
Johnson Consulting worked diligently and quickly to survey customers and potential customers on the likelihood of considering Austin in the future, develop comparisons to 5 key Austin competitors, along with the otherx statistical information that clearly demonstrated the justification for convention center expansion.

”

Mark Tester
Former Director of
Austin Convention Center Department



Pennsylvania Convention Center
Philadelphia, PA



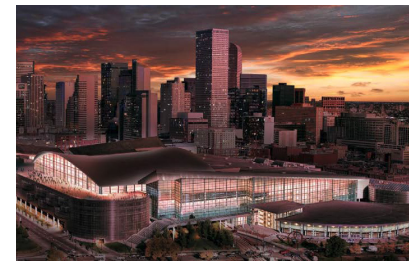
Connecticut Convention Center
Hartford, CT



Boston Convention Center
Boston, MA



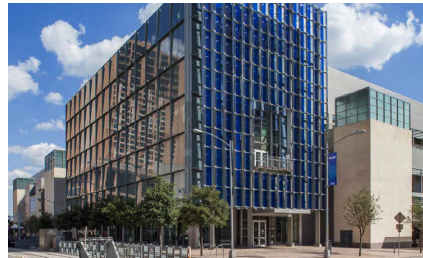
Cobo Center Event
Detroit, MI



Colorado Convention Center
Denver, CO



Los Angeles Convention Center
Los Angeles, CA



Austin Convention Center
Austin, TX



Miami Beach Convention Center
Miami Beach, FL



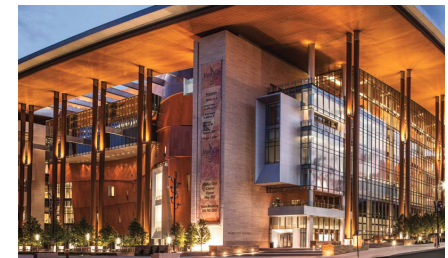
Moscone Center
San Francisco, CA



America's Center Convention Complex
St. Louis, MO



McCormick Place Convention Center
Chicago, IL



Music City Center
Nashville, TN



THREE RIVERS CONVENTION CENTER

KENNEWICK, WASHINGTON

Johnson Consulting was engaged by the Kennewick Public Facilities District (KPF) to develop a business plan and operating model for a new convention center in the Tri-Cities area of Washington. Using our analysis as a guide, the KPF retained Johnson Consulting to conduct a nation-wide search for a management team. Our report included a review and analysis of various models for convention center operation, job descriptions, and contemplated the most advantageous structure for the KPF.

Kennewick is located in south central Washington and is part of Benton County, which has a total population of approximately 142,500. Benton County's population grew nearly four times faster than the State average during the past five years. Kennewick is part of the Tri-Cities area, which also includes the cities of Richland and Pasco, and has a bi-county population of approximately 200,000.

The planned design of the Convention Center provides for a 21,600 square foot "great hall" which can be divided into four sections, nine flexible breakout rooms totaling 13,000 square feet, a 1,600 square foot patio, and 14,000 square foot lobby that will serve as a pre-function space for social events. The total building program equals 74,000 square feet. The design also examines additional expansion of up to 50,000 square feet, as the market develops. The facility opened in 2004 and has recently expanded and is adding a new convention center hotel.

PROJECT HIGHLIGHTS

- ▶ Business Plan
- ▶ Operating Structure
- ▶ Executive Search
- ▶ Marketing Plan Analysis



HEADQUARTERS HOTEL FOR IOWA EVENTS CENTER DES MOINES, IOWA

Johnson Consulting was retained by Greater Des Moines Convention and Visitors Bureau (GDMCVB) to assist in its analysis of a proposed Hotel to serve the Iowa Events Center in Des Moines, Iowa. At the time of the engagement, the City of Des Moines, Polk County, and GDMCVB had initiated and worked on the hotel project for some time, and there had been major changes affecting the strategy of the plan. These changes include an expansion of Hy-Vee Hall, the other major convention facility downtown; renovation of Polk County Convention Complex into a non-competing use; and proposed relocation of the Hotel site closer to downtown core. Taking these changes into consideration, Johnson Consulting was assigned to: 1) review and update the proposed Hotel demand and financial projections, and 2) perform economic and fiscal impact analysis for the Hotel.

Between two Hotel programs that had been proposed, Johnson Consulting recommended the larger program with 450 rooms, 25,000 square foot ballroom, 15,000 square feet of meeting rooms. Expected to excel at penetrating both the Iowa Events Center group market and in-house group market, the Hotel was projected to start and stabilize at occupancy and average daily rates above its competitive set. Economic and fiscal benefits were projected to include over \$70 million in total spending, over \$25 million in earnings, 780 full-time jobs; and \$3.5 million in State and local tax revenues annually.

PROJECT HIGHLIGHTS

- ▶ Hotel market analysis
- ▶ Hotel financial projections
- ▶ Hotel economic and fiscal impact analysis
- ▶ Policy direction regarding approach to Hotel development



SPOKANE PUBLIC FACILITIES DISTRICT

SPOKANE, WASHINGTON

The City of Spokane, Washington engaged Johnson Consulting to conduct due diligence and to provide a third-party review of operating assumptions developed by the Spokane Public Facilities District (SPFD) and other financial consultants. At the time of the engagement, the City was the owner/operator of the Spokane Center and was in the process of entering into a series of Interlocal Agreements with SPFD to transfer ownership and operations of three of Spokane Center's facilities. As part of this engagement, we performed the following:

- Reviewed existing operations of the Spokane Center,
- Reviewed trends in convention, tradeshow, and meeting events since the development of the original projections including: overall national economic conditions, new competitive facility developments and expansions, and other industry trend data applicable to Spokane,
- Advised the City on the ability of the SPFD to retire bonded debt,
- Performed an economic impact analysis regarding the economic and fiscal benefits of the project, and
- Provided an opinion regarding the project's net impact on the City's General Fund over the life of the project, including the likelihood and frequency that the City will be called upon to make incremental contributions to the District to cover operational losses.

Subsequent to this engagement, SPFD contracted us to develop ongoing procedures to monitor economic impacts generated by the facilities, especially with regard to expansion of the Spokane Convention Center. SPFD also contracted us to conduct a benchmark analysis of employee compensation comparing it to other public assembly facilities and districts throughout the country.

PROJECT HIGHLIGHTS

- ▶ Economic impact analysis of the facilities
- ▶ Analysis of financing status
- ▶ Operational review
- ▶ Financial impact opinion
- ▶ Benchmark analysis



FEASIBILITY STUDIES/ANALYSES AND FUNDING ANALYSIS MULTIPLE FACILITIES

NASHVILLE, TENNESSEE

The Metropolitan Development and Housing Agency (MDHA) of Nashville engaged C.H. Johnson Consulting, Inc. (Johnson Consulting) to provide feasibility studies for a Convention Headquarters Hotel and a new Music City Center, strategic recommendations for the existing Nashville Convention Center and Renaissance Hotel, as well as assisted MDHA in the selection of the developer and operator of the Convention Headquarters Hotel. The firm subsequently was retained by MDHA to develop projections of potential revenue streams available to fund the development of Nashville’s new Music City Center (MCC) from various potential funding sources.

Working with the existing Convention Center management and CVB, Johnson Consulting studied funding scenarios and identified seven funding sources to cover the bonds issued by Nashville Metro for constructing the Music City Center, all of which were derived from existing or new visitor spending. The funding sources include the following: (i) \$0.02 of the existing \$0.05 Hotel/ Motel Tax, (ii) Additional \$0.01 Hotel/ Motel Tax, (iii) Convention Center Fee at \$2.00 per room night, (iv) Rental Car Tax at 1.0 percent, (v) Airport Ground Transportation Departure Tax at \$2.00, (vi) Tourism Development Zone (TDZ) Incremental Sales Tax, and (vii) Redirected Sales Tax Revenues generated within the MCC “Campus.”

In this assignment, Johnson Consulting also performed analysis of the land uses within the 2.65 square mile Tourism Development Zone surrounding the Music City Center and estimated tax revenue potential. With support from MDHA, Johnson Consulting established a baseline tax revenues from the existing zone, “as-is.” Finally, incorporating baseline tax revenues and the projected fiscal benefit, Johnson Consulting estimated the amount of tax revenues that would potentially be available over time to pay for debt service from the Music City Center development.

PROJECT HIGHLIGHTS

- ▶ Feasibility analysis for convention center hotel
- ▶ Feasibility analysis for new Music City Center
- ▶ Strategic planning for convention center and new hotel
- ▶ Developer/operator analysis for new hotel
- ▶ Funding analysis, source identification and projections of potential revenue streams for project development
- ▶ Reuse strategy for former Convention Center



FUNDING ANALYSIS FOR MUSIC CITY CENTER DEVELOPMENT

NASHVILLE, TENNESSEE

C.H. Johnson Consulting, Inc. (Johnson Consulting) was retained by Nashville, Tennessee Metropolitan Development and Housing Agency (MDHA) to develop projections of potential revenue streams available to fund the development of Nashville’s new Music City Center (MCC) from various potential funding sources. Prior to this assignment, Johnson Consulting had also completed a feasibility study for a Convention Headquarters Hotel, a feasibility study for Nashville’s new Music City Center, strategic recommendations for the existing Nashville Convention Center and Renaissance Hotel, as well as assisted MDHA in the selection of the developer and operator of the Convention Headquarters Hotel.

To fund the construction of the Music City Center, Nashville Metropolitan Government plans to issue bonds. To pay off those bonds, seven funding sources have been identified, all of which are derived from existing or new visitor spending. The funding sources include the following: (i) \$0.02 of the existing \$0.05 Hotel/ Motel Tax, (ii) Additional \$0.01 Hotel/ Motel Tax, (iii) Convention Center Fee of \$2.00 per room night, (iv) Rental Car Tax at 1.0 percent, (v) Airport Ground Transportation Departure Tax of \$2.00, (vi) Tourism Development Zone (TDZ) Incremental Sales Tax, and (vii) Redirected Sales Tax Revenues generated within the MCC “Campus.”

In this assignment, Johnson Consulting performed analysis of the land uses within the Tourism Development Zone surrounding the Music City Center and estimated their tax revenue potential. With supports from MDHA, Johnson Consulting established a baseline tax revenues from the existing zone, “as-is.” Finally, based on the baseline tax revenues and the projected fiscal benefit, Johnson Consulting estimated the amount of tax revenues that will potentially be available overtime to pay for debt service from the Music City Center development.

PROJECT HIGHLIGHTS

- ▶ Projections of potential revenue streams available to fund the development of Nashville’s new Music City Center (MCC) from various potential funding sources

JOHNSON CONSULTING MISSION STATEMENT

Johnson Consulting is committed to providing governments, developers, and not-for-profits with real estate market and financial analysis and project implementation support for urban and destination-oriented projects.

We guide our clients through organizational advancement by way of best-practice advisory services.

We promote the following values through our work: objectivity, independence, economic pragmatism, and social responsibility.



**JOHNSON
CONSULTING**

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Chicago, IL 60603
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