

Meridian Multiuse Center Project Development Plans



Prepared for
City of Meridian, Idaho
Meridian Chamber of Commerce
Meridian Development Corporation

Prepared by
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Executive Summary

The City of Meridian, Meridian Chamber of Commerce and Meridian Development Corporation (MDC) hired Pegasus Planning and Development to analyze the feasibility of, and create project development plans for several projects including a Conference Center, Performing Arts Center and Sports Complex. After several months of data analysis, stakeholder discussions, site analysis and case study review Pegasus presents this report that details the methodology, findings and recommendations for 1) a Performing Arts Center and 2) a Hotel Conference Center – both in Downtown Meridian.

This project follows nearly a year of work that led to the creation of the first Economic Development Strategy for the City of Meridian, which identified several Catalytic Projects to help Meridian jumpstart the Economic Development Strategy. One of these catalyst projects is the New Ventures Lab – an entrepreneurial program that will infuse a cadre of entrepreneurs in downtown Meridian (specifically in the old Meridian City Hall). Another catalyst project related to this Multipurpose Study is the need for a Conference and/or Performing Arts Center. These projects will further help Meridian diversify its economy, provide additional entertainment options for Meridian residents and catalyze its tourism sector.

While there is more than one million square feet of meeting and conference center space in the Treasure Valley, less than 36,000 square feet of meeting space exists in Meridian (less than 13% of the meeting space in Nampa and only 3% of the total space in Treasure Valley). Boise will be adding 50,000 square feet in the Boise Center, which will only help Meridian since the Boise Center's vision is that with this additional space they will attract larger national bookings; thereby providing opportunities for Meridian to draw smaller conferences and events that had been going to the Boise Center.

This Multipurpose Study started with a broad view of potential uses and activities yet, the stakeholder input and interests combined with the data analysis (existing conference and meeting center space in Meridian and the Treasure Valley Region) helped narrow the activities and uses to two specific projects – **a Conference Center and a Performing Arts Center** – both of which are recommended to be in Downtown Meridian.

Executive Summary (continued)

Determining the appropriate location for each of these two projects was the next step in creating Project Development Plans. Consultants and City staff analyzed the appropriate locations and sites for each project. It was determined after evaluating several sites that the best location for both projects is downtown. The site for the Conference Center is adjacent to City Hall and on property owned by the City and MDC; and the site for the Performing Arts Center is adjacent to the proposed Conference Center and reusing an existing church facility.

Having both of these new venues downtown will help catalyze revitalization and create an energy downtown – bringing visitors to conferences and providing one of the best performing arts venues in Idaho. The economic impact of both of these projects (as planned) will be substantial:

Performing Arts Center Impacts:

- Construction - \$4M + 49 jobs
- Operation - \$2.8M + 17 jobs (*in addition to performing arts group's staff*)

Hotel Conference Center Impacts:

- Construction - \$27M + 340 jobs
- Operation - \$6.7M + 43 jobs

The recommendations found within this report are detailed. Specific steps to implement each project are also found in the recommendations. The Citywide Economic Development Committee should champion both of these projects and work with the City, Chamber and MDC in achieving the visions found in this report.

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Introduction

This report was commissioned by the City of Meridian (in partnership with the Meridian Chamber of Commerce and Meridian Development Corporation) in November 2014. It was completed by the economic strategy firm, Pegasus Planning and Development.

Purpose of the Study

The purpose of this project was to create project development plans for several multiuse spaces in Meridian, located in or near the downtown. The Client Team asked Pegasus to examine the following potential uses as part of this project: Performing Arts Centers, Conference Center (with and without a hotel), Outdoor Events Facility, Library and Museum. After months of examination it has been determined that the uses most desired by stakeholders and most feasible based on market conditions and development opportunities are Performing Arts Center space and Conference Center space. A library could only be supported downtown if it were a small “niche” space (such as a computer lab). Support and opportunity also exist for a mid-size children’s interactive museum, but this would be a secondary, yet potentially complementary use.

Purpose of this Report

This report evaluates the most important uses to be accommodated by Meridian’s new public space investments, based on the needs and interests of stakeholders from the business and arts communities. These uses are then compared to key redevelopment sites, with recommendations on basic form and operations.

The final recommendations are provided to ease the process of implementation of two main projects – a Performing Arts Center and a Conference Center (with or without a hotel).

Methodology

A mixed-methods approach was used to develop multiuse center concepts that reflect the facility needs of a range of stakeholders throughout the Meridian community. Interviews and site examination quickly revealed distinct needs for public infrastructure. Two major gaps were regularly identified:

- ***Inadequate space for business and civic meetings, training exercises, and receptions, with scheduling priority given to Meridian area businesses***
- ***Inadequate space for a variety of performance arts, ranging from children's theatre to symphony performances.***

Cities often develop municipal conference spaces to support business development and local tourism. Extensive research was undertaken to determine the parameters relevant to potential conference center development in Meridian.

Qualitative Input

Three major methods were employed to gather qualitative input for the multiuse development projects:

- **Interviews** - Pegasus conducted Interviews with public officials and business leaders in Meridian and the Treasure Valley. These interviews were conducted over two site trips by Pegasus staff. Additional interviews were conducted via phone and email with key stakeholders in the community.
- **Focus groups and presentations** - Pegasus conducted a focus group with the Downtown Meridian Business Association to determine their interest in and need for additional meeting and conference space. Additionally, Pegasus presented findings, analysis, and proposals to the City Council, Chamber of Commerce, and the Board of the Meridian Development Corporation, to gather input and feedback on project directions.
- **Survey** - Pegasus developed and administered a survey instrument targeting Meridian business owners to determine their meeting space interest, space needs, and event frequency, with 33 respondents.

Methodology for Conference Center Analysis

Regional Analysis

Pegasus analyzed existing convention and conference facilities in the Treasure Valley. Meeting space was located spatially by city and by proximity to the Meridian Downtown. Pegasus used this information to determine the quantity of existing meeting space in Meridian near Downtown and in the city as a whole, and how this compares to the quantity in other Treasure Valley cities.

To project conference and meeting space needs, Pegasus considered two metrics: 1) Survey data taken from Meridian businesses to estimate appropriate size for any new conference and meeting facility, and basic room sizes and amenity requirements; and 2) Existing meeting space per capita in Meridian compared to other cities in Treasure Valley, as well as to its own projected population growth.

To shape the analysis of potential hotel space, Pegasus also examined hotel capacity in Meridian and Ada County, and regional hotel market indicators to determine realistic occupancy and ADR (the average daily rate for occupied hotel rooms) targets for a new hotel option.

Finally, Pegasus estimated economic impacts of final project development plan proposals based on three factors:

- Employment generated by construction and renovation
- Sales generated by performing arts events and by downtown retail spending of arts patrons
- Hotel sales generated by overnight visits, and sales generated by downtown retail spending of conference attendees

Existing Conference Center Space

An analysis of existing conference space in the Treasure Valley region revealed the following highlights:

- Approximately 1 million square feet of conference and meeting space in the Treasure Valley region with the majority in Boise (704,000 sf) and Nampa (278,000 sf).
- Meridian is underserved by conference and meeting space with only 35,000 sf within City Limits and 45,000 sf within a 5-mile radius of downtown Meridian.
- Occupancy of this space is high, and ALL of the space in and near Meridian is privately-owned; thereby making it difficult for finding space for public events.

| Table 1: Conference and Meeting Space in Meridian Core | | | |
|---|-------------------------|-------------------------|---------------------------|
| Meeting Space Provider | Number of Meeting Rooms | Total Meeting Room Area | Largest Meeting Room Size |
| 0-2 Mile Radius | | | |
| All Events Meridian | 5 | 1,600 | 1,600 |
| Holiday Inn & Suites Boise West | | | |
| Meridian | 1 | 1,400 | 1,400 |
| Meridian Library, Cherry Lane | 2 | 1,150 | 1,000 |
| PINZ Bowling Center | 0 | N/A | 1,280 |
| Wahooz Family Fun Zone | 4 | 3,722 | 2,250 |
| Total Rooms and Square Footage | 12 | 7,872 | |
| 2-5 Mile Radius | | | |
| Banbury Golf Course | 4 | 1,800 | 1,800 |
| Big Al's- Meridian | 3 | 4,000 | |
| Candlewood Suites Meridian | 1 | 800 | 800 |
| Country Inn & Suites | 2 | 1,905 | 1,280 |
| Courtyard by Marriott Boise West | | | |
| Meridian | 6 | 4,508 | 4,191 |
| Lake View Golf Club | 2 | 1,094 | 704 |
| Silverstone Amenity Center | 5 | 5,623 | 2,400 |
| Springhill Suites by Marriott - Boise West | 2 | 1,158 | 1,158 |
| The Club at Spurwing | 4 | 6,880 | |
| Veterans of Foreign Wars | 1 | 1,900 | 1,900 |
| Total Rooms and Square Footage | 30 | 29,668 | |
| TOTAL ROOMS AND SQ. FT. (5MI) | 42 | 37,540 | |
| <i>Note: Table and map include special meeting venues and hotels with conference space, and do not include restaurants.</i> | | | |
| Sources: Idaho Business Review Corporate Guide to Event Planning; Boise Convention and Visitors Bureau; Pegasus Planning | | | |

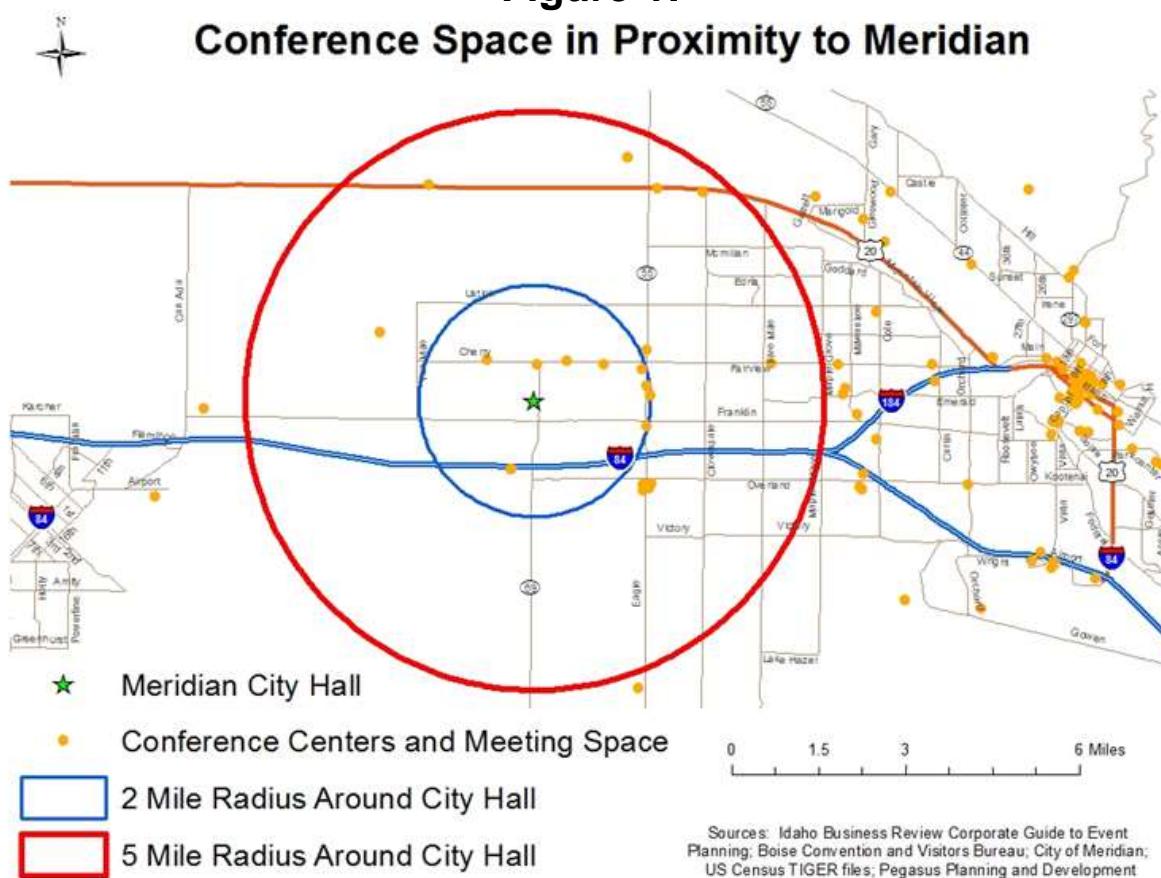
Existing Conference Center Space

In addition to Meridian's being underserved, nearly all of the meeting space in Meridian is focused away from the Downtown and along or near Eagle Rd.

The bulk of meeting space is found between the 2-mile radius and the 5-mile radius from Downtown. Most of the larger spaces are found attached to hotels or in more recreational settings (golf course clubhouses, family or sports-oriented entertainment complexes) that are more appropriate for parties, weddings, & recreational retreats. Finally, both total meeting room areas and the largest meeting room sizes of existing venues are insufficient for many of the larger groups identified in the consultant's survey.

Investment in a conference center Downtown would address these gaps, while helping jumpstart revitalization efforts in the Downtown itself.

Figure 1:
Conference Space in Proximity to Meridian



Future Demand for Conference Space

Pegasus estimated future conference and meeting space needs in Meridian by projecting the ratio of existing meeting space per population (0.47) to projected population by 2025 (114,932). While a more detailed study may be required, this method of applying this ratio of meeting space per capita yields **a demand in Meridian for an additional 18,865 square feet by 2025.** This estimate is conservative given the low amount of space in Meridian currently available, upon which the ratio is based.

An examination of event space ratios of neighboring Boise and Nampa reveals a much higher ratio for these cities. Both of these cities have at least 3.4 square feet of event and meeting space per capita. Boise and Nampa both have a ratio over 7 times that of Meridian. This suggests that Meridian should at least maintain its current ratio to meet the growing needs of downtown businesses, its strong medical community, and its growing pool of large employers and exporters.

| Table 2: Meeting Room Space Analysis | | | | |
|--|--|-----------------------|---------|---------------|
| Existing Meeting Space | | | | |
| | Meridian, City Limits | Meridian, 5-Mi Radius | Boise | Nampa |
| Square Feet | 35,432 | 45,205 | 704,192 | 278,700 |
| Population | 75,092 | 75,092 | 205,671 | 81,557 |
| Per capita | 0.47 | 0.60 | 3.42 | 3.42 |
| | <i>Projected Meridian Population, 2025</i> | | | 114,932 |
| | <i>New Population Added, 2013-2025</i> | | | 31,338 |
| Additional Conference Space Needed based on Meridian Population Growth | | | | |
| At Current Meridian Ratio | | | | 14,787 |
| At 5 Mile Ratio | | | | 18,865 |
| <i>Note: Existing meeting space includes special meeting venues, conference and convention centers, conference space in hotels, and restaurants with listed meeting rooms.</i> | | | | |
| Sources: Idaho Business Review Corporate Guide to Event Planning; Boise Convention and Visitors Bureau; Pegasus Planning and Development | | | | |

Summary of Findings – Conference Center

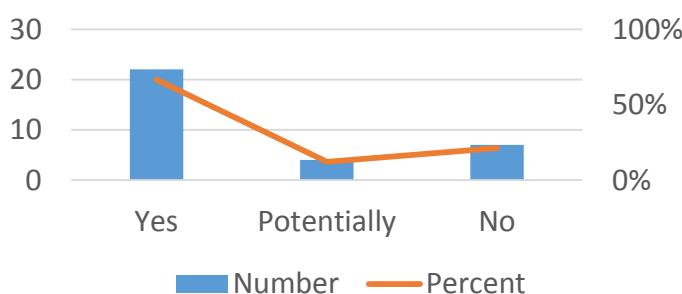
The following summarizes the analysis for the Events, Conference, and Meeting Space:

- Meridian has a much lower ratio of meeting and event space square feet per capita in city limits (0.47) than Eagle (1.61), Nampa (3.42), or Boise (3.42).
- Meridian's population growth suggests a potential demand for at least 18,000 square feet of additional meeting room space.
- Interviews and focus groups suggest major needs for meeting space for local businesses.
- Existing meeting and event space in Meridian is focused away from downtown.
- Municipal conference facilities often must be subsidized heavily unless tied to a public/private partnership with onsite hotel.
- Major expansions in Boise's convention center space and airport facilities are focused on increasing national and international events market in Treasure Valley.

The charts below summarize survey responses to key questions on meeting room need and likelihood of use.

Figure 2:

Would your company be interested in renting meeting or conference center space in Meridian if more were available?



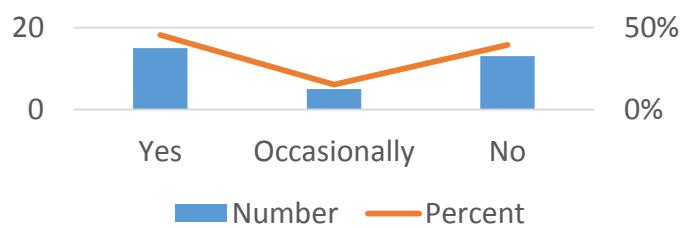
The table below summarizes meeting space and frequency needs for each survey respondent interested in renting outside meeting space. It also shows the annual revenue that would be generated by these rentals, at both \$0.30/sf/day and \$0.50/sf/day. This rate range is taken from comparable venues in the area.

Table 3: Survey Meeting Demand

| Size Needed (Sf) | Frequency (Annually) | Revenue Estimate | |
|------------------------|-------------------------|------------------|------------|
| | | \$0.30/day | \$0.50/day |
| 600 | 24 | \$21,600 | \$36,000 |
| 800 | 2 | \$1,800 | \$3,000 |
| 1,000 | 15 | \$13,500 | \$22,500 |
| 1,000 | 4 | \$3,600 | \$6,000 |
| 1,000 | 12 | \$10,800 | \$18,000 |
| 1,000 | 2 | \$1,800 | \$3,000 |
| 1,000 | 3 | \$2,700 | \$4,500 |
| 1,250 | 6 | \$5,400 | \$9,000 |
| 1,500 | 5 | \$4,500 | \$7,500 |
| 1,500 | 4 | \$3,600 | \$6,000 |
| 2,000 | 4 | \$3,600 | \$6,000 |
| 2,000 | 2 | \$1,800 | \$3,000 |
| 2,000 | 12 | \$10,800 | \$18,000 |
| 2,000 | 24 | \$21,600 | \$36,000 |
| 3,000 | 60 | \$54,000 | \$90,000 |
| 3,000 | 10 | \$9,000 | \$15,000 |
| 3,500 | 1 | \$1,800 | \$3,000 |
| TOTAL | 190 | \$171,900 | \$286,500 |

Figure 3:

Does your company currently rent meeting or conference facilities?



Existing Space and Demand for Performing Arts Center

The Treasure Valley has limited Performing Arts Center space. The two main performing arts venues are the Morrison Center and the Egyptian Theatre. In Meridian, performing arts groups utilize school and church facilities (in addition to smaller venues).

A study was completed in 2012 for the Boise performing arts groups due to an insufficient amount of seats, lack of orchestra pits and poor acoustics in existing facilities. The conclusion (with which the performing arts groups do not concur) was to add a curtain in the rear of the Morrison Auditorium to address acoustic issues.

During the course of this study, performing arts groups within Meridian and Boise were interviewed to ascertain their space needs and their ability and willingness to collaborate with each other in one larger space in Meridian. The following groups have been identified as the primary users of such a space:

- Treasure Valley Children's Theatre
- Meridian Symphony
- Treasure Valley Youth Theater
- Cantus Youth Choir
- Idaho Opera
- Ballet Idaho
- Boise Philharmonic
- Wine Glass Arts Development

The following key findings were ascertained from discussions with these groups:

- Boise performance spaces are not adequate for several major Boise-based arts groups.
- Arts groups prefer to be located in a downtown setting.
- While these groups appreciate the School District spaces and the District's interest to build more, this is not at all preferable among these groups. School spaces have limited opportunity for concession and alcohol sales, and do not have an appropriate space design for performing arts patrons.
- Preferred requirements and space needs shared by these groups:
 - 800-1000 seat capacity auditorium
 - Orchestra pit near stage
 - Office space for arts groups
 - Adequate parking
 - Room for set preparation and costuming
 - Adequate dressing rooms
 - Acoustics must be exact to their needs

Case Studies and Trends

Pegasus identified case studies for conference centers, conference centers with hotels, performing arts centers and children's discovery centers. These were examined for insights on best practices for municipal centers and public/private partnerships. They were compared to national and international trends in conference and convention center management. Each case study is further described in the Appendix.

| Table 4: Case Studies Reviewed | | | | | | |
|---|--------------------|---|-----------------------|--------------------|-----------------|-------------------|
| Conference Center | | | | | | |
| Name | City | Meeting Area | Breakout Rooms | Hotel Rooms | Cost (M) | Year Built |
| Embassy Suites | San Marcos, Texas | 77,300 sf | 19 | 283 | \$71 | 2008 |
| Kirkwood Center | Cedar Rapids, Iowa | 19,000 sf | 4 | 71 | \$30 | 2010 |
| Pocatello Conference Center | Pocatello, Idaho | 40,000 sf | N/A | N/A | \$5-7 (est.) | Pending |
| Carver Museum, Cultural Center, and Library | Austin, Texas | 46,000 sf | N/A | N/A | \$10.40 | 2004 |
| Performing Arts Center | | | | | | |
| Name | City | Size | | | | |
| ImaginOn | Charlotte, NC | 104,000 sf | | | | |
| Seattle Children's Theatre | Seattle, WA | 757 Seats Total (482 and 275 per theater) | | | | |
| Madison Children's Museum | Madison, WI | 56,290 sf | | | | |

The key findings from this case study review include the following:

- Cost of construction (\$/sf) varies considerably based on final finish-out quality.
- Stand-alone, publicly-funded conference centers require constant subsidy, or a funding mechanism to offset the gap in revenue generated from space rentals.
- Public-private hotel-conference centers work well, though the mechanisms for funding are complicated (yet are done throughout the US).

Project Concepts and Site Identification

Based on the quantitative analysis, stakeholder input and case study review, **three distinct project concepts emerged.** The site analysis and identification was based on these concepts:

1. Concept A: Performing Arts Center

- 800-1000 Seats in main auditorium
- Orchestra Pit
- Equipment/Stage Rooms
- Offices for Organizations
- Storage space
- Loading zones
- Classroom and Rehearsal space

2. Concept B1: Conference Center

- Low-cost, two stories
- Main room with minimum 6,000 square feet; Breakout rooms; AV equipment and technology
- Kitchen/catering facilities with alcohol sales

3. Concept B2: Conference Center with Hotel

- Conference center along Main Street (as described above)
- 4-5 story hotel attached to center, with structured parking and principal entrance on Idaho (approximately 150 rooms)

The site analysis that follows will use A, B1 and B2 on various aerial photographs and site plans to clearly indicate which Concept is recommended per each site discussed,

Sites Overview

After analyzing numerous sites in and near Downtown Meridian, two Downtown locations emerged as leading candidates for project development.

Site 1: Harvest Church (Concept A)

This church is located two blocks from City Hall, and owns most of the acreage on its block. The total area of the block is 5.59 acres. Numerous site visits by performing arts groups, Client Team and engineers has led to the conclusion that this facility and the site are suitable for conversion for a Performing Arts District

Site 2: Old City Hall (Concepts B1&B2)

The Old City Hall is still owned by the city of Meridian. Its size, location, and ownership make it a very appropriate focus for a Conference Multiuse District. It is 2.61 acres, with most of the block owned by the City or URA.

Because both sites are Downtown, on Main St., and adjacent to City Hall, they offer tremendous opportunities to promote pedestrian activity.

The Old City Hall is being renovated for use by New Ventures Lab; this should continue regardless of longer-term plans to begin building an entrepreneurial ecosystem Downtown.

Figure 5:
Old City Hall Site



Figure 4:
Project Sites Overview



Figure 6:
Harvest Church Site



Project A: Performing Arts Center

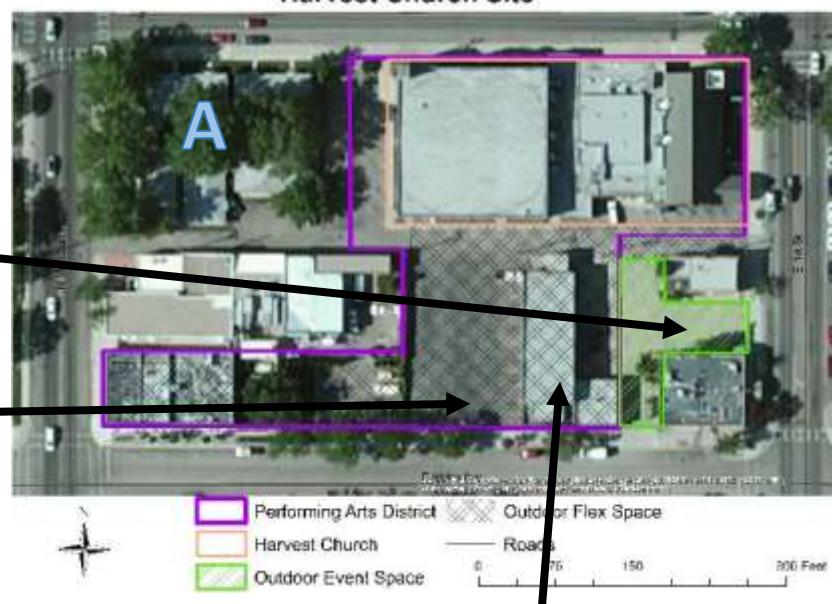
Concept: The Harvest Church site will be the focal point for repurposing as a shared Performing Arts Center. Some changes are necessary to convert Harvest Church into Performing Arts Center.

- The projected total building footprint is 22,300 sf, including the main theater and secondary theater
- Currently, there are 800 seats in main sanctuary; add 100-200 more
- Add orchestra pit to main sanctuary
- Convert 5,500 sf of basement into offices and equipment rooms for arts organizations
- Convert ~5,000 sf of corner building into arts offices



Activate space on Main St. with festival plaza, food truck area, etc.

Outdoor flex space can be used for shared parking with the conference center in Project Option A. It can be used as outdoor event space for Project Option B, sharing structured parking space with Option B's hotel and conference center.



This ancillary building can be removed to contribute to outdoor flex space

Project A: Performing Arts Center Design

Figure 9: Performing Arts Center Rendering 1



Figure 10: Performing Arts Center Rendering 2



Project A: Performing Arts Center *Implementation*

Renovation and Construction Cost Estimate: \$4.5M

Total Square Feet: 22,300 (main floor); 5,500 (basement offices)

Pros

- ▶ Reuse of the Harvest Church would be the most cost effective alternative.
- ▶ A Performing Arts Center in the church space would provide a much greater economic impact to Downtown Meridian than the church.
- ▶ Performing arts groups can begin dialogue with Harvest Church about sharing or renting space immediately, potentially partnering for design improvements. This will satisfy the needs of arts groups immediately while creating a concrete focus for medium-term fundraising efforts for final facility purchase.
- ▶ The location of the Harvest Church site is optimal for creating a performing arts anchor in the downtown. This would ultimately replace a site that generates little downtown activity most of the week with one that will generate significant cultural amenities and downtown activity.
- ▶ The Church already plans to remove some of its secondary buildings to enhance parking opportunities; these can be augmented by parking near City Hall for performing arts patrons.
- ▶ The Harvest Church is across the street from the Boys & Girls Club

Cons

- ▶ A greenfield site may be better tailored to user needs.
- ▶ Performing arts users will have to share the site and coordinate activities.

Project A: Performing Arts Center Implementation

Economic Impacts

Economic impacts of the Performing Arts Center recommended here have been estimated using national level input-output multipliers. These allow cities to make general projections of "ripple effects" of new investment in construction, renovation, and industry development.

Performing Arts Center impact analysis considers three factors:

- ▶ Center renovation & construction
- ▶ Ticket sales for performances
- ▶ Retail sales generated in the Downtown by arts patrons

These estimates are based on broad multiplier data and conservative assumptions regarding ticket sales and retail spending.

**Table 5: Economic Impacts-
Performing Arts Center**

| Renovation & Construction | |
|--|--------------------|
| Total Renovation | \$4,510,473 |
| Total Impact (Cost+Supply Chain) | \$8,454,023 |
| Employment | |
| | 49 |
| Annual Revenues | |
| Ticket Sales* | |
| Annual Ticket Sales | \$1,275,000 |
| Total Impact (Sales+Supply Chain) | \$2,321,536 |
| Employment | 12 |
| Downtown Retail from Patrons | |
| Annual Retail Sales | \$340,000 |
| Total Impact (Sales+Supply Chain) | \$557,809 |
| Employment | 5 |
| Total Annual Economic Impacts | |
| Total Impact (Sales+Supply Chain) | \$2,879,344 |
| Employment | |
| | 17 |

*Does not include concessions and alcohol sales

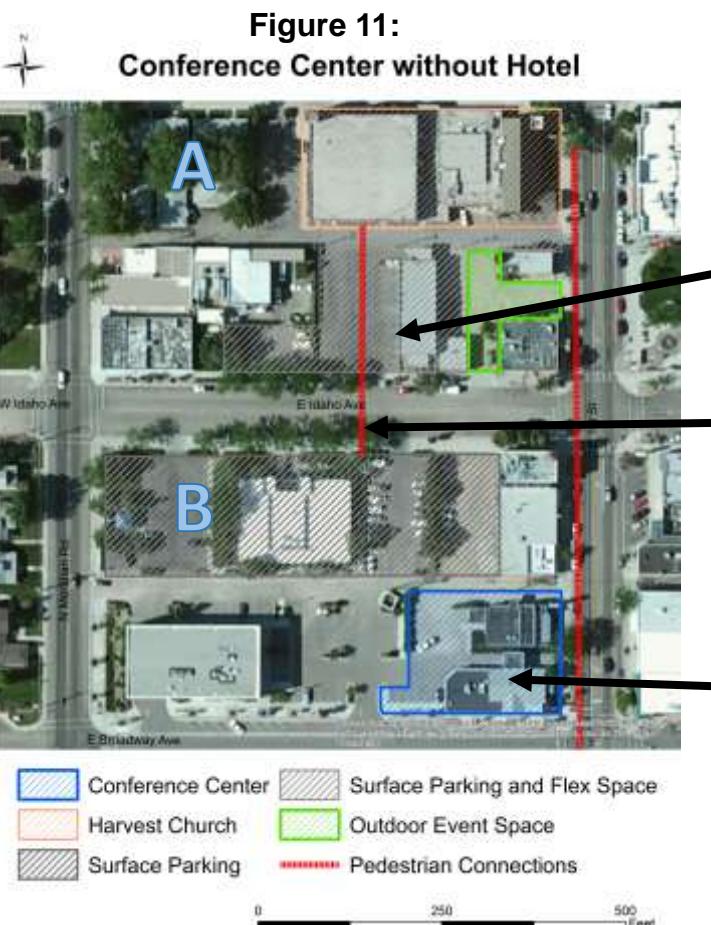
Sources: BLS Nominal Domestic Total Requirements 2012; BEA Total Requirements Industry by Industry 2013; Pegasus Planning and Development

Project B1: Conference Center

Concept: Redevelop MDC-owned parcels along Main Street to accommodate two-story conference civic center, with conference uses on ground floor & New Ventures Lab on 2nd floor.

The MDC-owned parcels along Main St. would be very cost-effective targets for the development of a 2-3 story multiuse conference center. With a 18,325 sf footprint, the ground floor alone would meet 97% of projected future meeting space demand for Meridian. Two smaller, deep sections of 1,000 sf apiece could be included in the ground floor, allowing for limited retail to help activate Main St.

In this concept, Old City Hall would simply be replaced with surface parking shared between the Conference and Performing Arts Centers. New Ventures Lab should be relocated to the second story of the conference center. This would allow them ample room (between 10,000-18,000 sf) to optimize for their incubation and startup development work.



Remove building to create additional flex space & **surface parking** shared between Conference Center and Performing Arts Center

Remove **Old City Hall** building to create surface parking for Main Street conference center

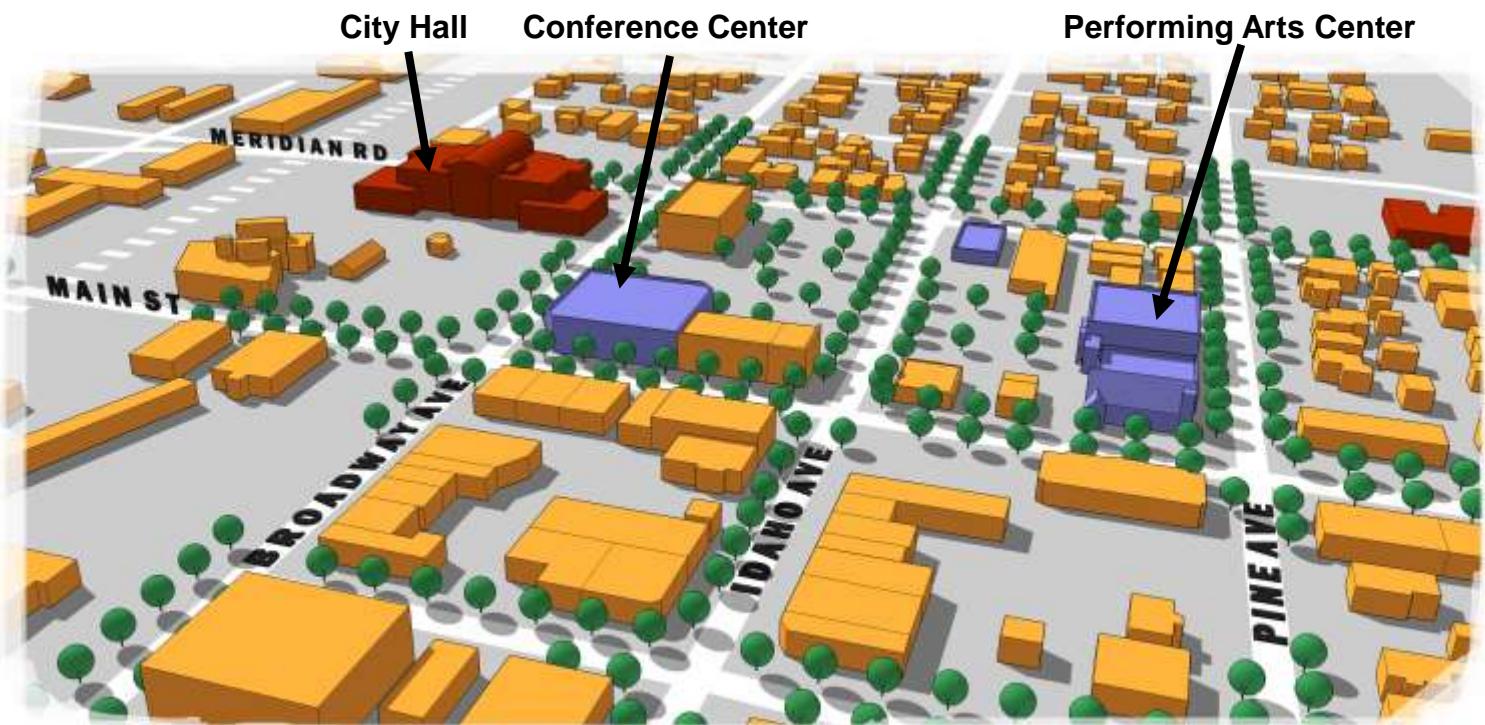
- 18,000 sf building footprint
- 2 stories (36,000 sf total)
- 15,000 sf conference space, with 6,000 sf main meeting room
- 3,000 sf for 2 small retailers on Main Street
- Venture Lab in 2nd story, with 18,000 sf

Project B1: Conference Center Design

Figure 12: Conference Center Layout



Figure 13: Conference Center Massing



Project B1: Conference Center Implementation

Construction Cost Estimate: \$11M

Total Square Feet: 36,000; 15,000

**Conference Center, 3,000 Retail,
18,000 New Ventures Lab**

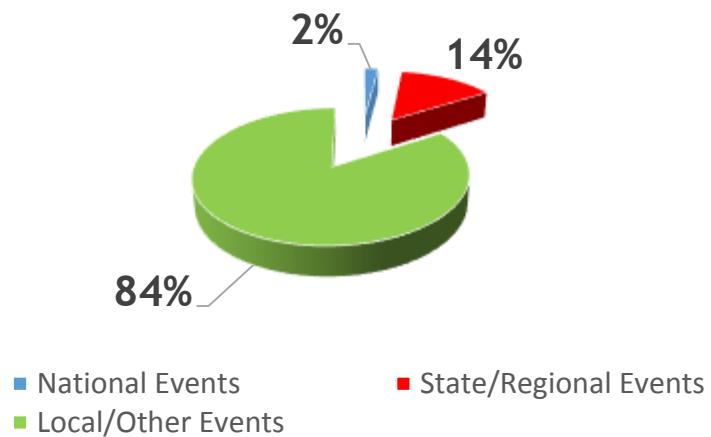
Pros

- Leverages URA-owned parcels.
- Construction cost for just Conference Center would be lower and eliminate the need for a private sector partner.
- A mid-sized conference center would easily meet the needs of the Meridian business community.
- Downtown location would help Meridian achieve Downtown Vision.

Cons

- Conference centers without attached hotels have difficulty generating sufficient demand to remain cost-neutral or profitable.
- Having a hotel as part of Conference Center would generate stronger economic impact for the city than a Conference Center without a hotel.

Figure 14:
Typical Allocation of Events at Medium-Sized Conference Facilities



The chart above is taken from a summary report of conference facilities across the country. A mid-sized conference facility would be the most appropriate model for Meridian. The vast majority of users for such facilities are local, suggesting that a stand-alone conference center would meet most primary user needs. However, this does not take into account center profitability, economic impacts, or local hotel indicators.

Project B1: Conference Center Implementation

Economic Impacts

Economic impacts of the Conference Center recommended here have been estimated using national level input-output multipliers. These allow cities to make general projections of "ripple effects" of new investment in construction, renovation, and industry development.

Conference Center impact analysis considers three factors:

- ▶ Center construction
- ▶ Receipts from conference use
- ▶ Retail sales generated in the Downtown by conference attendees

Because the Center would be municipally owned, projections are made using multipliers for public investment.

Table 6: Economic Impacts- Conference Center

| Construction | |
|--|---------------------|
| Total Construction Costs | \$10,995,000 |
| Total Impact (Cost+Supply Chain) | \$20,608,034 |
| Employment | |
| | 120 |
| Annual Revenues | |
| Conference Room Bookings | |
| Conference Booking Revenue | \$727,080 |
| Total Impact (Sales+Supply Chain) | \$1,222,311 |
| Employment | 8 |
| Downtown Retail from Patrons | |
| Retail Sales | \$145,416 |
| Total Impact (Sales+Supply Chain) | \$238,571 |
| Employment | 2 |
| Total Impacts | |
| Total Impact (Sales+Supply Chain) | \$1,460,883 |
| Employment | |

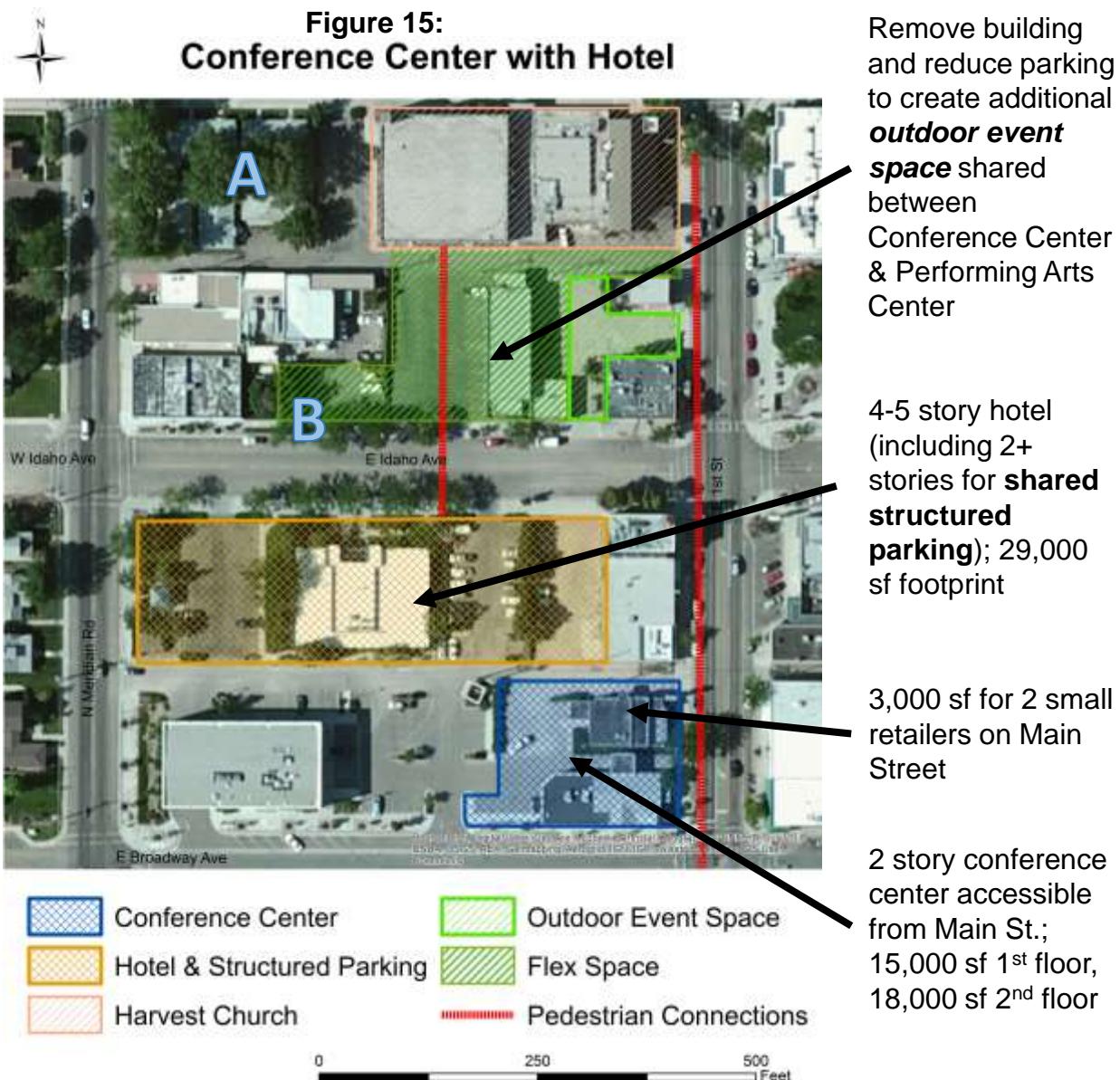
*Does not include concessions and alcohol sales

Sources: BLS Nominal Domestic Total Requirements 2012; BEA Total Requirements Industry by Industry 2013; Pegasus Planning and Development

Project B2: Conference Center with Hotel

Concept: Redevelop Old City Hall parcel to accommodate a two-story conference center and 150-room hotel

The Old City Hall parcel would be an appropriate size for a new hotel, which would augment the market for the Conference Center, provide accommodation for out-of-town patrons of the Performing Arts Center, and offer shared structured parking for the Downtown. This could be implemented initially or phased up from the surface parking described in Concept B1, allowing great flexibility in design and funding.

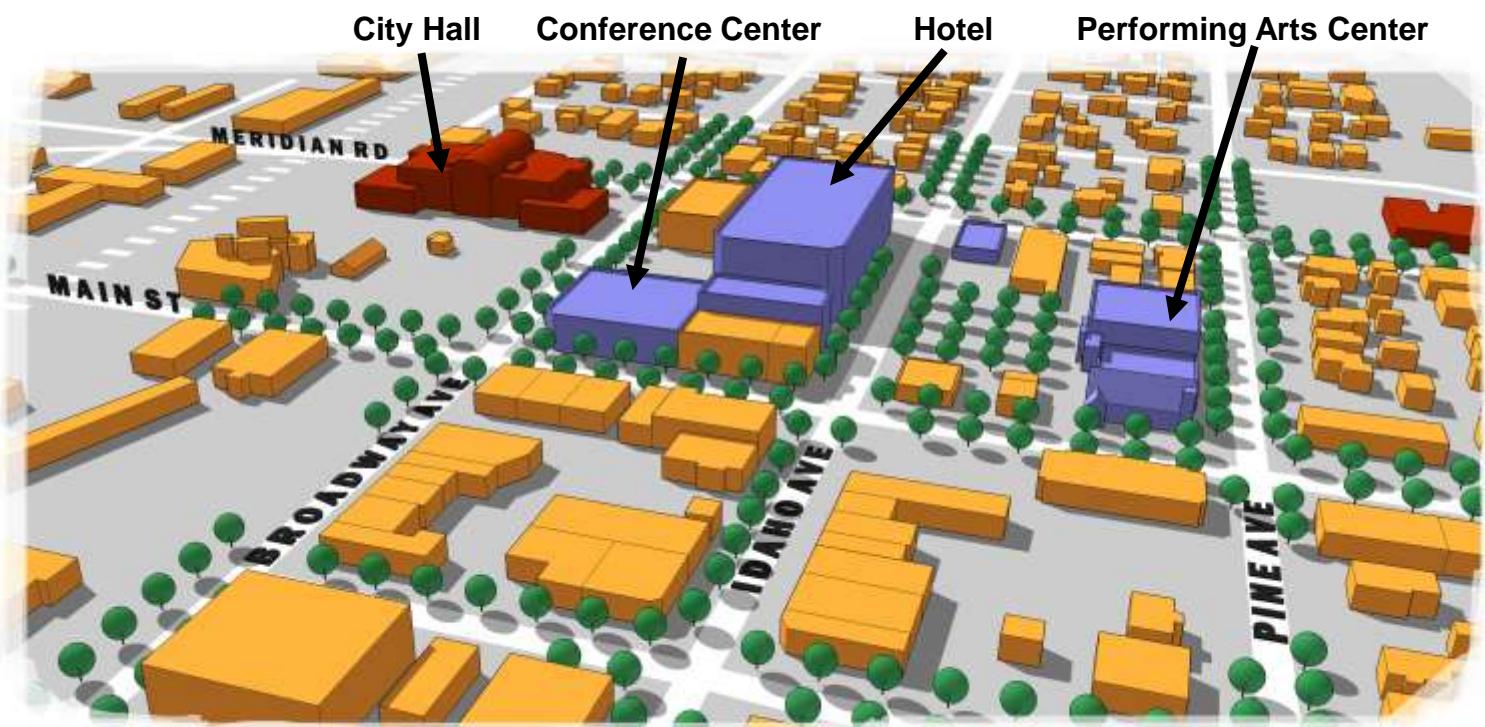


Project B2: Conference Center with Hotel Design

Figure 16: Conference Center with Hotel Layout



Figure 17: Conference Center with Hotel Massing



Project B2: Conference Center Implementation

Construction Cost Estimate:
\$31.2M

Total Square Feet:

- **Conference Center: 36,000**
- **Hotel: 116,000 (including 2-levels of shared structured parking)**

Pros

- Leverages City- and URA-owned properties
- Stand-alone civic centers without attached hotels often fair poorly requiring continuous city subsidy.
- A hotel attached to a conference and civic center would encourage more tourism and have greater economic impacts.
- The hotel markets in Meridian and Ada County as a whole are strong, with positive trend on primary hotel indicators (see chart at right)
- A downtown hotel would support downtown retail.

Cons

- Hotel investment would add to project costs, requiring a private sector hotel partner.
- Most existing hotels are focused more around Eagle Rd. and the Village.

Table 8: Meridian Hotel Measures

| Year | Occupancy | RevPAR | ADR |
|------|-----------|---------|---------|
| 2008 | 49% | \$39.25 | \$80.14 |
| 2009 | 46% | \$33.16 | \$72.84 |
| 2010 | 52% | \$36.30 | \$70.46 |
| 2011 | 56% | \$40.58 | \$72.02 |
| 2012 | 62% | \$47.72 | \$76.42 |
| 2013 | 66% | \$53.45 | \$81.03 |

Sources: STR Boise, ID vs. Ada County, ID Report; Pegasus Planning and Development

This data refers to hotels and motels outside of Boise but within Ada County. Meridian hotels account for 85% of these rooms, so these rates reflect Meridian trends.

Hotel occupancy rates are higher than the industry benchmark of 60%. Revenue Per Available Room (RevPAR), in indication of hotel market health, has been steadily increasing since 2009. Average Daily

Rates (ADR) charged for hotel rooms have also increased to \$81. This indicate a healthy market for new hotel development.

Table 7: Hotels in Meridian

| Name | Rooms | Rate |
|--|------------|----------------|
| Motel 6 Meridian | 68 | 66 |
| Mr. Sandman Inn & Suites | 106 | 73 |
| La Quinta Inn & Suites Meridian / Boise West | 67 | 85 |
| Candlewood Suites Boise-Meridian | 121 | 80 |
| Hampton Inn & Suites Boise Meridian | 128 | 104 |
| Best Western Plus Rama Inn | 60 | 85 |
| Country Inn & Suites By Carlson Boise West, ID | 82 | 129 |
| Holiday Inn Express Hotel & Suites Boise West - Meridian | 76 | 104 |
| Towneplace Suites Marriott Meridian | 100 | 109 |
| Courtyard by Marriott Boise West Meridian | 145 | 104 |
| Total Rooms | 953 | |
| Average Rate | | \$94.94 |

Hotel design was considered using data on Meridian hotel capacity, rates, and trends in occupancy, RevPAR, and ADR. These trends are all positive, suggesting market potential for new hotel development in Meridian.

Project B2: Conference Center with Hotel Implementation

Economic Impacts

Economic impacts of the Conference Center recommended here have been estimated using national level input-output multipliers. These allow cities to make general projections of "ripple effects" of new investment in construction, renovation, and industry development.

Conference Center impact analysis considers three factors:

- ▶ Center construction
- ▶ Receipts from conference use
- ▶ Retail sales generated in the Downtown by conference attendees

Because the Center would be municipally owned, projections are made using multipliers for public investment.

Table 9: Economic Impacts- Conference Center with Hotel

| Construction | |
|--|---------------------|
| Total Construction Costs | \$31,295,000 |
| Total Impact (Cost+Supply Chain) | \$58,656,519 |
| Employment | |
| 340 | |
| Annual Revenues | |
| Conference Room Bookings | |
| Conference Booking Revenue | \$727,080 |
| Total Value Impact (Sales+Supply Chain) | \$1,222,311 |
| Employment | 8 |
| Impact Element: Retail from Users | |
| Retail Sales | \$145,416 |
| Total Impact (Sales+Supply Chain) | \$238,571 |
| Employment | 2 |
| Impact Element: Hotel Revenues | |
| Hotel Room Sales | \$2,926,189 |
| Total Impact (Sales+Supply Chain) | \$5,328,041 |
| Employment | 33 |
| Total Impacts | |
| Total Impact (Sales+Supply Chain) | \$6,788,923 |
| Employment | 43 |

*Does not include concessions and alcohol sales

Sources: BLS Nominal Domestic Total Requirements 2012; BEA Total Requirements Industry by Industry 2013; Pegasus Planning and Development

Next Steps

The recommendations found on the previous pages have been vetted by performing arts groups, engineers, developers and the Client Team. Funding each of these projects will require more conversations with these groups and others. There is interest, support and funding (philanthropic, grant and public) for both project concepts. The following recommendations will assist Meridian in the implementation of these projects:

Performing Arts Center

- Gather Performing Arts Groups to reach agreement on project concept, finalize space needs, and ascertain each group's ability to provide funding up front for purchase and renovation, as well operational costs.
- Finalize preliminary proforma for purchase and operations (based on current concept and order of magnitude cost estimates).
- Submit a contract for purchase on the Harvest Church site (all land and buildings).
- Performing Arts groups should begin leasing facilities for short-term use/needs.
- Finalize design and funding for improvements.
- Consider encouraging the redevelopment of the multifamily property adjacent to Harvest Church
- Funding for this could come from a variety of sources including: MDC, City and federal funds (CDBG).
- Consider hiring a third-party to assist with this planning and development.
- Consider hiring a third-party for ownership, management and operations. The Meridian Arts Foundation may be a good fit for this role, but another new umbrella organization such as "Treasure Valley Performing Arts Foundation" may be necessary to form.
- Work with City to ensure a pedestrian connection between the Performing Arts Center, the Conference Center and Main Street.

Next Steps (*continued*)

Conference Center

The implementation of the Conference Center with a hotel will require a different approach than without a hotel. The strong recommendation is to pursue the Hotel Conference Center with a public-private partnership. Downtown Meridian needs and can support a hotel. This model is not foreign to Idaho and there are many examples to draw upon.

It is not recommended at this time to pursue an Auditorium District. There currently are not enough hotels in Meridian to generate a sufficient revenue stream (see analysis on following pages), and given the recent complications of the Pocatello Auditorium District, Pegasus does not recommend this be a first step in the process. It may be worth pursuing at a later date. In lieu of this approach, the land that both the City and MDC own should be “contributed” to the development. Combining these assets and potentially other City and MDC resources will help any developer make their proforma work.

- Move forward with improvements for New Ventures Lab (jump start the entrepreneurship downtown) on the old City Hall site.
- Begin discussions with potential private partners in new hotel development downtown on old City Hall site.
- Survey and interview state and region-level event planners to develop more precise estimates for non-local meeting and conference potential in Ada County as a whole and Meridian in particular.
- Based on Hotelier feedback, make decision on Option B1 or B2.
- Interview cities who have built hotel conference centers in a public-private manner.
- Using a Request for Proposals (RFP) approach, solicit developer proposals for this site. A clearly-articulated “community needs” list should be described in this RFP so that every proposal adhere to community needs such as a certain amount of conference center space devoted to events for the public.
- Relocate New Ventures Lab into 2nd story of new conference center

Next Steps (*continued*)

Funding Sources

The charts to the right and below estimate tax revenue that could be generated by the projects as proposed here. These estimates are based on property tax rates for the City of Meridian and sales and hotel tax rates for the State of Idaho.

Conference Center direct revenue is excluded, under the assumption that it will be an untaxed civic facility.

Table 10: Tax Assumptions

| Type | Jurisdiction | Rate |
|------------------|--------------|-------|
| Sales | State | 6% |
| Corporate Income | State | 7.40% |
| Hotel | State | 2% |
| Property | City | 1.33% |

Sources: State of Idaho; Ada County Tax Assessor

Table 11: Hotel Tax Estimate (State)

| Facility | Value | Taxes |
|----------|-------------|-------------|
| Hotel | \$2,926,189 | \$58,523.78 |

Table 12: Property Tax Estimates (City of Meridian)

| Facility | Value | Taxes |
|------------------------|--------------|-----------|
| Performing Arts Center | \$5,000,000 | \$66,533 |
| Hotel | \$20,300,000 | \$270,126 |

Table 13: Sales Tax Estimates (State of Idaho)

| Facility | Source | Value | Taxes |
|------------------------|---------------|-------------|----------|
| Performing Arts Center | Ticket Sales | \$1,275,000 | \$76,500 |
| Performing Arts Center | Patron Retail | \$340,000 | \$20,400 |
| Conference Center | User Retail | \$145,416 | \$8,725 |

Next Steps (*continued*)

Auditorium District Analysis

To analyze the potential impact of an Auditorium District, Pegasus estimated the total tax revenue that would be generated at a 5% rate on hotel rooms already existing in Meridian. Rooms for hotels that are already located in the Greater Boise Auditorium District (shown at right) are excluded from analysis. Hotel revenue is estimated using the 2013 revenue per available room found for Ada County hotels outside of Boise (84% of those rooms are located in Meridian).

The estimate suggests that an Auditorium District would generate approximately **\$730,000** per year from current hotels. With the addition of the hotel proposed in this report, this would increase to **\$878,000** annually at current rates of occupancy and room cost. It is feasible to consider that the Boise District would be amenable to annexing Meridian-based hotels.

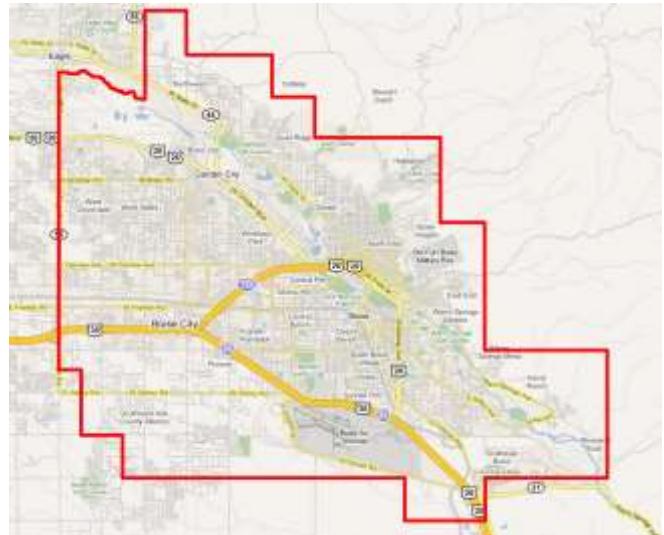


Table 14: Meridian Auditorium District Assumptions

| | |
|--|---------|
| Occupancy, 2013 | 66% |
| Average Daily Rate, 2013 | \$81.03 |
| Revenue per Available Room, 2013 | \$53.45 |
| Auditorium District Tax Rate | 5% |
| Sources: STR Boise, ID vs. Ada County, ID Report; Pegasus Planning and Development | |

Table 15: Existing Hotel Rooms

| Hotel Location | Rooms | Revenue | Taxes |
|--|-------|--------------|-----------|
| In Meridian | 953 | \$18,591,054 | \$929,553 |
| In Meridian, Outside Boise Auditorium District | 750 | \$14,630,945 | \$731,547 |
| With Proposed Hotel | 900 | \$17,557,134 | \$877,857 |

APPENDIX

Appendix

Assumptions for Economic Impacts Estimation

Construction Cost Inputs

Construction cost estimates for all three (3) projects are provided based on general site specifications and review. They are broad, order-of-magnitude estimates.

Performing Arts Center (PAC) Ticket Sales Inputs

Revenue from performance ticket sales was estimated by assuming an 85% seat occupancy for a 1,000 seat facility, over 25 weekends in a year. This is a conservative estimate of the number of evenings in which the PAC main hall will be used, and it does not include other revenue sources (concessions, alcohol sales, ticket sales for other space, etc.). It is assumed that average ticket sales will be \$30 per seat.

Conference Center Use Inputs

To estimate Conference Center use, the total square footage of rentable space (10,000 sf) was multiplied by a median sf rental rate for event centers in the region (\$0.40/sf/day). This was multiplied by the 2012 national executive conference center occupancy rate of 49.8%, taken from a PriceWaterhouseCooper report review of national conference center indicators.

Hotel Revenue Inputs

Hotel revenues are estimated by multiplying the number of rooms proposed (150) by the ADR and occupancy rates for Ada County hotels outside Boise in 2013. This determined the average Revenue per Available Room, which was multiplied by 365 to determine annual revenue.

Downtown Retail Value Inputs

For each scenario, it was assumed that PAC patrons or conference attendees would generate some level of retail impact on the Downtown. It was assumed that 10% of PAC patrons would spend an average of \$30 each in visits to restaurants or retailers accompanying their performing arts trips. It was assumed that 10% of conference attendees would spend an average of \$20 each in visits to restaurants and retailers.

Multipliers Used

To determine employment impacts, Pegasus used Nominal Domestic Employment Requirements statistics for 2012 from the Bureau of Labor Statistics. For output impacts, Pegasus used national Industry to Industry Input-Output tables for 2012 from the Bureau of Economic Analysis.

| Multipliers Used | |
|---|-------|
| Value Need to Produce \$1 of End User Value in Industry | |
| Construction | 1.87 |
| Arts & Accommodations | 1.82 |
| Government | 1.68 |
| Retail trade | 1.64 |
| Employment Needed to Produce \$1M of End User Value in Industry | |
| Construction | 10.88 |
| Performing Arts Companies | 9.19 |
| Local government enterprises | 10.70 |
| Retail | 13.38 |
| Hotel | 11.42 |

Sources: BLS Nominal Domestic Total Requirements 2012; BEA Total Requirements Industry by Industry 2013

Appendix

Meeting & Banquet Area & Seating Capacity in Meridian

| Special Event Venues | | Area (sq.ft.) | Theater Class | Banquet | Reception |
|--|--|------------------|---------------|------------|------------|
| All Events Meridian | 2053 E. Fairview Ave. | 1,600 | 80 | 50 | 60 |
| Big Al's Meridian | 1900 N. Eagle Rd. | 4,000 | 231 | 75 | 200 |
| The Club at Spurwing Lake View Golf Club | 6800 N. Spurwing Way 4200 W. Talamore | 6,880 1,094 | ... | 185 100 | 472 250 |
| PINZ Bowling Center | 1385 Blue Martin Lane | ... | ... | 300 | 300 |
| Silverstone Amenity Center | 3405 Overland Road | 5,623 | 201 | 202 | ... |
| Meridian Library, Cherry Lane | 1326 W. Cherry Ln. | 1,150 | ... | 115 | ... |
| Wahooz Family Fun Zone | 1385 Blue Martin Lane | 3,722 | 300 | ... | 108 |
| Hotels with Meeting Space | | Area (sq.ft.) | Theater Class | Banquet | Reception |
| Candlewood Suites- Boise Meridian | 1855 S. Silverstone Way | 800 | 40 | 24 | 40 |
| Country Inn & Suites | 3355 East Pine Ave. | 670 | 50 | 27 | 30 |
| Courtyard by Marriott- Boise West/Meridian | 1789 S. Eagle Road | 4,508 | 308 | 150 | 250 |
| Holiday Inn & Suites Boise West Meridian | 2610 E. Freeway Drive | 1,400 | ... | ... | ... |
| Restaurant and Banquet Facilities | | Theater Class | Banquet | Reception | Meetings |
| Chicago Connection | 1629 N. Main St. | ... | 35 | ... | ... |
| Chicago Connection | 1935 S. Eagle Road | ... | 65 | ... | ... |
| Ling and Louie's | 3210 E. Louise Drive | ... | 50 | 70 | 50 |
| Lucky Fins Seafood Grill | 1441 N. Eagle Road | ... | 50 | ... | ... |
| Ram Restaurant and Brewery | 3272 E. Pine Ave. | ... | 34 | ... | ... |
| Smoky Mountain Pizza and Pasta | 980 E. Fairview Ave. | ... | 60 | ... | ... |

Sources: Idaho Business Review Corporate Guide to Event Planning; Boise Convention and Visitors Bureau; Pegasus Planning and Development

Appendix

Multiuse Conference Center

Case Study: Embassy Suites

- Location: San Marcos, Texas
- Year Built: 2008
- Cost: \$71M
- Funding: City loans and grants; Tax Increment Reinvestment Zone; Conference Room 70% city funded, 30% proprietor funded
- Partners/Users: City of San Marcos, John Q. Hammons Hotels & Resorts

| Facility Characteristics | |
|--------------------------|--------|
| Number of Hotel Rooms | 283 |
| Total Meeting Space (sf) | 77,300 |
| Largest Room Size (sf) | 28,800 |
| Breakout Rooms | 19 |



Case Study: Kirkwood Center

- Location: Cedar Rapids, Iowa
- Year Built: 2010
- Cost: \$30M
- Funding: Kirkwood Community College
- Partners/Users: Kirkwood Community College Hospitality Arts, Hotel

| Facility Characteristics | |
|--------------------------|--------|
| Number of Hotel Rooms | 71 |
| Total Meeting Space (sf) | 19,000 |
| Largest Room Size (sf) | 7,500 |
| Breakout Rooms | 4 |
| Theater Seating (seats) | 104 |



Appendix

Multiuse Conference Center

Case Study: Pocatello Conference Center

- Location: Pocatello, Idaho
- Year Built: In Design Stage
- Size: 30,000 – 40,000 sf. (main floor)
- Cost: \$5-7M
- Funding: Pocatello/Chubbuck Auditorium District (5% hotel tax)
- Partners/Users: District owned and operated; general meeting and sports users



Issues: Stand-alone facility has been suspended due to financing problems

Case Study: George Washington Carver Museum and Cultural Center; Carver Library

- Location: Austin, Texas
- Year Built: 1933; major renovations completed 2004
- Size: 46,000 sq. ft.
 - 30,000 sq. ft. museum
 - 16,000 sq. ft. library
 - 150 seat theater
- Cost: \$10.4M
- Funding: City of Austin; Museum memberships; private and philanthropic donations
- Partners/Users: Museum and Cultural Center, Conference Space users, Austin Public Library



Appendix

Multiuse Conference Center

Case Study: Madison Children's Museum

- Location: Madison, Wisconsin
- Year Built: 1980; major renovations completed 2010
- Size: 56,290 sq. ft.
 - 26,000 sq. ft. public space
 - 13,775 sq. ft. office, storage, & future expansion
- Cost: \$15M
- Funding: Private and philanthropic donations



Note: While a children's museum or discovery center could be a partner in the conference center space, it may best be served by larger buildout on a new site.

Appendix

Performing Arts Center

Case Study: ImaginOn

- Location: Charlotte, North Carolina
- Year Built: 2005 (opening)
- Size: 104,000 sq.ft.
- Cost: \$41M
- Funding: Public Library of Charlotte & Mecklenburg County; Endowment
- Partners/Users: Charlotte Mecklenburg Library, Children's Theatre of Charlotte
- Features: Two theaters, children's library, four classrooms, teen library, multimedia production studio, interactive exhibit space



Case Study: Seattle Children's Theatre

- Location: Seattle, Washington
- Year Built: Charlotte Martin Theatre-1993; Eve Alvord Theatre- 1995, Allen Family Technical Pavilion- 2000
- Size: 482 and 275 seats
- Partners/Users: Seattle Children's Theatre



Meridian Multiuse Center Project Development Plans



Prepared for
City of Meridian, Idaho
Meridian Chamber of Commerce
Meridian Development Corporation

Prepared by
Pegasus Planning and Development
www.PegasusATX.com

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