

Feasibility Study for a Potential New Iberia Multipurpose Convention Center



January 22, 2006

Study Components

1. Local market conditions
2. Competitive / comparable facilities
3. Industry characteristics / trends
4. Market demand
5. Supportable program/development options
6. Construction cost / financial operations
7. Economic impacts
8. Funding alternatives
9. Ownership / management options
10. Policies / procedures / best practices

Market Demand Conclusions

- Limitations in existing facilities
- Non-local demand levels
- Local demand levels
- Hotel issues
- Regional competition
- Importance of destination marketing
- “Flexibility” will be key
- Use as hurricane shelter / emergency ops ctr.
- Overall event levels

Supportable Building Program

- **Key Space Components:**

– Multipurpose Hall =	20,000-25,000 SF
– Breakout Meeting Space =	7,000-9,000 SF
– Total Sellable Space =	27,000-34,000 SF
– Gross Facility Space =	54,000-68,000 SF

- **Other Components:**

- Additional acreage for parking, ingress/egress, green space, loading/marshalling, etc.
- At least 150 quality hotel rooms within close walking proximity (i.e., 2-3 city blocks)
- RV hookups

Facility Development Models

- **Stand-alone Convention Center**

- Publicly-led/publicly-owned
- Importance of HQ hotel
- High construction costs, public sector op. subsidy
- Maximization of econ. impact & local event protection

- **Hotel / Conference Center**

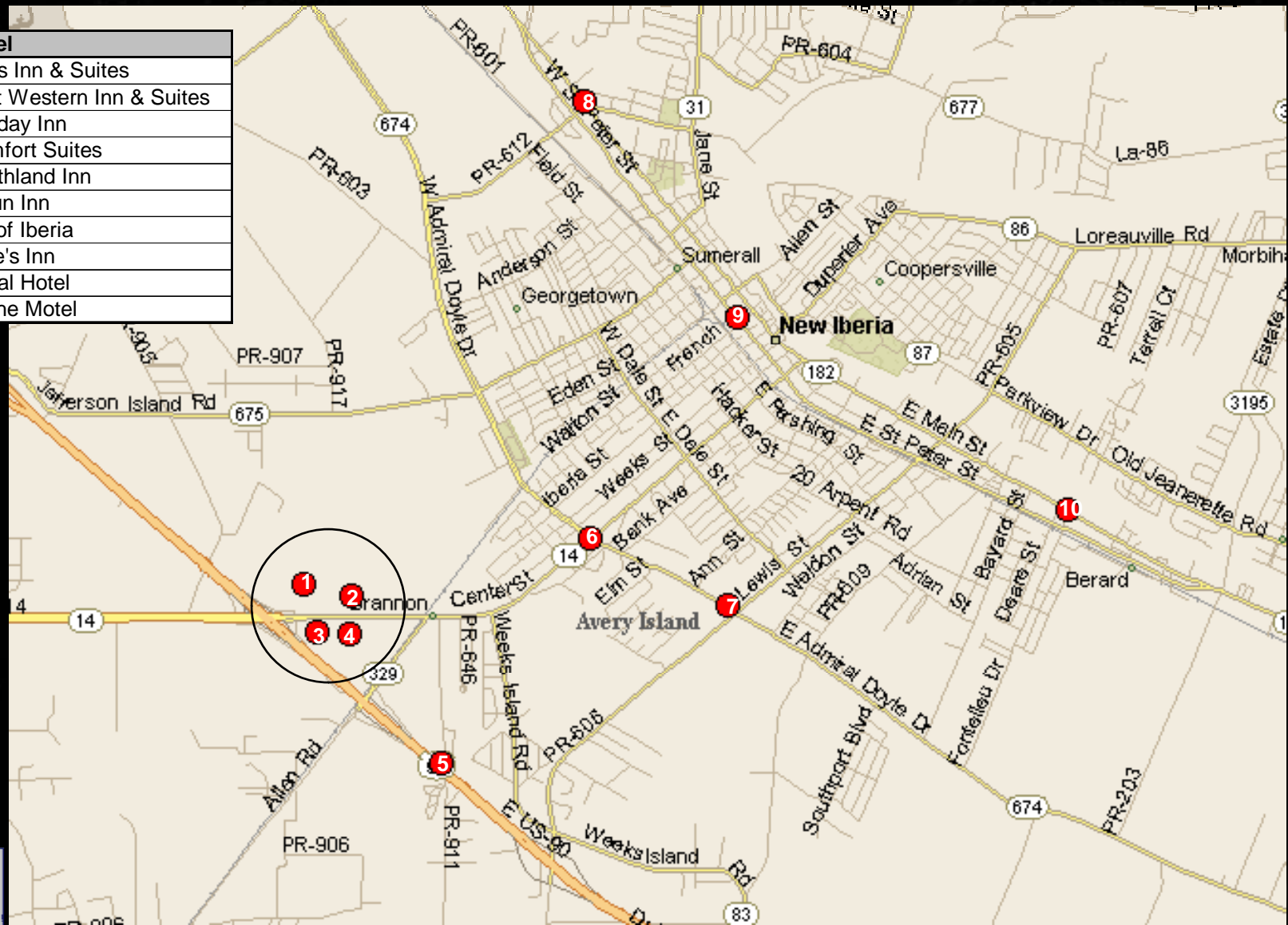
- Developed in partnership with existing/new hotel
- Lower public sector funding contribution
- Operating risk usually rests with hotel partner
- Lower public sector control over ops./bookings

Important Site Factors

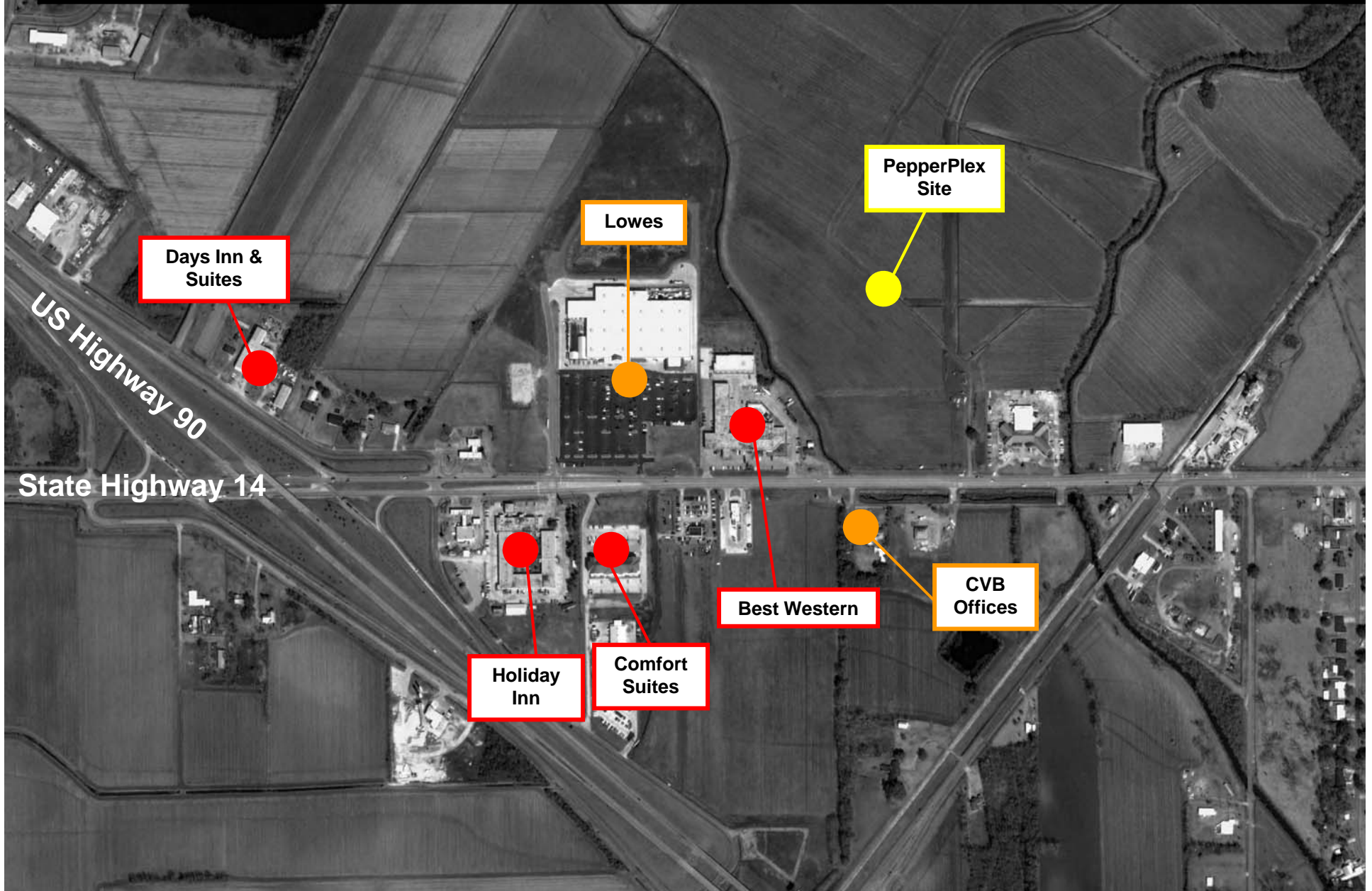
- Proximity to quality hotel inventory
- Requirements of private partner (if applicable)
- Size, cost and ownership complexity of site
- Proximity to restaurants, retail, nightlife, entertainment
- Pedestrian-friendly walking environment
- Parking availability
- Ingress/egress
- Site visibility
- Synergy with development initiatives / master plans
- Compatibility with surroundings
- Other considerations

Site Issues & Hotels

#	Hotel
1	Days Inn & Suites
2	Best Western Inn & Suites
3	Holiday Inn
4	Comfort Suites
5	Southland Inn
6	Kajun Inn
7	Inn of Iberia
8	Mike's Inn
9	Royal Hotel
10	Teche Motel



Preferred Location (no new hotel)



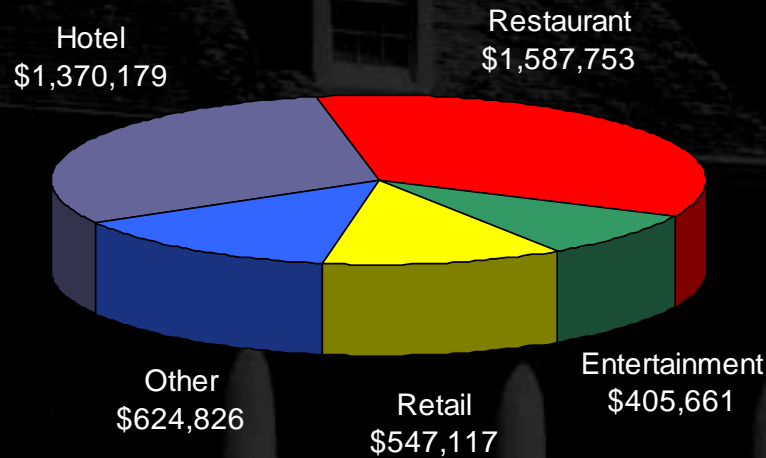
Estimated Financial Operations (Scenario 1: Stand-Alone Center)

	<u>Year One</u>	<u>Year Two</u>	<u>Year Three</u>	<u>Year Four</u>	<u>Year Five</u>
OPERATING REVENUES					
Space Rental	\$172,825	\$208,468	\$247,215	\$266,940	\$280,830
Food Service (net)	114,550	137,025	161,225	172,175	179,825
Contract Service & Other	<u>75,735</u>	<u>90,882</u>	<u>121,176</u>	<u>151,470</u>	<u>181,764</u>
Total Operating Revenues	\$363,110	\$436,374	\$529,616	\$590,585	\$642,419
OPERATING EXPENSES					
Salaries, Wages & Benefits	\$468,200	\$475,593	\$485,450	\$492,842	\$505,164
Utilities	116,605	120,064	124,677	128,137	133,903
Repair & Maintenance	31,144	31,901	32,911	33,669	34,931
General & Administrative	83,127	83,507	84,013	84,393	85,026
Insurance	54,545	54,545	54,545	54,545	54,545
Materials & Supplies	36,997	37,582	38,360	38,945	39,918
Professional Fees	40,106	40,414	40,826	41,134	41,648
Other	<u>47,352</u>	<u>48,100</u>	<u>49,097</u>	<u>49,844</u>	<u>51,090</u>
Total Operating Expenses	<u>\$878,076</u>	<u>\$891,706</u>	<u>\$909,879</u>	<u>\$923,509</u>	<u>\$946,226</u>
Net Operating Profit / (Deficit)	(\$514,966)	(\$455,332)	(\$380,263)	(\$332,924)	(\$303,807)

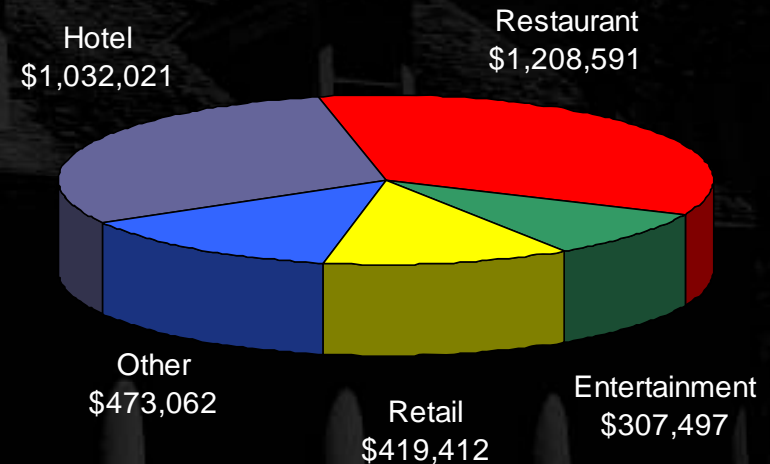
Order-of-Magnitude Hard Construction Costs

	<u>Low Range Supportable</u>	<u>High Range Supportable</u>
Multipurpose/Ballroom SF	20,000	25,000
Breakout Meeting SF	<u>7,000</u>	<u>9,000</u>
Total Sellable SF	27,000	34,000
Approx. Support/Other SF	<u>27,000</u>	<u>34,000</u>
Approx. Gross Facility SF	54,000	68,000
Assumed Hard Construction Cost per GSF	\$250	\$250
Assumed Hard Construction Cost	\$13,500,000	\$17,000,000

Estimated Economic Impacts (Stabilized Year of Operations)



Scenario 1: Stand-Alone CC
 Annual Direct Spending: \$4.5 million
 Annual Economic Output: \$7.3 million



Scenario 2: Hotel/Conf Center
 Annual Direct Spending: \$3.4 million
 Annual Economic Output: \$5.5 million

A Unique Opportunity ...

	Industry Typical Conv Ctr	New Iberia (Scenario 1)	New Iberia (Scenario 2)
Annual Local Costs:			
Construction debt service	\$1,300,000	\$0	\$0
Operating subsidy	\$300,000	\$300,000	\$0
Capital reserve funding	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$0</u>
Total	\$1,675,000	\$375,000	\$0
Annual Local Tax Benefits:	\$275,000	\$275,000	\$220,000
Benefits to Costs:	(\$1,400,000)	(\$100,000)	\$220,000