



Billings Convention Center Study Update

Billings, MT

June 19, 2018

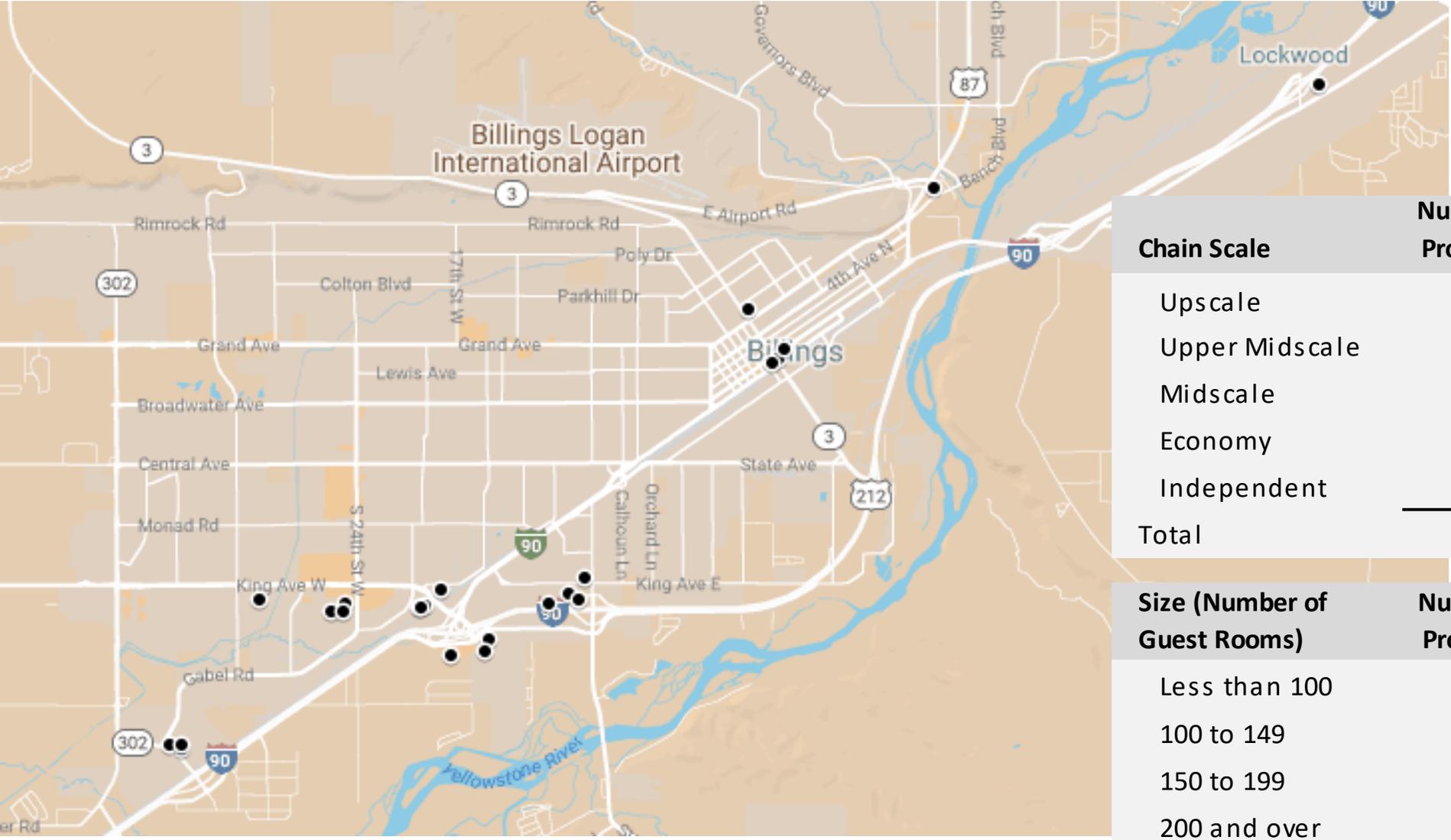


Market Area Analysis



Billings Lodging supply

(Midscale properties and higher shown on map)



Source: STR

Chain Scale	Number of Properties	Number of Guest Rooms	Percentage of Guest Rooms
Upscale	7	1,122	23%
Upper Midscale	11	991	20%
Midscale	4	494	10%
Economy	27	1,737	36%
Independent	5	496	10%
Total	54	4,840	

Size (Number of Guest Rooms)	Number of Properties	Number of Guest Rooms	Percentage of Guest Rooms
Less than 100	38	2,490	51%
100 to 149	12	1,354	28%
150 to 199	1	160	3%
200 and over	3	836	17%
Total	54	4,840	

Meeting and Event Venues

- ❖ Few options with large amounts of function space and convenient lodging.
- ❖ Montana Convention Center has deteriorated. Visit Billings very cautiously offers the space
- ❖ Outdated properties without the amenity, finish level, and technology expected by today's event planners.
- ❖ No walkable access to dining, retail, and entertainment establishments

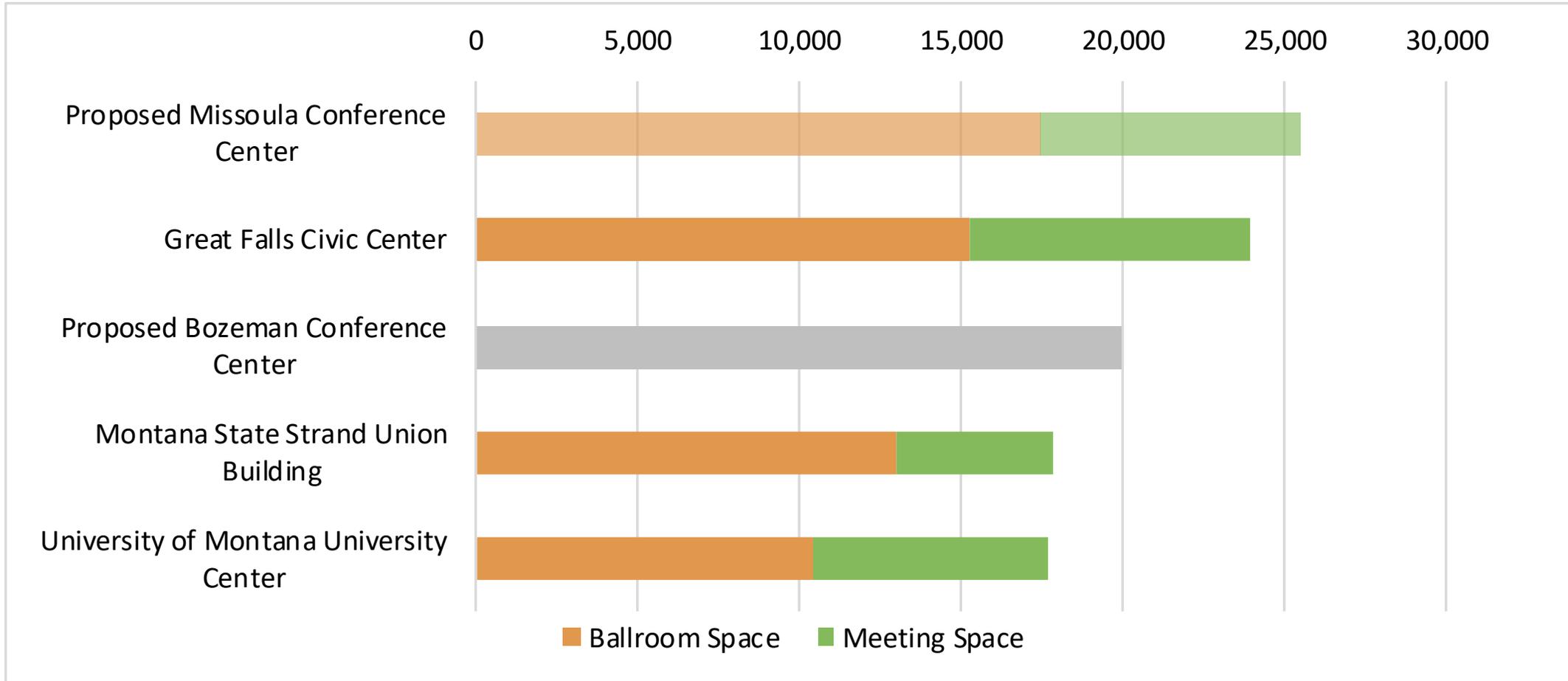
Source: Respective Venues

	Number of Exhibit / Ballroom / Meeting Divisions	Total Function Space (Sq. ft.)
Venues with Lodging		
Billings Hotel & Montana CC	19	50,000
Red Lion Hotel and Convention Center	18	22,000
Double Tree Billings	16	15,800
Northern Hotel	12	11,500
Big Horn Resort	5	7,700
Hilton Garden Inn	6	3,700
Hampton Inn	2	2,900
Hampton Inn & Suites	2	2,400
Best Western PLUS Kelly Inn & Suites	1	1,500
Best Western PLUS Clock Tower Inn	1	1,400
Venues without Lodging		
Metrapark Arena/Exhibit Hall	11	50,000
Metrapark Expo Center	2	77,400
Montana Pavilion	2	28,800
Other Metrapark Facilities	3	24,609
Western Heritage Center	5	10,000
Montana State University	9	7,360
Historic Billings Depot	3	6,000
Auditoriums and Theaters		Sq. Ft./Seats
Shrine Auditorium	3	30,000/2,340
Alberta Blair Theater	1	na/1,350
NOVA Center for the Performing Arts	8	7,100/180

Comparable Venues



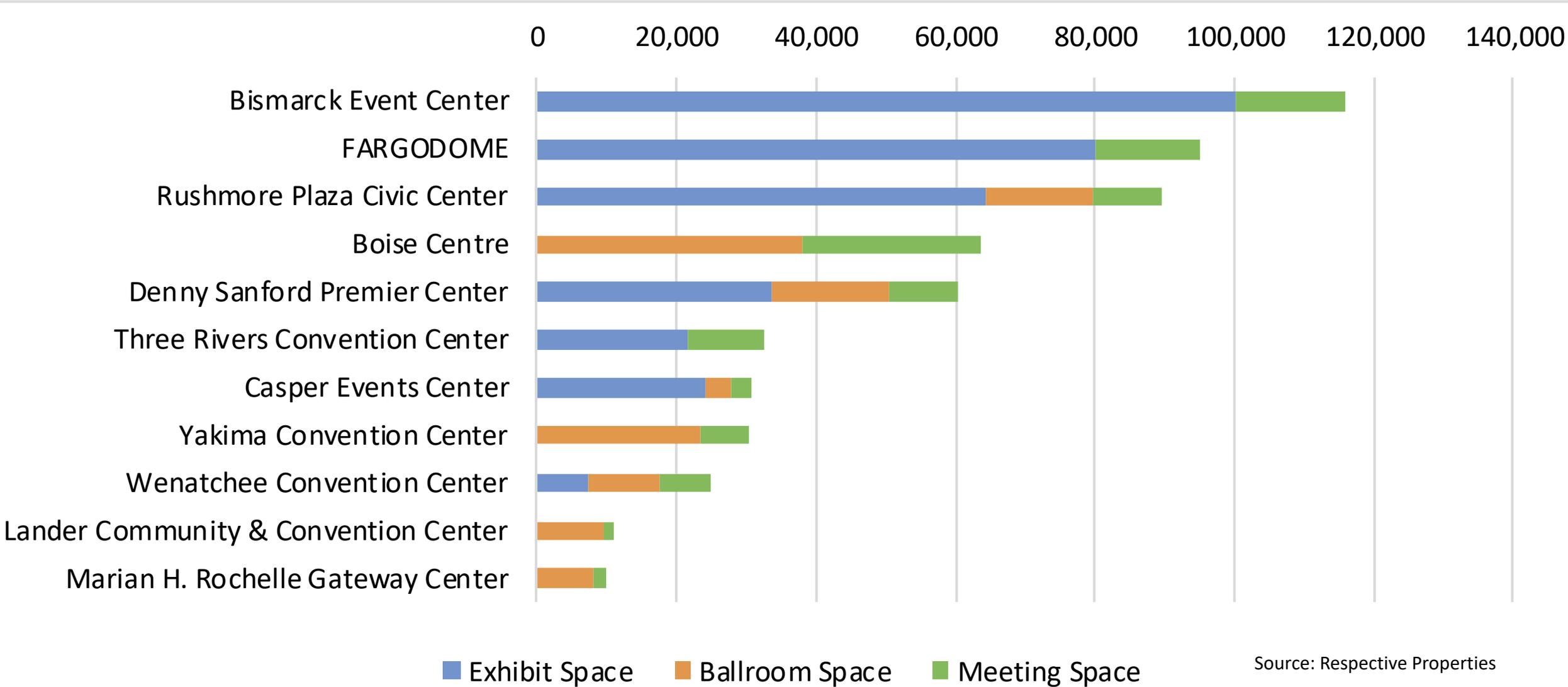
Montana Convention Centers – Function Space Assessment



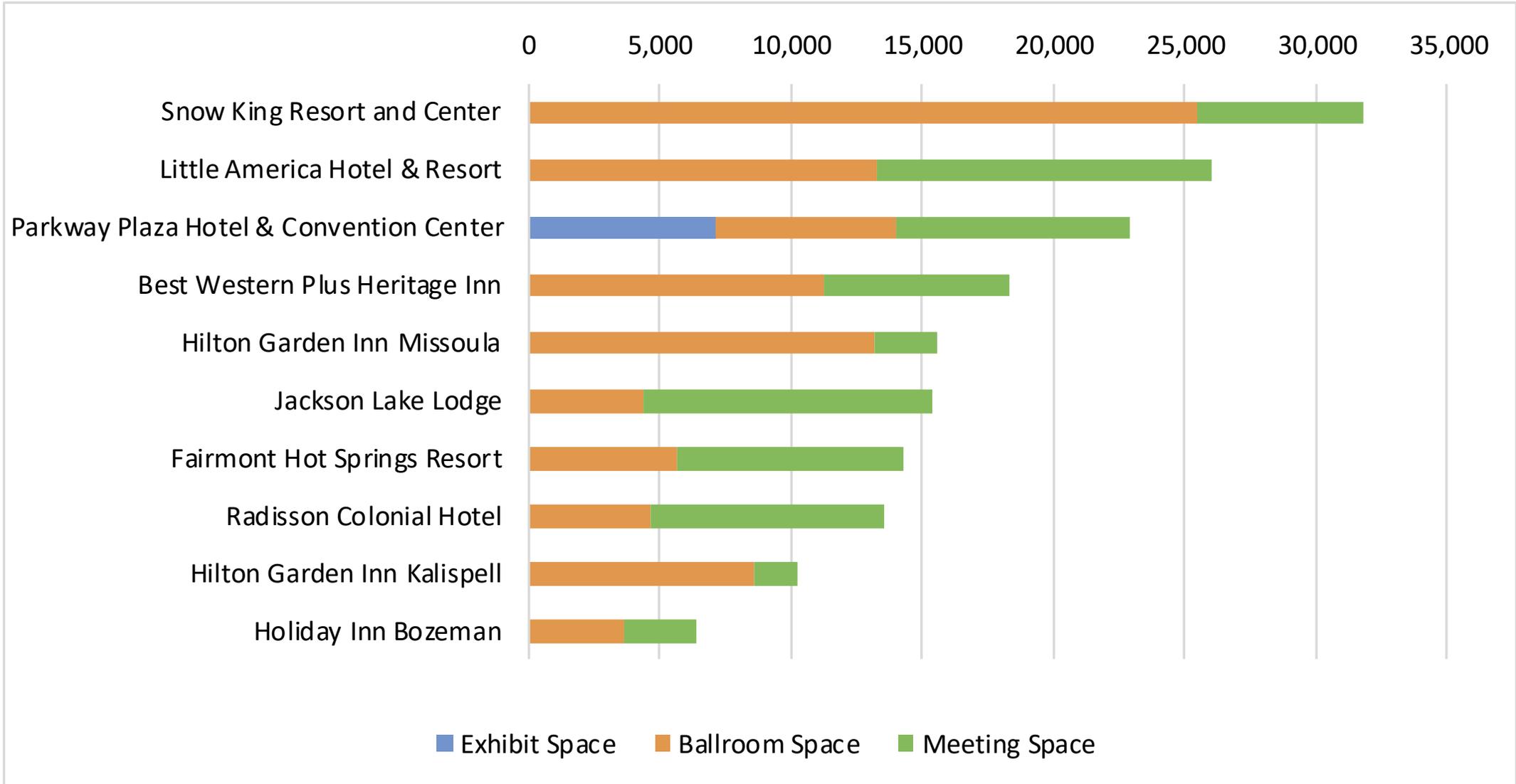
With over 25,000 square feet of function space, the proposed Missoula property would be one of the largest in the state. Bozeman is also planning a hotel conference center.

Source: Respective Properties

Regional Convention Centers – Function Space Assessment



Competitive Hotels – Function Space Assessment



Source: Respective Properties

Recent Developments in Competitive Cities

- After voters rejected a \$90 million expansion in 2012, the Bismarck Event Center completed a scaled down expansion in 2015 which doubled the size of its exhibit hall to 100,000 square feet.
- In 2015, Rapid City voter's rejected a \$180 million expansion of the Rushmore Plaza Civic Center arena. On June 5, the voters of Rapid City, SD Voted YES to build a new \$130 million arena expansion for the Rushmore Plaza Civic Center using the City's Vision Fund (half-cent sales tax). The expanded Civic Center will be a multi-use economic driver used to recruit conventions, youth sports, expos, tradeshows, rodeos, concerts and entertainment shows.
- Completed in 2017, an expansion to the Boise Centre nearly doubled its function space, adding a new facility, Boise Centre East, housing a 36,000 square foot ballroom and 8 new meeting rooms.
- Fargo is currently evaluating several options to develop a new Fargo Convention Center.
- Yakima, Washington is currently evaluating an expansion of the Yakima Convention Center that would approximately double its size, including a new 51,000 square foot exhibit hall. A construction cost of \$50 million came in \$20 million higher than initial estimates.
- Kennewick, Washington is hoping to add 50,000 square feet to the Three Rivers Convention Center along with other improvements to its public facilities. A proposal to add 0.2% sales tax to fund improvements will be on a August 2018 ballot. A similar effort failed to win a majority in 2016.
- Bozeman is currently evaluating the development of a conference center with 15,000 to 20,000 square feet of function space and adjoining hotel.
- Missoula has recently announced plans for a mixed use development, including a 10-story hotel building and 60,000 gross square foot conference center. Developers hope to break ground by late 2019.
- Casper, Wyoming is evaluating the development of a new hotel conference center with up to 20,000 square feet of function space.

Ranking of Competitive Markets

In-state Competitors

Destination	MSA Population	MSA Median HH Income	Number of Businesses	City-wide Hotel Rooms	Airport Passengers	Overall Rank
Billings	1	3	1	1	2	1
Bozeman	3	2	3	3	1	2
Missoula	2	4	2	2	3	3
Helena	5	1	4	5	5	4
Great Falls	4	5	5	4	4	5
Butte	6	6	6	6	6	6

Ranking of Competitive Markets

Regional Competitors

Destination	MSA Population	MSA Median HH Income	Number of Businesses	City-wide Hotel Rooms	Airport Passengers	Overall Rank
Sioux Falls	2	2	2	2	2	1
Boise	1	7	1	1	1	2
Fargo	4	4	3	5	4	3
Billings	5	6	4	3	3	4
Bismarck	7	1	7	6	6	5
Rapid City	6	8	6	4	5	6
Yakima	3	9	5	8	8	7
Casper	9	3	9	7	7	8
Wenatchee	8	5	8	10	9	9
Laramie	10	10	10	9	10	10

Program Recommendations



Convention Center Program Recommendations

- A 40,000 square foot multipurpose ballroom with a flexible wall system to allow the space to divide into three sections that could serve as space for banquets, light exhibition, and large assembly meeting space,
- An 10,000 square foot junior ballroom with a flexible wall system to allow the space to divide into four sections that could serve as banquet and meeting spaces, and
- A 16,000 square foot meeting room block with a variety of large and small meeting spaces.

Detailed Program

Event Space	Total Area (SF)	Capacities			Exhibit Booths (10'x10')
		Theatre	Banquet	Classroom	
Multipurpose Ballroom	40,000	4,440	2,350	2,760	230
Sub-Divisions					
Division 1	13,333	1,480	780	920	
Division 2	13,333	1,480	780	920	
Division 3	13,333	1,480	780	920	
Junior Ballroom	10,000	1,110	590	690	60
Sub-Divisions					
Division 1	2,500	280	150	170	
Division 2	2,500	280	150	170	
Division 3	2,500	280	150	170	
Division 4	2,500	280	150	170	
Meeting Rooms	16,000				
Large (2 at 3,000 sf)	6,000	330	180	210	
Small (6 at 1,500 sf)	9,000	170	90	100	
Board Rooms (2 at 500 sf)	1,000				
TOTAL MEETING SPACE	66,000				

Detailed Program & Support Spaces

Support Space	Total Area (SF)
Lobby / Prefunction Areas	26,800
Multipurpose Hall Support	6,000
Ballroom Support	1,500
Meeting Room Support	2,400
Building Operations/Dock	13,200
General Circulation	17,400
Mechanical/Electrical Equipment	16,500
TOTAL SUPPORT SPACE	83,800

In total, convention center would occupy approximately 150,000 square feet, which is larger than space allotted in the Landmark conceptual program.

One Big Sky Center Development

Land Use	Phase 1	Phase 2	Total
Hotel	200 keys	300 keys	500 keys
Commercial Office	100,000 SF	225,000 SF	325,000 SF
Retail/Dining/Entertainment	150,000 SF	350,000 SF	500,000 SF
Bioscience	50,000 SF	125,000 SF	175,000 SF
Healthcare	250,000 SF	600,000 SF	850,000 SF
Residential	200 DU	800 DU	1,000 DU
Senior Housing	100 DU	250 DU	350 DU
Mixed-use/in-fill	100,000 SF	250,000 SF	350,000 SF
Convention Center	100,000 SF		100,000 SF
Civic	20,000 SF		20,000 SF
Parking Structure	933 stalls	776 stalls	1,709 stalls

Source: Landmark Development

Landmark Development construction cost estimate: \$69.7 million (not including land)

Event Demand



Historical Group Demand Generated by Visit Billings

	2011-12	2013-13	2013-14	2014-15*	2015-16	2016-17	2017-18 thru 2/2018
Events							
Citywide & Large Conventions	2	4	2	8	8	5	4
Gold Wing Road Riders				1			
Meetings and Convention	21	16	26	13	19	16	14
Sports Events	3	10	14	5	11	12	15
Citywide Sports Event				7	10	11	na
Total	26	30	42	34	48	44	33
Average Room Nights							
Citywide & Large Conventions	2,400	3,188	1,323	933	348	720	1,043
Other Events and Small Bookings	150	263	285	123	491	174	191
Sporting Events	800	718	1,315	1,967	1,187	1,570	1,099
Total Room Nights							
Citywide & Large Conventions	4,800	12,750	2,645	7,460	2,780	3,600	4,170
Gold Wing Road Riders				25,000			
Other Events and Small Bookings	3,149	4,200	7,410	1,600	9,338	2,780	2,678
Sporting Events	2,400	7,180	18,410	23,600	24,930	36,120	16,480
Total	10,349	24,130	28,465	57,660	37,048	42,500	23,328

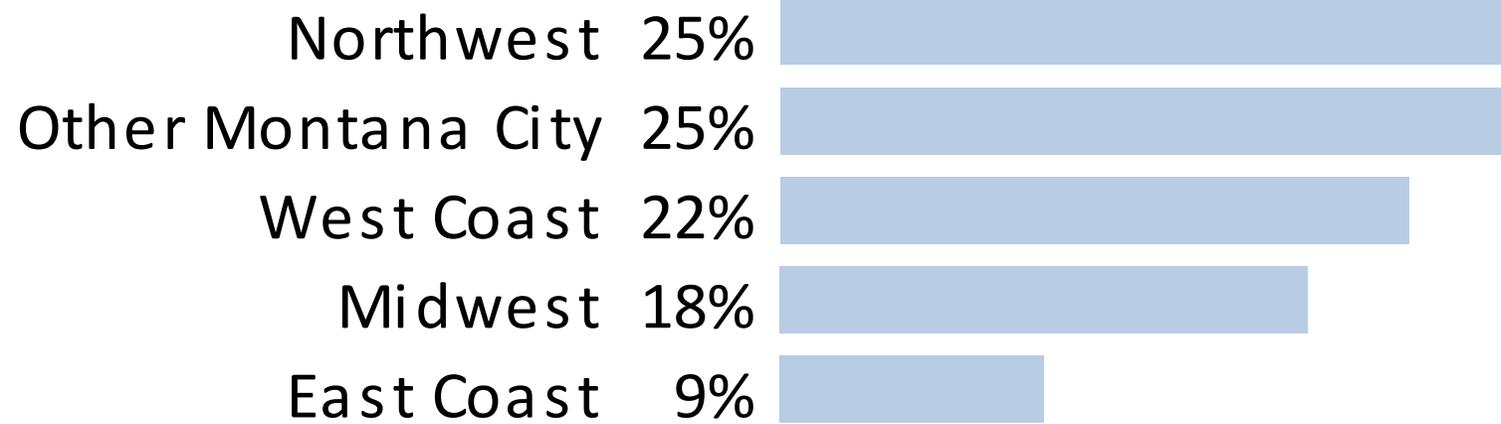
* FY 2015 is the first year of reporting Citywide Sports Events.

Lost Business Analysis - Reasons



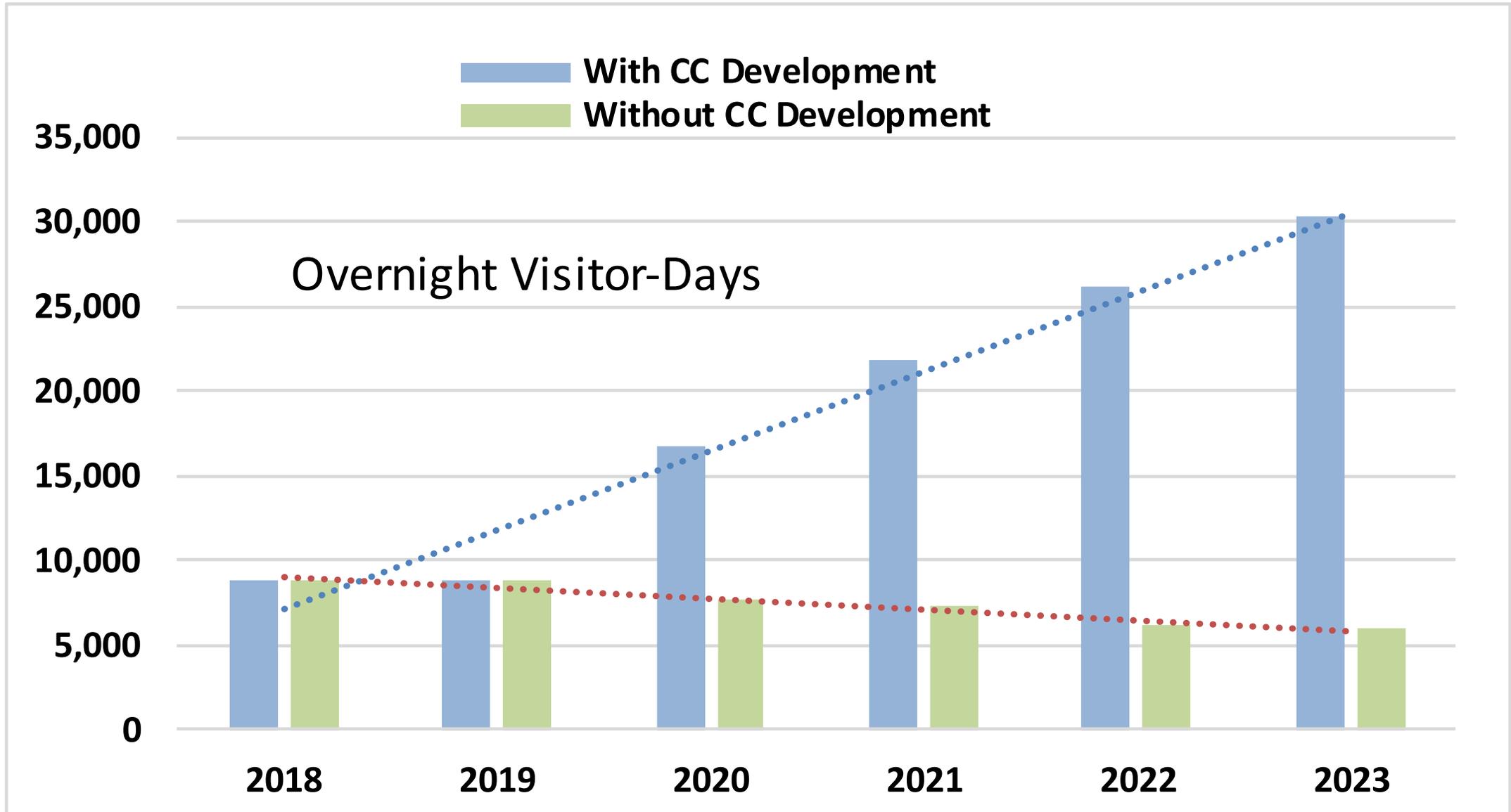
Source: Visit Billings

Lost Business Analysis- Region Lost to



Source: Visit Billings

Continued Decline for “Do-Nothing” Scenario



Event and Attendance Projections through a Stabilized Year

	Opening 2020	2021	2022	Stabilized 2023
Events				
Conventions	6	8	10	12
Consumer Shows/Fairs	4	5	6	6
Conferences	18	22	26	30
Meetings	90	120	130	140
Local Meetings	27	30	33	40
Banquets	30	40	45	50
Concerts & Entertainment	3	5	5	6
Sports	4	6	7	8
Other	8	9	10	12
Total	190	245	272	304
Attendees				
Conventions	3,420	4,560	5,700	6,840
Consumer Shows/Fairs	7,000	8,750	10,500	10,500
Conferences	3,600	4,400	5,200	6,000
Meetings	6,750	9,000	9,750	10,500
Local Meetings	1,080	1,200	1,320	1,600
Banquets	7,500	10,000	11,250	12,500
Concerts & Entertainment	900	1,500	1,500	1,800
Sports	3,600	5,400	6,300	7,200
Other	1,600	1,800	2,000	2,400
Total	35,450	46,610	53,520	59,340

Room Night Projections through a Stabilized Year

	Opening 2020	2021	2022	Stabilized 2023
Occupied Room Nights				
Conventions	4,788	6,384	7,980	9,576
Consumer Shows/Fairs	233	292	350	350
Conferences	5,040	6,160	7,280	8,400
Meetings	1,080	1,440	1,560	1,680
Banquets	750	1,000	1,125	1,250
Sports	900	1,350	1,575	1,800
Total	12,791	16,626	19,870	23,056

Comparable Venue Demand

	Tucson Convention Center	Buffalo Niagara Convention Center	Calgary Telus Convention Centre	Amarillo Civic Center	Mayo Civic Center	Century Center	St. Charles Convention Center	Meydenbauer Center	Proposed Billings CC
	Tucson	Buffalo	Calgary	Amarillo	Rochester	South Bend	St. Charles	Bellevue	Billings
	AZ	NY	AB	TX	MN	IN	MO	WA	MT
Number of Events									
Conventions & Tradeshow	10	20	25	17	0	18	42	21	12
Consumer Shows/Fairs	31	17	3	45	23	19	29	3	6
Banquets/Social Events	49	61	94	101	42	64	75	77	50
Meetings & Conferences	54	34	336	108	65	198	151	144	170
Assemblies, Sports, Concerts & Other	196	9	0	154	96	94	22	90	66
Total	338	141	458	425	263	393	319	336	304
Total Function Space	145,524	102,869	98,371	98,190	71,914	70,437	58,924	49,390	66,000

MetraPark Historical Events

	2015	2016	2017	% of Total in 2017
Events				
Public Expos & Events	33	35	33	15.8%
Sporting Events	28	26	25	12.0%
Agricultural/Equestrian	14	14	19	9.1%
Concerts & Entertainment	13	16	14	6.7%
Convention/Trade Shows	9	8	7	3.3%
Graduations/Ceremonies	4	9	7	3.3%
Banquet/Receptions	30	34	39	18.7%
4H Workshops & Events	31	30	29	13.9%
Meetings	17	17	26	12.4%
Training Sessions	13	14	10	4.8%
	192	203	209	

MetraPark Historical Attendance

	2015	2016	2017	% of Total in 2017
Attendance				
Public Expos & Events	413,110	402,554	388,293	49.8%
Sporting Events	124,319	86,261	127,650	16.4%
Agricultural/Equestrian	71,796	80,218	105,928	13.6%
Concerts & Entertainment	59,986	66,797	99,273	12.7%
Convention/Trade Shows	30,670	38,006	21,565	2.8%
Graduations/Ceremonies	13,000	20,758	18,290	2.3%
Banquet/Receptions	8,824	9,222	16,419	2.1%
4H Workshops & Events	3,532	3,889	1,985	0.3%
Meetings	361	279	452	0.1%
Training Sessions	1,938	845	290	0.0%
	727,536	708,829	780,145	

Impact on MetraPark

METRAPARK EVENTS THAT COULD BE ACCOMMODATED BY A DOWNTOWN CONVENTION CENTER

	Events	Attendance
Event Type		
Banquets/Receptions	22	5,159
Public Expos & Events	4	4,888
Graduations/Ceremonies	4	1,890
Conventions & Trade Shows	1	375
	<hr/> 31	<hr/> 12,312

Events that could move to the proposed convention center represent less than 2% of the MetraPark's total annual attendance.

Financial Operations & Economic Impacts



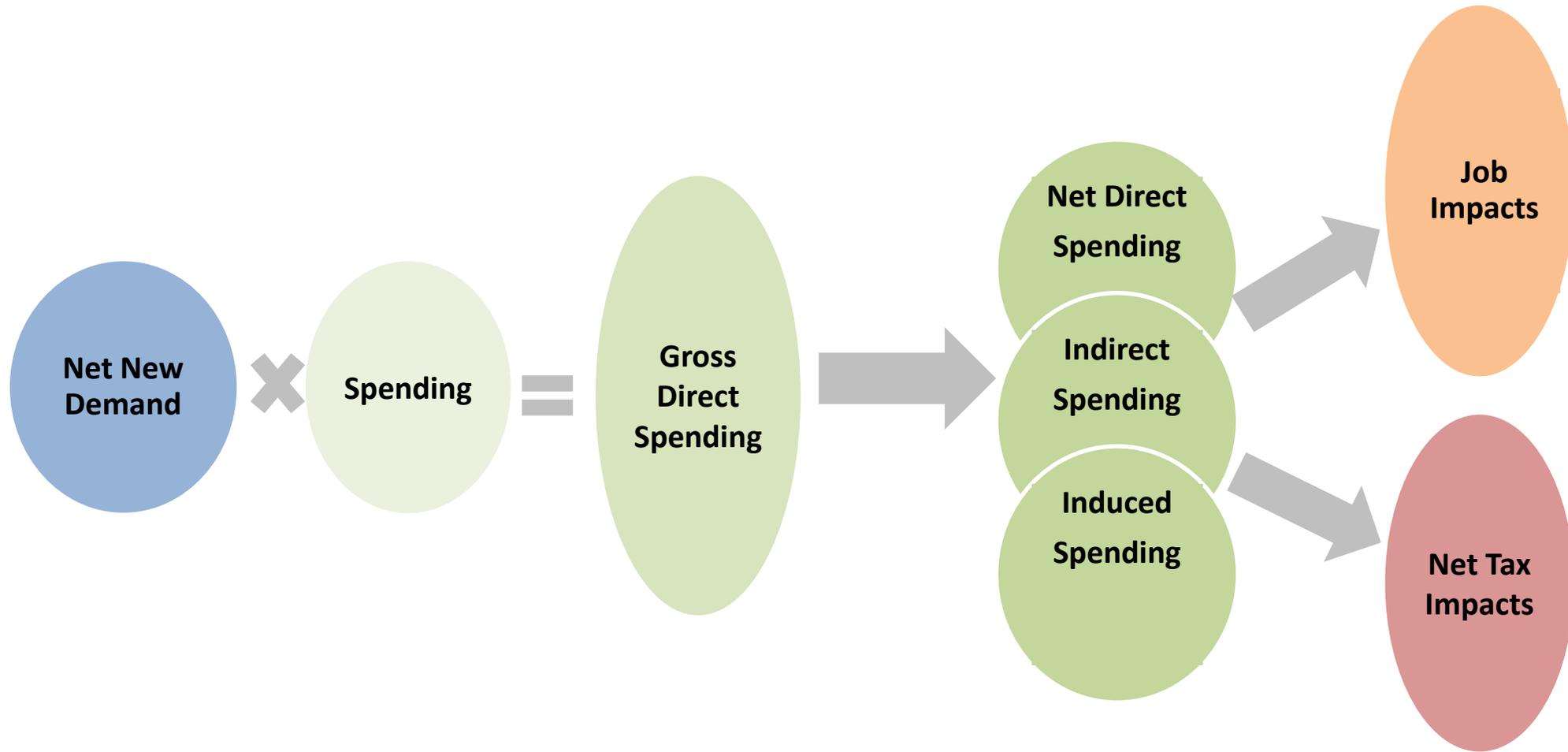
5-year Projection of Financial Operations

	Opening			Stabilized	
	2020	2021	2022	2023	2024
Revenue					
Facility Rental	\$447	\$601	\$709	\$822	\$842
Event Services	244	330	402	476	488
Food & Beverage (Gross)	667	913	1,069	1,236	1,266
Advertising & Sponsorships	100	103	105	108	110
Other Revenue	11	11	12	12	12
Total Revenue	\$1,469	\$1,958	\$2,297	\$2,653	\$2,719
Operating Expense					
Salaries & Benefits	\$806	\$827	\$847	\$868	\$890
Event Services Costs	220	297	362	428	439
Food & Beverage Costs	500	685	802	927	950
Repair & Maintenance	77	94	107	119	122
Administrative & General	59	67	73	80	82
Supplies & Equipment	29	39	46	53	54
Marketing & Sales	75	87	97	106	109
Insurance	36	43	48	53	54
Utilities	383	443	486	531	544
Other Expense	15	20	23	27	27
Total Operating Expense	\$2,201	\$2,602	\$2,890	\$3,191	\$3,271
Gross Profit (Loss)	(\$732)	(\$644)	(\$593)	(\$539)	(\$552)
Non-Operating Expense					
Capital Maintenance	\$44	\$59	\$69	\$80	\$82
Management Fee	128	131	134	138	141
Total Non-Operating Expense	\$172	\$190	\$203	\$217	\$223
TOTAL NET INCOME (LOSS)	(\$904)	(\$834)	(\$796)	(\$756)	(\$775)

Comparable Venue Operations

Venue	Net Income (Loss)	Data Year
Meydenbauer Center	\$1,010,000	2016
St. Charles Convention Center	491,000	2016
Rushmore Plaza Civic Center	(592,000)	2017
Three Rivers Convention Center	(822,000)	2016
Century Center	(888,000)	2016
Mayo Convention Center	(892,000)	2016
Boise Centre	(1,164,000)	2016
Amarillo Civic Center	(1,312,000)	2015
Buffalo-Niagara Convention Center	(1,786,000)	2016

Economic Impact Analysis Methodology



New Direct Spending

City of Billings

Direct overnight visitor spending	=	22,812	overnight visitors	x	\$288.56	=	\$6.6	M
Direct day trip spending	=	26,262	daytrip visitors	x	\$135.10	=	\$3.5	
Exhibitor Spending	=	15,390	attendees	x	\$60.17	=	\$0.9	
Organizer Spending	=	67,790	attendees	x	\$4.39	=	\$0.3	
					Facility Revenue	=	<u>\$1.9</u>	
					Total Gross Direct Spending	=	\$13.2	M

Yellowstone County

Direct overnight visitor spending	=	22,812	overnight visitors	x	\$288.56	=	\$6.6	M
Direct day trip spending	=	17,969	daytrip visitors	x	\$135.10	=	\$2.4	
Exhibitor Spending	=	15,390	attendees	x	\$60.17	=	\$0.9	
Organizer Spending	=	67,790	attendees	x	\$4.39	=	\$0.3	
					Facility Revenue	=	<u>\$1.9</u>	
					Total Gross Direct Spending	=	\$12.1	M

Direct Spending

Summary of Impacts*	City of Billings	Yellowstone County
Economic Impact (millions)	\$16.2	\$15.0
Fiscal Impact	\$79,600	
Jobs	136	124
*In a stabilized year.		



Contact Information:

Thomas Hazinski

Managing Director

HVS Convention, Sports & Entertainment

312-587-9900 Ext. 11

thazinski@hvs.com

Catherine Sarrett

Senior Director

HVS Convention, Sports & Entertainment

312-587-9900 Ext. 15

csarrett@hvs.com