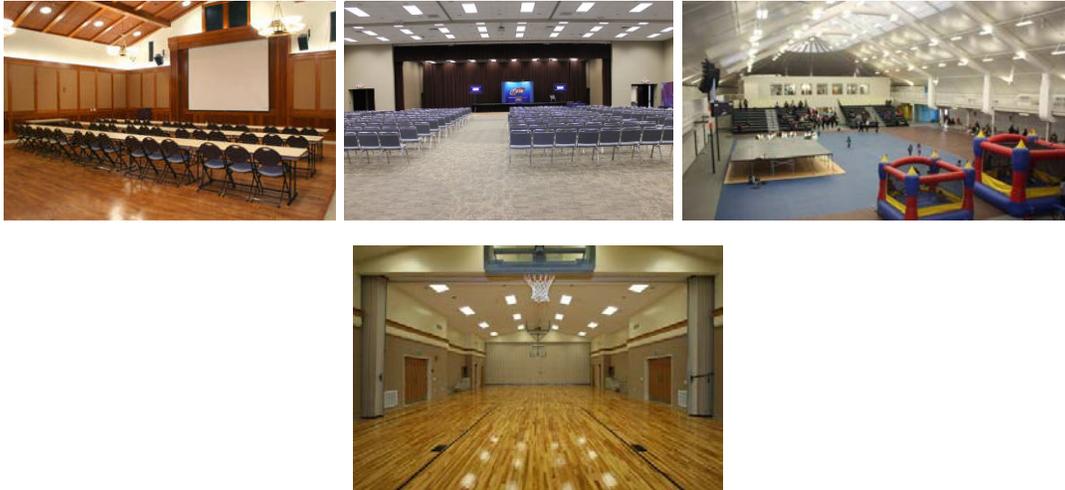


# **Market and Economic Analysis for a Proposed New Multi-Purpose Civic Center in Waldorf**



**Presented to:**

**Maryland Stadium Authority**

**Presented by:**



**Final Report  
December 2015**



December 2015

Mr. Al Tyler, Senior Project Manager  
Maryland Stadium Authority  
The Warehouse at Camden Yards - South Warehouse  
351 West Camden St., Ste. 500  
Baltimore, MD 21201

Dear Mr. Tyler:

The project team of Crossroads Consulting Services LLC and Convergence Design has completed its market and economic analysis for a proposed new multi-purpose civic center as a potential component in the redevelopment plan for downtown Waldorf. This report summarizes our research and analysis.

Although you have authorized reports to be sent electronically for your convenience, only the final hard copy report should be viewed as our work product.

We have enjoyed serving you on this engagement and look forward to the opportunity to provide you with continued services.

Sincerely,

*Crossroads Consulting Services LLC*

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## Introduction

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Waldorf is the gateway to Charles County (County) and home to one of the County's oldest communities. Charles County consists of 460 square miles and is located in the southern central portion of the State of Maryland. The County has a number of properties on the National Register of Historic Places which include the notable Stagg Hall in the Village of Port Tobacco and Maxwell Hall, located near the historic village of Benedict which has a rich history related to the War of 1812 and the Civil War. Charles County is also home to the College of Southern Maryland, which is located in La Plata. The County is part of the broader D.C. Metropolitan Area which consists of 23 counties in Maryland, Virginia, and West Virginia, in addition to the District of Columbia.

In 2007, Charles County Commissioners began an initiative to transform the Old Washington Road corridor of downtown Waldorf into a vibrant, transit-oriented, mixed use, walkable new urban center. As part of this initiative, the Commissioners funded the "Waldorf Urban Design Study" which focused on approximately 300 acres along the Old Washington Road (MD Route 925), from Leonardtown Road (MD Business 5) to Acton Lane, and between U.S. Route 301 and the CSX Railroad tracks. The initial study, which was completed in 2010, focused on creating a dynamic new urban center in downtown Waldorf connected to light rail transit service.

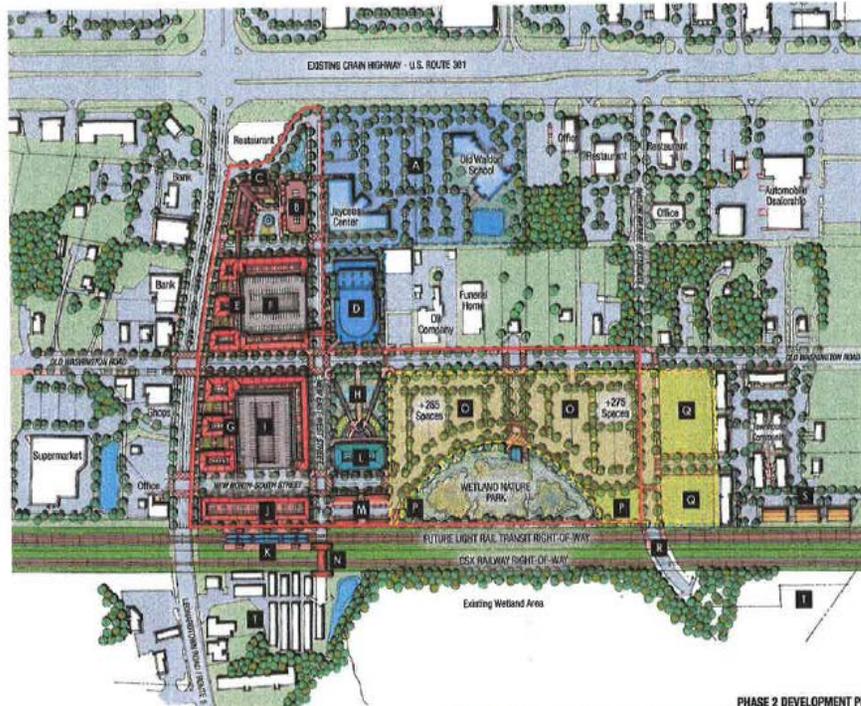
Subsequent to this study, a plan of action/implementation strategy was developed which focused on a "Phase One" project renamed the "Waldorf Urban Redevelopment Corridor" (WURC). This effort focused on a 26-acre parcel north of the intersection of Leonardtown Road and Old Washington Road between U.S. Route 301 and the CSX Railroad which is referred to as "Waldorf Center". This area is considered a prime opportunity for redevelopment and reinvestment as it is one of the most highly visible and accessible locations in both Charles County and Southern Maryland.

A market analysis conducted for Phase One of the project indicated support for 659,000 square feet of mixed-use development – residential, commercial office and retail – including a specialty grocer, a new hotel with between 80 and 100 rooms, Class A office space and a fitness center. As shown on the following page, the anticipated first phase of development also envisioned community assets such as a public square urban park, a wetland nature park and open space; a fine arts/performing arts/civic center; and a public market. Further, a new urban street grid featuring tree-lined streets with sidewalks and bikeways was planned. Although the Phase One site is within a quarter-mile or five minute walk of the future light rail station, it is not dependent on access to light rail transit.

In order to keep the project moving forward, the County has invested significant dollars in supporting infrastructure needs such as improved sewer and water facilities through the County's Capital Improvement Program. In addition, recent reports indicate that the County's goals over the next four years include design of infrastructure improvements, continued land acquisition, and development of a master plan for the project's civic campus which will extend from the Waldorf Jaycees Community Center to the CSX tracks.

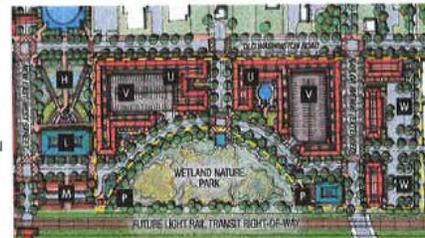
## Waldorf Center – Phase One Development Plan

- A WALDORF CIVIC CAMPUS**  
Includes: Present Waldorf Jaycees Community Center and Old Waldorf School, Fine Arts/Performing Arts/Civic Center and Waldorf Multi-Generational & Senior Center
- B GATEWAY OFFICE BUILDING**  
50,000 SF of class A office space in 4 stories
- C GATEWAY HOTEL**  
40,000 SF in 4-5 stories, 80-100 rooms
- D FUTURE FINE ARTS/PERFORMING ARTS/ CIVIC CENTER**  
1500 seat auditorium
- E MIXED-USE DEVELOPMENT**  
20,000 SF ground floor fitness center  
24,400 SF ground floor retail/commercial  
128 residential apartments on 4 upper floors
- F PARKING STRUCTURE**  
666 parking spaces on 6 levels with retail/commercial loading and service included on ground level
- G MIXED-USE DEVELOPMENT**  
60,000 SF ground floor grocery on 1-2 floors  
25,200 SF ground floor retail/commercial with  
156 residential apartments on 4 upper floors and  
8 ground floor residential apartments
- H PUBLIC SQUARE URBAN PARK**  
1 acre park space for event use and bio-filtration
- I PARKING STRUCTURE**  
756 spaces on 6 levels with retail/commercial loading and service included on ground level
- J RESIDENTIAL BUILDING**  
110 residential apartment units on 5 floors
- K FUTURE LIGHT RAIL TRANSIT STATION**  
300 platform for 3 passenger cars
- L POTENTIAL PUBLIC MARKET HOUSE LOCATION**  
12,000 - 15,000 SF facility
- M PHASE 1 TRANSIT STOP**  
MTA bus and VAN GO stations
- N AERIAL CROSSOVER FOR CSX TRACKS**
- O PARK AND RIDE LOTS**  
285 parking spaces in South lot  
276 parking spaces in North lot  
\*Future site for mixed-use development and parking structures
- P FUTURE COMMUNITY PARK BUILDING SITES**
- Q FUTURE REDEVELOPMENT SITES**  
Commercial/residential mix
- R FUTURE NAYLOR AVENUE EXTENSION ACROSS RAILWAY**
- S FUTURE RESIDENTIAL RECONSTRUCTION ALONG LIGHT RAIL ALIGNMENT**  
Three townhome building clusters
- T FUTURE PLANNED TRANSIT-ORIENTED REDEVELOPMENT SITES**



### PHASE 2 DEVELOPMENT PROGRAM

- U PHASE 2 MIXED-USE DEVELOPMENT**  
Each additional north and south building is five stories with +30,000 - 35,000 SF of ground floor commercial space, +140 upper floor apartments and 14 to 16 additional ground floor residential units
- V PHASE 2 PARKING STRUCTURES**  
Each north and south parking structure has the potential for +500 spaces on six levels with commercial loading and service locations included within the ground level
- W PHASE 2 RESIDENTIAL APARTMENTS**  
Three-story garden apartments on the north side of Naylor Avenue extended



### WALDORF CENTER - PHASE 1 AND PHASE 2 DEVELOPMENT PLAN

JANUARY 2013

Source: Phase one development plan for downtown Waldorf.

One of the components envisioned for the project is a multi-purpose civic center which could benefit area residents as well as draw out-of-town visitors. As part of its due diligence, the County is assessing the merits of developing a new multi-purpose civic center in order to further enhance existing investments by attracting a critical mass of new event activity that produces incremental new economic and fiscal benefits to the local and State economies. More specifically, the County seeks to better understand the strengths, challenges and opportunities posed by the potential construction and operations of the proposed new multi-purpose civic center. As such, the Maryland Stadium Authority (MSA), on behalf of the County, retained the project team of Crossroads Consulting Services LLC (Crossroads Consulting) and Convergence Design to assess the market and economic aspects associated with the proposed new multi-purpose civic center.

Specific research tasks completed as part of this analysis include, but were not limited to:

- Conducted kickoff meetings with representatives from Charles County, the MSA, and other area stakeholders.
- Obtained feedback from potential user groups such as representatives from area governmental entities, area hoteliers, area businesses and community groups, event promoters/producers, sports organizations, performing arts organizations, and area educational institutions.
- Analyzed select market attributes including demographic/economic statistics, area employment, accessibility, hotel statistics, tourism statistics, and area attractions.
- Profiled area competitive facilities.
- Outlined key industry trends.
- Analyzed usage and operating data from select comparable facilities.
- Developed a competitive market assessment (i.e., strengths, weaknesses, opportunities, and threats) for the proposed multi-purpose civic center from a market demand perspective.
- Developed a building program outlining space requirements and capacities for different configurations as well as the conceptual site plan drawings.
- Estimated preliminary construction and total project costs along with a potential timetable for development of the proposed multi-purpose civic center.
- Outlined potential management options for the County's consideration.
- Developed an estimate of usage/event activity in terms of the number of events and attendance by major event type.
- Developed a financial pro forma that estimates operating revenues and operating expenses.
- Estimated the economic impacts in terms of spending, employment and earnings associated with the proposed multi-purpose civic center as well as the tax revenues to local and State governments from sources such as admissions and amusement tax, hotel/motel tax, sales and use tax, income tax, and others deemed appropriate.

## Executive Summary

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Currently, Charles County and the Tri-County area are relatively limited in their offering of indoor event space. While the Tri-County area does have a few smaller venues, the broader surrounding region offers alternatives for larger functions requiring dedicated conference/meeting/banquet space and/or spectator-oriented event venues. As such, certain event activity is leaving the County for other special-purpose meeting/social entertainment facilities. Area stakeholders have expressed their preference to host their events in Charles County if an appropriate venue existed. In addition, given the population and employment base of the broader D.C. Metro Area, there is an opportunity for the proposed new venue to attract corporate and professional/trade association meetings from outside Charles County.

Research suggests additional flexible function space could allow Waldorf to better accommodate various market segments and increase economic impact. Given the unique attributes of the proposed multi-purpose civic center's primary and secondary market, it is likely that the facility would need to accommodate a variety of diverse event activity rather than one or two primary demand generators. As such, it will be important to design a facility that is flexible and well-suited to host conferences, meetings, seminars, banquets, consumer shows, sports competitions, community assemblies, conferences and other special events in order to enhance its usage.

The local market combined with diverse social/meeting/exhibition demand presents Charles County with an opportunity to develop a facility that could potentially better retain the meeting business of its residents while also attracting new business to the community. Factors such as the overall competitiveness of the industry and the presence of established facilities in the State and region will require the County to develop a niche that highlights its market attributes and infrastructure in order to attract business. This should include affordable, multi-purpose space for groups requiring a relatively limited number of hotel rooms that can complement existing County facilities and allow current users to grow their events and continue to meet in the community.

### Recommended Building Program

Market research conducted for this analysis suggests that constructing a facility with the following building program elements and patron amenities would enhance Waldorf's marketability for attracting a diverse set of demand generators:

- Flat floor ranging between 25,000 and 30,000 square feet of flex space that can be used as exhibit and/or ballroom space.
- Meeting space ranging between 4,000 and 5,000 square feet that can be divisible.
- Flexible design that can adequately accommodate simultaneous events.
- Telescopic seating that can accommodate between 2,000 and 2,500 people which can be augmented by folding chairs on the floor, as needed, for a total capacity ranging from 3,125 to 3,750 depending on the type of event and configuration.

- Lobby and pre-function space that can accommodate simultaneous events as well as gathering before/after events and access to spectator amenities such as restrooms, food and beverage, etc.
- Adequate back-of-house area including dressing rooms, building storage, and related support space.
- At a minimum, a catering kitchen that can support full-meal food and beverage needs. This approach assumes primary food preparation occurs off-site.
- Suitable lighting and sound systems throughout the facility.
- A building program of this size requires supporting parking of approximately 1,000 spaces which can be accommodated by a combination of existing surface parking on the site and a new precast parking structure offering between 630 and 760 spaces.

## Conceptual Site Plan

In general, the project appears to be a good fit that is consistent with the County's long-term goal of transforming Waldorf into a mixed-use, transit-oriented downtown. The proposed multi-purpose civic center and precast parking structure would require approximately five to seven acres assuming the existing surface parking is also available to support the new facility. Based on the market research, Convergence Design developed three preliminary conceptual site plans showing the program's ability to be accommodated on the proposed site. The proposed multi-purpose civic center can fit on a parcel of land between the Old Waldorf School and the Waldorf Jaycees Community Center. It can also maximize connectivity with existing elements in the redevelopment area. More detail regarding the three conceptual site plans can be found in Section 7 of this report.

It is important to understand that constructing a facility alone will not attract event activity, particularly convention/meeting events, to the market. There will need to be sufficient surrounding infrastructure in order to support the facility (i.e., hotel rooms, restaurants, retail, entertainment, etc.). It is of paramount importance for the County to amass multiple land parcels for future public and private developments in order to avoid escalating costs and/or losing valuable land parcels. Any new space should not be so large that it overbuilds for the market and its infrastructure. The amount of space developed needs to be in balance with the hotel room inventory in the area.

## Order of Magnitude Cost Estimate

Based on the conceptual building program described above, estimated construction costs for building, site work and a precast parking structure range from \$37.7 million to \$45.4 million. Factoring in design and construction contingency costs as well as "soft" costs for design fees, testing, fixtures, furnishings, equipment and owner contingency, the total project cost is estimated to range between \$53.3 million and \$64.1 million. The latter range is more indicative of the total financial commitment required to bring the project to realization, although project soft costs can sometimes be funded from other sources.



This estimate does not include the cost of land acquisition, which is an on-going process the County is engaged in as part of the overall urban redevelopment process. It also does not include the cost of the hotel shown in the site diagrams, which is assumed to be a private development. Finally, the cost of the planned U.S. Route 301 overpass at Leonardtown Road, along with any other planned transportation improvements, is not reflected in the estimate.

## **Management Alternatives**

In order to assist the County with its assessment of alternatives to manage the proposed new multi-purpose civic center, we interviewed management at comparable civic centers to obtain input regarding their management structure. In general, similar multi-purpose civic centers are typically operated by a traditional government structure (e.g., City/County department), an independent public authority, or a third party professional management company.

As with any business operation, each approach has advantages and disadvantages depending on the situation. Because the structure of certain contractual agreements such as management agreements can impact the tax status and fundraising efforts, consideration will need to be given to the legal and financial implications of each management approach. As Charles County continues to explore the merits of developing the proposed new multi-purpose civic center, it will need to determine which operating strategy best meets its short and long-term objectives for success.

## **Overall Summary**

It is our understanding that the driving force of developing the proposed new multi-purpose civic center is to support the County's initiative to transform the Old Washington Road corridor of downtown Waldorf into a vibrant, transit-oriented, mixed use, walkable urban center. The proposed facility is envisioned to draw a critical mass of local residents as well as out-of-town attendees that can contribute to the County's redevelopment efforts. Based on market research, it is assumed that approximately 65% of the estimated event activity would be incremental new to the County whereas approximately 9% is assumed to be incremental new to the State. This incremental activity reflects new events as well as increased attendance at events currently taking place in other locations throughout Maryland.

Based on the assumptions outlined in this report, it is estimated that the proposed new multi-purpose civic center will operate at a deficit (before taxes, debt service and depreciation) which is similar to other governmental initiatives for assets such as parks and libraries that require a significant capital investment by the public as well as on-going funding for maintenance. With respect to financial performance, it is important to understand that similar multi-purpose civic centers often realize an operating deficit. However, many communities construct multi-purpose civic centers to serve local needs, create a sense of community, and/or generate economic activity. These facilities seek to attract events that draw patrons from outside of the immediate market area who spend money on hotels, restaurants and other related services. As such, this project is one of the few that allows local government to positively impact the economy through its investment. Consequently, when evaluating the merits of these types of projects, all aspects of the costs and benefits including operating requirements, debt service and economic/fiscal benefits should be evaluated.



The following table summarizes key elements of the market and economic analysis for the proposed multi-purpose civic center in a stabilized year of operations defined in Section 9 of the report.

<b>Summary of Key Elements - Proposed New Multi-Purpose Civic Center in Waldorf</b>			
<b>Category</b>	<b>Range - Stabilized Year of Operations</b>		
<b>Usage/Event Activity</b>			
Number of Events	142	-	173
Total Usage Days	172	-	210
Total Attendance	80,450	-	97,700
<b>Financial Operations</b>			
Net Operating Revenues	\$465,000	-	\$579,000
Net Operating Expenses	\$807,000	-	\$888,000
Net Operating Income/(Loss)	<b>(\$342,000)</b>	-	<b>(\$309,000)</b>
<b>Economic Impacts at the County Level</b>			
Direct Spending	\$2,916,000	-	\$3,536,000
Indirect/Induced Spending	\$1,260,000	-	\$1,527,000
Total Spending	<b>\$4,176,000</b>	-	<b>\$5,063,000</b>
Total Jobs	49	-	63
Total Earnings	\$1,433,000	-	\$1,747,000
<b>Economic Impacts at the State Level</b>			
Direct Spending	\$1,035,000	-	\$1,187,000
Indirect/Induced Spending	\$739,000	-	\$848,000
Total Spending	<b>\$1,774,000</b>	-	<b>\$2,035,000</b>
Total Jobs	16	-	18
Total Earnings	\$664,000	-	\$762,000
<b>Fiscal Impacts</b>			
Charles County	\$65,000	-	\$80,000
State of Maryland	\$119,000	-	\$145,000
Total	<b>\$184,000</b>	-	<b>\$225,000</b>

Note: Net operating income/(loss) excludes reserve for replacement, taxes, debt service, and depreciation.

The proposed new facility may be able to realize additional operating efficiencies if it is able to share staffing, administrative and maintenance costs with other County facilities or another partner such as a hotel. However, there should still be a dedicated staff at the proposed new multi-purpose civic center with experience operating similar facilities.

Although not included in this analysis, there are other potential revenue streams such as parking, naming rights, concessionaire rights, pouring rights, long-term sponsorships, and retail rental space that Charles County could potentially pursue that may favorably impact the bottom-line. The financial pro forma and related assumptions in this report are preliminary and will continue to be refined as decisions related to the building program and other operating characteristics evolve.



If built, it will be important for the proposed new facility to develop a mission statement and an aggressive marketing plan to attract events that generate economic impact to the community, particularly given the competitiveness of these industries and the supply of facilities in the region. The facility management team and area marketing agencies including the County Office of Tourism should jointly develop a marketing plan to establish niches where the County can be successful given the proposed facility's building program, the competitive environment and the destination attributes.

### **Potential Next Steps**

Potential next steps in the County's on-going planning associated with the proposed new multi-purpose civic center may include: establishing a development strategy that can be used as a basis to refine the building program and cost estimate; identifying potential funding strategies and incentives; acquiring rights to purchase the appropriate land parcels to accommodate the recommended building program and related supporting infrastructure; and working with other County agencies and business groups to attract private investment in the surrounding area for future hotel, restaurants, and retail developments.

Because the information presented in the executive summary is extracted from the more detailed report, it is important for the reader to review the report in its entirety in order to gain a better understanding of the research, methodology and assumptions used.

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## General Market Overview

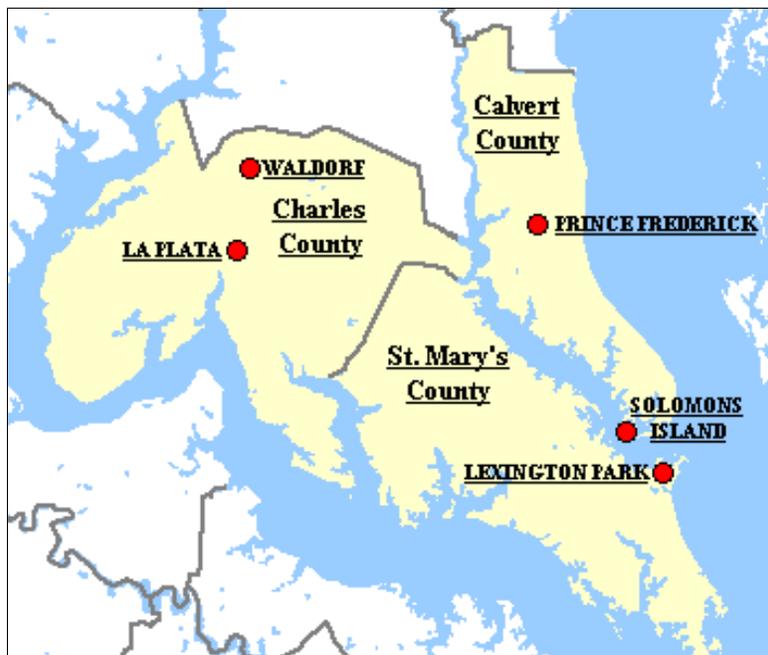
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General market conditions impact the operations of multi-purpose public assembly facilities. This section of the report profiles select market characteristics including:

- Demographic/economic statistics
- Area employment
- Accessibility
- Hotel market
- Tourism statistics
- Area attractions

For purposes of this analysis, the primary market is defined as Charles County and the secondary market is defined as the Tri-County area which consists of Calvert, Charles and St. Mary's Counties. These definitions are not intended to directly correlate to potential demand but rather to illustrate the characteristics of the market within which the proposed venue would operate. Demographic statistics are provided by Claritas; a Nielsen company that provides current and projected U.S. demographics based on U.S. census figures. The primary and secondary markets are illustrated in the map below.

### Primary and Secondary Markets



Source: [www.chesapeake-bay.com](http://www.chesapeake-bay.com)

## **Demographic and Economic Statistics**

Demographic and economic indicators are pertinent to estimating demand for several reasons. Factors such as demographic/economic conditions, the vibrancy of the area immediately surrounding a facility, and overall destination appeal to both event planners/promoters and attendees can all impact a facility's overall competitiveness within the broader marketplace. Depending on the scope and nature of the event, public assembly facilities draw from both area residents and out-of-town attendees. As such, a facility's location contributes to its marketability to host convention/meeting, sports/entertainment, and performing arts activities. For instance, local, civic-based events tend to draw from a relatively close geographic area while convention/meeting and sports/entertainment events can draw from a larger radius.

When choosing a location, event planners/producers typically consider several characteristics of a destination as important to the success of their event. The importance that event planners/producers place on these factors differs depending on the type of event. For instance, local events may place more importance on the accessibility of the venue to exhibitors and attendees from the surrounding communities. Convention/meeting planners may consider attributes such as air and/or highway accessibility, hotel room inventory, and/or the relative travel costs as most important. For certain activities such as sports/entertainment events and performing arts activities, factors such as population, age distribution and income characteristics are important considerations when selecting markets to host their events.

### Population

Population serves as a base from which events at the proposed multi-purpose civic center can draw attendance and other forms of support. In 2015, the population of the primary market area is estimated to be 155,800 and the population of the secondary market is estimated to be 358,300. As such, Calvert and St. Mary's Counties account for approximately 202,500 of the secondary market population. According to Nielsen, the population within the primary and secondary markets is projected to increase by 6% and 5%, respectively, between 2015 and 2020.

### Age Distribution

Analysis by age group is useful since certain events at multi-purpose civic centers such as entertainment events are targeted toward consumers who fall within specific age categories. Approximately 48% of the primary market and 46% of the secondary markets are between the ages of 21 and 54, a typical demographic with disposable income for entertainment events. The median age for both the primary and secondary markets is approximately 38 years old which is consistent with that for the State (38.6 years old).

### Income

Income offers a broad measurement of spending potential because it indicates the general ability of individuals or households to purchase a variety of goods and services including admission to consumer shows as well as sports/entertainment events. The median household income for the County (\$95,200) is slightly higher than that for the Tri-County area (\$94,000). As a point of reference, the median household income for both the primary and secondary markets is significantly higher than that for the State of Maryland (\$74,600) and the U.S. (\$53,700). In addition, approximately 46% of the households in both the primary and secondary markets have income levels of at least \$100,000.

Ethnicity

Approximately 45% of the population in Charles County is classified as White followed by 42% that is classified as Black/African American. The ethnic composition of the Tri-County area is different with 63% of the population classified as White and 26% classified as Black/African American. These percentages suggest an ethnically diverse population base in Charles County which provides an opportunity to host unique cultural events at the proposed new multi-purpose civic center.

The table below summarizes the key demographic/economic characteristics of the primary and secondary markets.

<b>Summary of Key Demographic/Economic Characteristics</b>		
<b>Category</b>	<b>Geographic Area</b>	
	<b>Charles County (Primary Market)</b>	<b>Tri-County Area (Secondary Market)</b>
<b>Population</b>		
2000 Population	120,500	281,300
2015 Population	155,800	358,300
2020 Projection	164,500	375,700
Growth Rate 2000-2015	29%	27%
Projected Growth Rate 2015-2020	6%	5%
<b>Age Distribution</b>		
Under 21 Years Old	28%	28%
21 - 44 Years Old	31%	30%
45 - 54 Years Old	17%	16%
55+ Years Old	24%	25%
<b>Median Age</b>	38.0	38.2
<b>Household Income Distribution</b>		
Less than \$25,000	11%	11%
\$25,000 to \$49,999	13%	13%
\$50,000 to \$74,999	15%	15%
\$75,000 to \$99,999	14%	15%
\$100,000 to \$149,999	24%	24%
\$150,000 or more	23%	22%
<b>Median Household Income</b>	\$95,200	\$94,000
<b>Average Household Income</b>	\$112,500	\$110,400
<b>Population by Single Race Classification</b>		
White	45%	63%
Black/African American	42%	26%
Hispanic or Latino	5%	5%
Other Races	7%	6%

Note: Not all amounts add up to 100% due to rounding.

Source: Claritas.

## Area Employment

A broad workforce distribution helps lessen a community's dependency on support from any one single industry segment. Industry diversification also helps a local economy withstand economic downturns due to dependency upon one industry; should one industry fail, there are others upon which the local economy can rely.

The distribution of an area's employment by industry is a consideration when targeting various events and/or seeking advertising and sponsorship opportunities. For instance, a large services sector is typically a positive indicator for the number of corporate events being held in the area. The services sector typically has financial resources to host activities such as annual conferences, seminars, banquets, receptions and other special events. In addition, employers may be members of professional/trade associations which can be instrumental in attracting conventions/tradeshows/meetings to Waldorf. A significant leisure/hospitality sector is indicative of a large visitor market that may include out-of-town attendees for sports competitions, corporate meetings, and convention/tradeshows.

Charles County private sector employs nearly 32,000 people. While Charles County offers employment in various industries, employment data shown in the following table indicates that the workforce is primarily concentrated in trade/transportation/utilities, leisure/hospitality, and education/health services. In aggregate, these industries comprise 68% of total jobs in Charles County.

<b>Private Employment by Industry as of June 2014</b>		
<b>Industry</b>	<b>Charles County</b>	
	<b>Total Jobs</b>	<b>% of Total</b>
Trade, Transportation, and Utilities	10,567	33.2%
Leisure and Hospitality	5,816	18.3%
Education and Health Services	5,218	16.4%
Construction	3,485	11.0%
Professional and Business Services	3,122	9.8%
Other Services	1,451	4.6%
Financial Activities	1,093	3.4%
Manufacturing	670	2.1%
Information	335	1.1%
Natural Resources and Mining	38	0.1%
<b>Total</b>	<b>31,795</b>	<b>100.0%</b>

Note: Sorted in descending order by total jobs as of June 2014.

Source: U.S. Bureau of Labor Statistics.

With nearly 3,500 employees, the Charles County Board of Education is the largest employer in the County. The second largest employer is the Naval Support Facility (NSF) Indian Head, one of the divisions of the Naval Surface Warfare Center, Indian Head Explosive Ordnance Disposal Technology Division (NSWC IHEODTD), which is located on a 3,500 acre peninsula along the Potomac River.

<b>Top 15 Employers in Charles County</b>	
<b>Company</b>	<b>Employees</b>
Charles County Board of Education	3,469
Naval Support (NSF) Indian Head *	2,693
Charles County Government	1,324
University of MD Charles Regional Center	850
Walmart/Sam's Club	592
The Facchina Group of Companies	550
Safeway	475
College of Southern Maryland *	418
Target	400
McDonald's	396
Southern Maryland Electric Coop. (SMECO)	386
Genesis Health Care	312
Bloomin' Brands	300
Charles County Nursing and Rehabilitation Center (CCNRC)	266
Darden Restaurants	253

Notes: Sorted in descending order by total employees.

\* Number excludes Adjunct Faculty.

Source: Charles County.

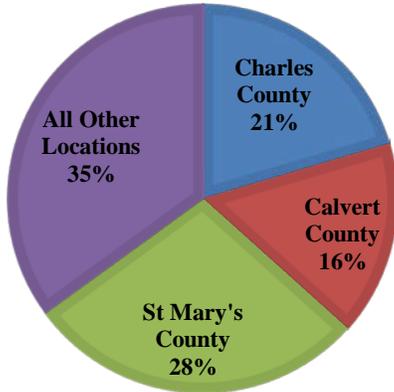
According to statistics provided by the Maryland Department of Labor, Licensing, and Regulation (DLLR), the non-seasonally adjusted unemployment rate for Charles County averaged 5.5% in 2014 which was lower than the average for the State of Maryland (5.8%).

<b>Tri-County Labor Statistics - CY 2014</b>	
<b>County</b>	<b>Unemployment Rate</b>
Charles	5.5%
St. Mary's	5.2%
Calvert	5.1%
<b>Tri-County Area</b>	<b>5.3%</b>

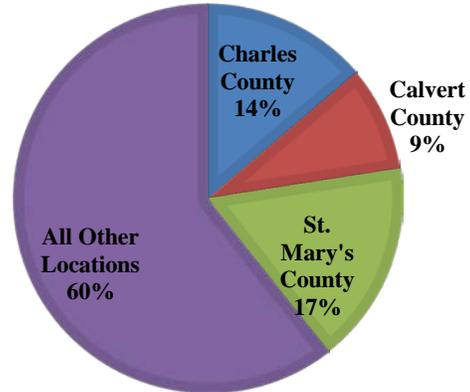
Source: Maryland Department of Labor, Licensing and Regulation.

In 2010 (the latest year for which data is available), approximately 135,300 workers were employed in the Tri-County area. Approximately 65% of workers lived in the Tri-County area of which 20% were residents of Charles County. About 40% of Southern Maryland residents were employed in the local workforce including 14% who were employed within Charles County. As a point of reference, Prince George's County was a significant source of jobs for Southern Marylanders – employing approximately 17% of Tri-County residents.

**Counties Where Workers Live  
(Southern Maryland)**



**Counties Where Residents Are  
Employed (Southern Maryland)**



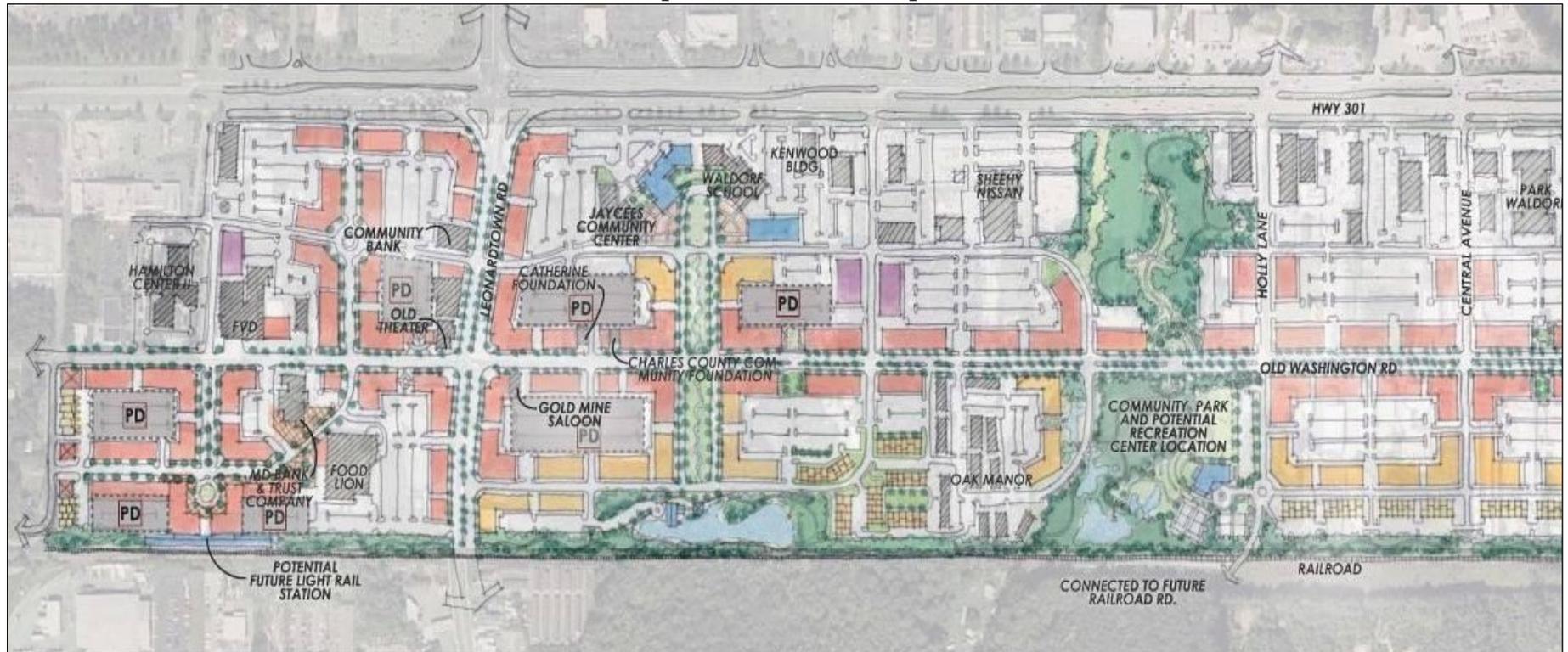
Source: State of Maryland Department of Labor, Licensing, and Regulation.

## Accessibility

The method event promoters/producers use to select venues to host their event is partially based on ease of access to a market for attendees. As such, the location and accessibility of a facility relative to the population base can impact its marketability for certain types of events.

As mentioned earlier, the proposed site for the multi-purpose civic center is located north of the intersection of Leonardtown Road and Old Washington Road between U.S. Route 301 and the CSX Railroad.

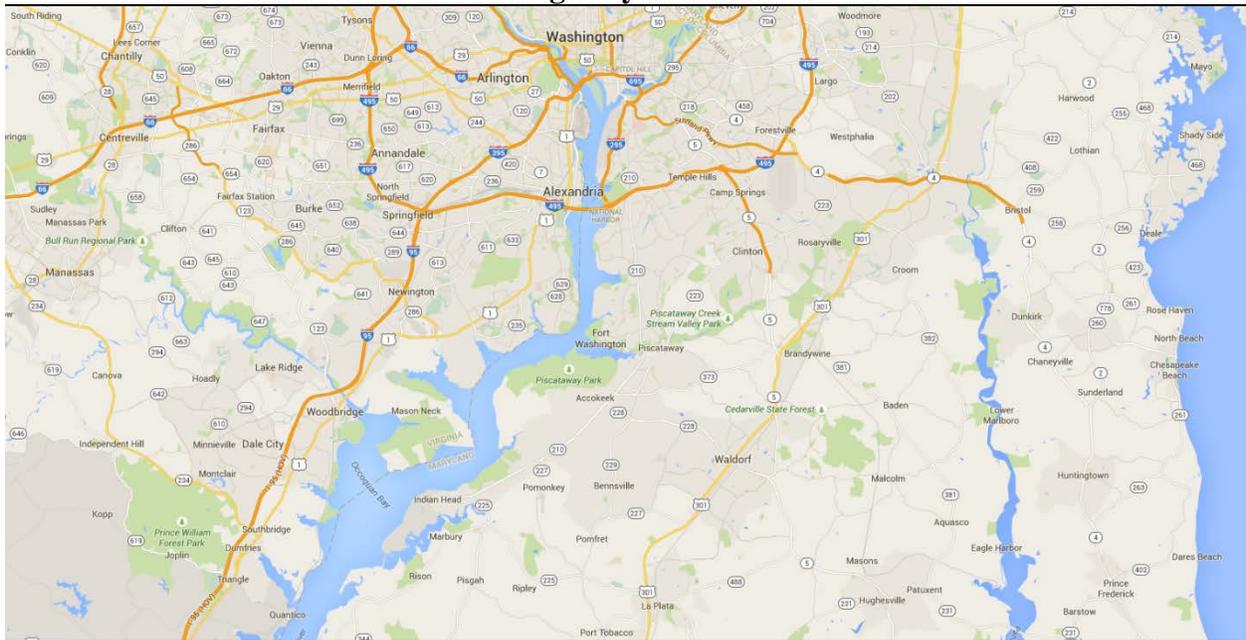
### Local Access to Proposed New Multi-Purpose Civic Center



Source: Waldorf urban design concept plan.

As shown in the map below, Waldorf is not directly serviced by a major interstate. U.S. Route 301 provides direct north/south access from Waldorf to Baltimore and Richmond, Virginia, respectively. Route 228 connects with U.S. Route 301 in Waldorf to Maryland Route 210 which runs from the Naval Support Facility at Indian Head north to the Capital Beltway (I-495/I-95) with access to Washington, D.C.

### Highway Access



Source: Google Maps.

Commercial air access is provided by three major airports: Ronald Reagan Washington National Airport, Washington Dulles International Airport, and Baltimore/Washington International Thurgood Marshall Airport. In aggregate, these three airports had more than 31.5 million passenger enplanements in 2013, according to the Federal Aviation Administration (FAA). In addition to these three large airports, Charles County is home to the Maryland Airport which offers general aviation services. This privately owned airport is currently undergoing a \$15 million FAA/State expansion to add a 4,300-foot paved runway. According to secondary sources, the new realigned and longer runway will meet all the FAA safety and design standards and will be able to accommodate additional aircrafts. When complete, Maryland Airport will be the closest airport to Washington, D.C. that can accommodate corporate and private jets without Transportation Security Administration (TSA) presence.

The FAA defines passenger enplanements as domestic, territorial and international passengers who board an aircraft in scheduled and non-scheduled service of aircraft. Proximate, convenient air access can be beneficial in accommodating the needs of event promoters/producers and other VIPs such as event organizers, and/or company executives and therefore serves as an asset to attracting certain types of events to the proposed multi-purpose civic center.

## Hotel Market

The diversity and supply of hotel rooms proximate to the proposed multi-purpose civic center can play a role in attracting certain events that draw overnight attendees such as conventions/ meetings and/or sports competitions/tournaments.

As shown in the following table, there are approximately 1,040 hotel rooms in Charles County at various price points. All but four of the hotels are select service properties. There are currently no full-service hotels in Charles County. The majority of total hotel rooms (792 rooms or 76%) are located in Waldorf. Three hotels totaling 280 rooms are located within a mile of the proposed multi-purpose civic center site and nine of the 13 (67%) are located within two miles.

Summary of Hotel Supply in Charles County				
Property	Location	Type of Property	Approximate Distance to Proposed Site	Number of Rooms
Hilton Garden Inn Waldorf	Waldorf	Select Service	1.7	130
Hampton Inn Waldorf	Waldorf	Select Service	1.6	100
Residence Inn by Marriott	Waldorf	Extended Stay	1.0	98
Holiday Inn Express - Waldorf	Waldorf	Select Service	0.8	91
Courtyard by Marriott - Waldorf	Waldorf	Select Service	0.7	91
La Quinta Inn & Suites	Waldorf	Select Service	1.4	87
Best Western Plus La Plata Inn	La Plata	Select Service	9.0	74
Comfort Suites Waldorf	Waldorf	Select Service	1.4	69
Holiday Inn Express - La Plata	La Plata	Select Service	8.9	69
Country Inn & Suites - Waldorf	Waldorf	Select Service	1.4	66
Master Suites Hotel - Waldorf	Waldorf	Extended Stay	1.4	60
Deluxe Inn	La Plata	Economy	9.3	60
Patuxent Inn	La Plata	Economy	7.7	45
<b>Total</b>				<b>1,040</b>

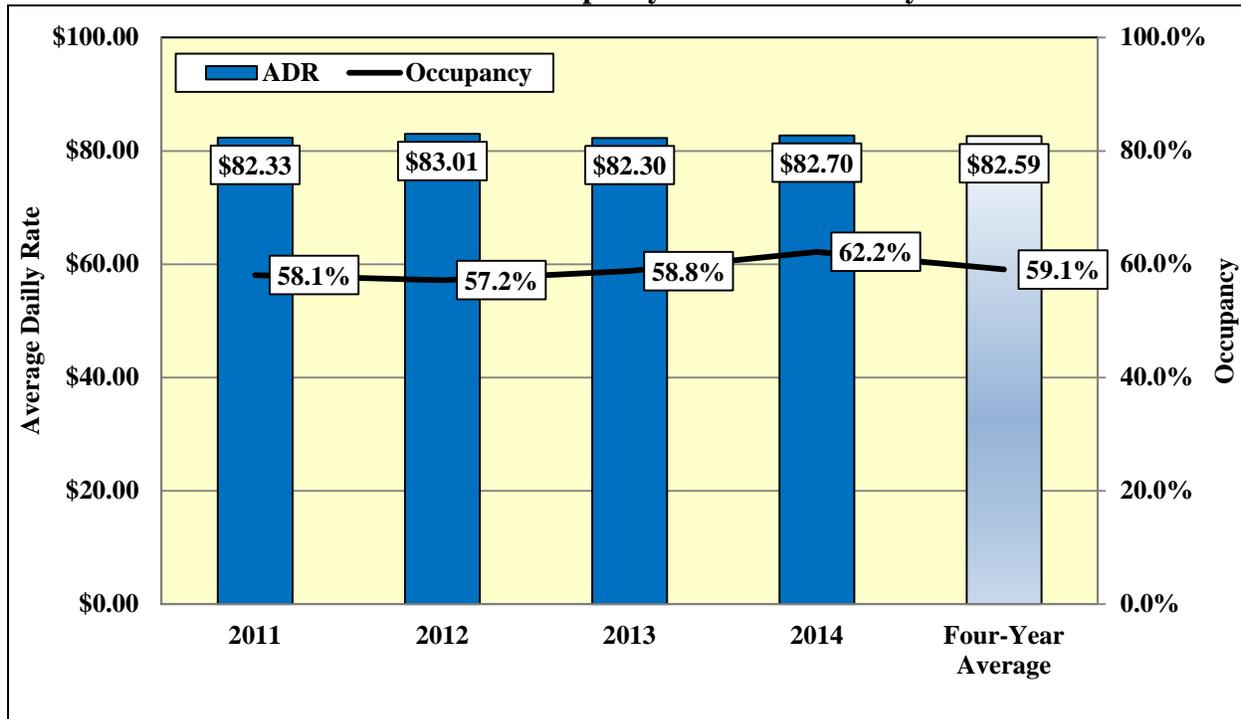
Note: Sorted in descending order by number of rooms.

Sources: Charles County; Mapquest.

In addition, only two of the 13 hotels listed above offer banquet/meeting space that can accommodate more than 200 people. The Hilton Garden Inn in Waldorf has 4,000 square feet of banquet space which can accommodate a maximum seating capacity of approximately 270. The Holiday Inn Express in La Plata has approximately 3,000 square feet which can hold a maximum of 200 people.

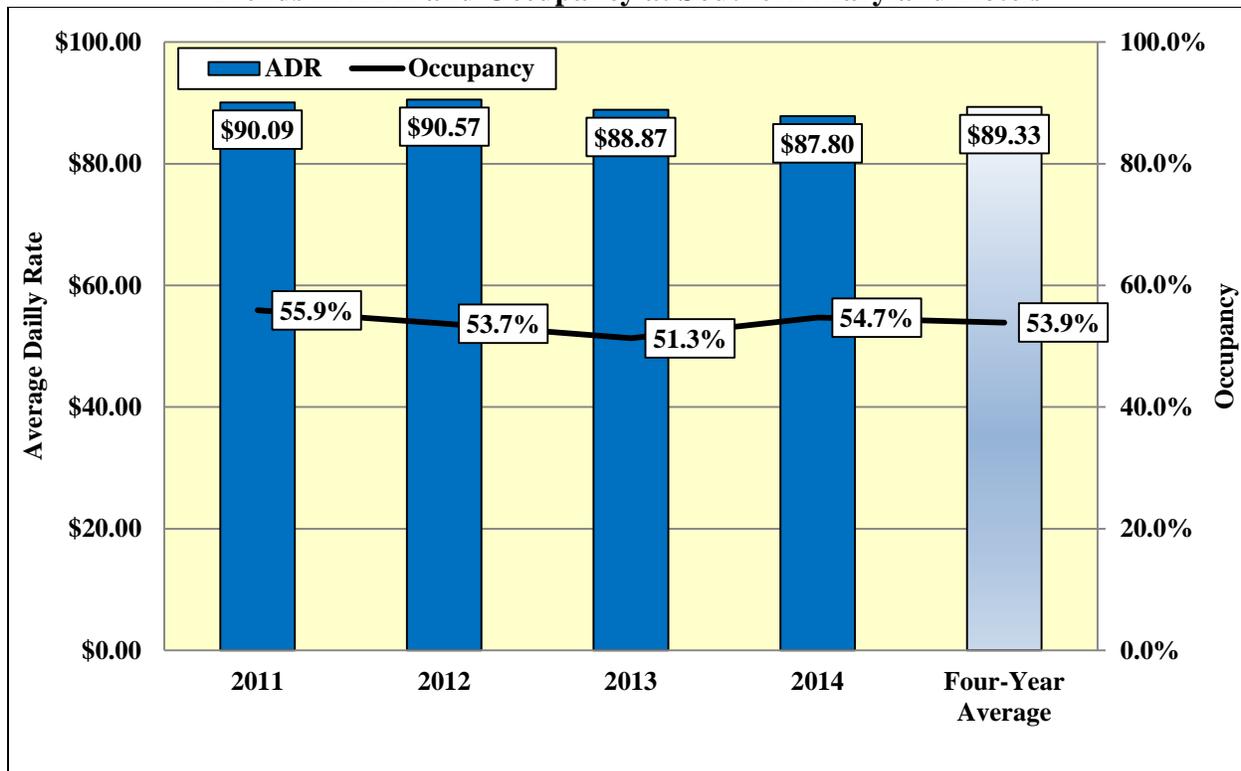
The following graphs illustrate trends in average daily rate (ADR) and occupancy at Charles County and Southern Maryland hotels for the last four years. As shown, annual ADR at Charles County hotels has remained fairly constant over the past four years whereas occupancy has fluctuated - decreasing between 2011 and 2012 before increasing in both 2013 and 2014. Annual ADR at Southern Maryland hotels has been consistently higher than that at Charles County hotels which is impacted by the higher ADR achieved at hotels in Calvert and St. Mary's Counties, respectively. By contrast, annual occupancy rates at Southern Maryland hotels have been consistently lower than that at Charles County hotels as the occupancy rates at hotels in both Calvert and St. Mary's Counties have been significantly lower.

### Trends in ADR and Occupancy at Charles County Hotels



Sources: Maryland Lodging Monitor; Smith Travel Research.

### Trends in ADR and Occupancy at Southern Maryland Hotels



Sources: Maryland Lodging Monitor; Smith Travel Research.

## Tourism Statistics

Visitors traveling to and throughout Maryland represent an important component of the State's economy. Visitor spending on items such as lodging, retail, eating/drinking and entertainment/recreation establishments supplements local resident spending at area businesses and increases tax revenues to both local and State governments.

As stated in the *Fiscal Year 2014 Annual Report to the Citizens of Charles County*, Charles County recognizes the importance of the tourism, leisure and hospitality industry as an economic engine. This same report notes that tourism in Charles County was estimated to generate 3,199 jobs and \$187.8 million in industry sales. The tourism and consumer sales tax revenue generated approximately \$6.9 million and \$8.8 million, respectively. Further, tourism and hospitality assets in the admission and amusement category generated nearly \$833,000 and room taxes produced approximately \$988,000.

Charles County recently developed two marketing campaigns at the State and local levels which are envisioned to provide entertainment for area residents as well as draw out-of-town visitors.

According to a recent study conducted by Tourism Economics, 46% of visitors who traveled to the Tri-County area in 2013 stayed overnight while the remaining 54% were day trippers. Visitors to Charles County averaged 43% of total visitors in the Tri-County area. The proposed multi-purpose civic center represents an opportunity to attract new visitors.

Trends in Visitors to Southern Maryland						
Overnight Visitors						
County	2009	2010	2011	2012	2013	Average
Calvert	214.0	227.8	241.1	247.2	245.9	235.2
Charles	342.4	388.7	434.4	427.1	424.3	403.4
St. Mary's	240.3	277.7	302.5	314.1	314.9	289.9
<b>Total - Southern Maryland</b>	<b>796.7</b>	<b>894.2</b>	<b>978.0</b>	<b>988.4</b>	<b>985.1</b>	<b>928.5</b>

Day Trippers						
County	2009	2010	2011	2012	2013	Average
Calvert	290.7	297.7	298.9	297.9	297.4	296.5
Charles	432.3	459.6	484.4	468.0	493.7	467.6
St. Mary's	283.9	308.1	323.7	332.6	339.5	317.6
<b>Total - Southern Maryland</b>	<b>1,006.9</b>	<b>1,065.4</b>	<b>1,107.0</b>	<b>1,098.5</b>	<b>1,130.6</b>	<b>1,081.7</b>

Total Visitors						
County	2009	2010	2011	2012	2013	Average
Calvert	504.7	525.5	540.0	545.1	543.3	531.7
Charles	774.6	848.4	918.8	895.1	917.9	871.0
St. Mary's	524.2	585.8	626.2	646.7	654.4	607.5
<b>Total - Southern Maryland</b>	<b>1,803.5</b>	<b>1,959.7</b>	<b>2,085.0</b>	<b>2,086.9</b>	<b>2,115.6</b>	<b>2,010.1</b>

Note: Number of visitors is shown in thousands.

Source: Tourism Economics.

## Area Attractions

The availability of cultural, recreational, retail and entertainment options is another factor that event planners/producers take into account when selecting a destination for their event and is important for periods when attendees are not at event-related functions. The supply of attractions is also an important consideration for attendees when deciding whether to bring additional family/friends and how long to stay.

Charles County attractions include, but are not limited to, the following:

- Capital Clubhouse
- College of Southern Maryland
- Dr. Samuel Mudd House
- Friendship Landing
- Port Tobacco Historic District
- Potomac Ridge Golf Course
- Regency Furniture Stadium
- Smallwood State Park
- St. Ignatius Church Cemetery and Thomas Manor House
- Thomas Stone National Historic Site
- Water Trails of Charles County

Calvert County and St. Mary's County also offer the following nearby attractions:

### Calvert County

- Anmarie Sculpture Garden & Arts Center
- Bayside History Museum
- Chesapeake Beach Railway Museum
- Cove Point Lighthouse
- Jefferson Patterson Park & Museum
- Chesapeake Beach Water Park

### St. Mary's County

- Historic St. Mary's City
- Old Jail Museum
- Patuxent River Naval Air Museum
- Sotterley Plantation
- Summerseat Farm
- St. Clement's Island State Park

## Summary

An area's demographic and economic characteristics such as population and income statistics are important factors when assessing potential demand for the proposed new multi-purpose center. The strength of a market's ability to attract events and attendees is partially attributable to its population base and demographic composition as well as its accessibility. In addition, a market's infrastructure in terms of the supply, diversity, and proximity of hotels, restaurants and retail establishments also impacts its ability to attract non-local events and capture visitor spending that generates economic and fiscal impacts.

Both Charles County and the Tri-County area have several favorable demographics relative to potentially attracting a variety of demand generators to the proposed new multi-use civic center including: an increasing, affluent population base with discretionary income to spend on attending and hosting events; ethnically diverse primary market; good accessibility to the primary and secondary population base; visibility of the potential site location from U.S. Route 301; availability, affordability and proximity of hotels to the potential site location; supporting commercial air access from area airports; presence of College of Southern Maryland (CSM) with

its three campuses in La Plata, Leonardtown, and Prince Frederick; diversity of nearby historical/cultural attractions and outdoor leisure activities; and increasing focus on enhancing tourism at multiple levels. In addition, the influx of daily commuters to the Tri-County area and related workforce dynamics represent a potential target market for conferences, meetings and social functions at the proposed new multi-use civic center in Waldorf.

By contrast, the relatively limited supply of total hotel rooms and lack of full-service hotels are constraints in attracting certain convention, tradeshow and meeting business - particularly those meeting planners who desire that their group's entire room block to fit in one hotel. While availability and affordability are viewed as market strengths, total hotel inventory and quality of hotel properties are challenges. In addition, the size of the resident population base of the primary market (155,800) is relatively small. Similar facilities typically generate a large amount of activity and related attendance from the local market area at events such as meetings, training seminars, banquets/receptions, family reunions, etc. In addition to population, the primary market's corporate base is relatively small which can be challenging as local companies also typically generate a high amount of activity and related facility revenue from rental, food and beverage and event services.

Although the potential site location for the proposed new multi-purpose civic center is visible from U.S. Route 301, traffic congestion getting to and from the site, particularly during peak commute hours, may be a potential concern. Some level of traffic concerns would be mitigated if light rail comes online at that site location.

Another limitation is the current perception that Waldorf does not have a "downtown" and is not a "destination". While the proposed new multi-purpose civic center is envisioned to be part of a larger mixed-use development that seeks to create a centralized location with various services/amenities to draw a critical mass of people for multiple functions, this perception could be a challenging "chicken or egg" situation, particularly in the short-term. If the proposed new multi-purpose civic center is constructed in conjunction with other envisioned support elements, this perception could be addressed through increased activity and pedestrian traffic as well as proactive, focused marketing efforts.

The next section discusses competitive supply of area meeting and event facilities.

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## Competitive Environment

As previously stated, the proposed multi-purpose civic center is envisioned to be able to host a diverse set of event activity that is appealing to both local residents and out-of-town visitors. In order to assess the proposed multi-purpose civic center's potential demand and marketability, it is useful to profile the supply of existing and planned facilities in the area. Facility size, geographic location, program elements, configuration, age, market focus and date availability are factors that impact how competitive or complementary area facilities may be to the proposed multi-purpose civic center. While this section provides an overview of select local and Tri-County facilities that may offer elements similar in nature to those envisioned at the proposed multi-purpose civic center, it is not meant to be an all-inclusive inventory of facilities.

### Supply of Area Facilities

#### Tri-County Multi-Purpose Community Event Centers

The following table profiles the primary community event centers that currently serve the Tri-County area. The majority of profiled facilities are owned and operated by their respective County. The Waldorf Jaycees Community Center is operated by the Jaycees Foundation which is a non-profit organization. The Port Tobacco Players Theater and the Capital Clubhouse are both privately operated. The three largest facilities in terms of total function space are located in Waldorf.

Summary of Select Characteristics of Tri-County Multi-Purpose Community Event Centers					
Facility	Location	County	Total Function SF	Number of Meeting Rooms	Operator
Capital Clubhouse	Waldorf	Charles	90,000	4	Private
Elite Gymnastics and Recreation Center	Waldorf	Charles	29,000	1	County
Waldorf Jaycees Community Center*	Waldorf	Charles	13,500	n/a	Non-Profit
Northeast Community Center	Chesapeake Beach	Calvert	8,400	5	County
Southern Community Center	Lusby	Calvert	6,700	6	County
Carver Recreation Center	Lexington Park	St. Mary's	5,500	n/a	County
Port Tobacco Players Theater	La Plata	Charles	3,000	n/a	Private
Margaret Brent Recreation Center	Helen	St. Mary's	2,900	n/a	County
North Beach Recreation Center	North Beach	Calvert	2,500	2	County
Christ Episcopal Church, Chaptico	Chaptico	St. Mary's	2,200	1	Non-Profit
Leonard Hall Recreation Center	Leonardtown	St. Mary's	500	1	County
<b>Average</b>			<b>14,900</b>	<b>3</b>	

Notes: Sorted in descending order by total function SF.  
 \* indicates this facility is also profiled as a meeting/banquet facility.  
 n/a denotes not applicable.

Sources: Individual facilities; other secondary research.

The above facilities are primarily utilized for social, educational and recreational programs. Venues such as the Waldorf Jaycees Community Center and the Christ Episcopal Church are used as banquet facilities. As such, these two facilities are able to host more formal functions such as weddings or banquets/receptions. The Waldorf Jaycees Community Center has a maximum banquet capacity of 500 in its largest ballroom. The Christ Episcopal banquet hall can accommodate a maximum of 250 people theater style and 136 people for a seated function.



The following provides a brief description of the three largest profiled community event center facilities.

*The Capital Clubhouse* offers 90,000 square feet of multi-purpose recreational/sports space. This facility is publicly owned and privately operated. The complex has a NHL size ice rink, a 17,000 square-foot sports court, a rock climbing wall, locker rooms, party rooms and state of the art sound and lighting systems. The facility is home to Mike's Sporting Equipment, Skater's Paradise, Power Play Arcade, and World Gym. The Capital Clubhouse has hosted a wide range of events including adult ice hockey league, ice skating shows and fundraising events, ice skating competitions, birthday parties, Southern Maryland's Bridal Extravaganza, Great Big Home and Leisure Show, Market Pro Computer show and sale, and the Southern Maryland Comic Con.

*Elite Gymnastics and Recreation Center* is a 29,000 square-foot recreational facility that offers instruction for dance, gymnastics, and martial arts. The facility also includes an observation area, party room and pro shop. The center hosts local and regional USA Gymnastics and Mason Dixon league competitive gymnastics meets throughout the year.

*The Waldorf Jaycees Community Center* is a 13,500 square-foot facility that hosts weddings, socials, banquets, meetings, fundraising events as well as recreational activities throughout the day. The Jaycees Foundation operates the facility. This facility is located adjacent to the site for the proposed new multi-purpose civic center. The facility is offered rent-free for numerous public functions and is home to the Jaycees Foundation's regular bingo games. The community center is also available for rental and catering of private events. During the day, the center's primary focus revolves around various senior community activities. The Jaycees Foundation makes significant donations each year to various community groups. Some of the organizations that the Jaycees Foundation offers space free of charge are listed below:

- College of Southern Maryland
- Hospice of Charles County
- Toys for Tots
- Senior Citizens – Jaycee Apartments
- Senior Services of Charles County
- Waldorf Jaycees Chapter
- Elite Gymnastics
- Warriors Baseball
- Sheriff's Department Dinner
- Waldorf Fire Department



The following table summarizes event activity at the facility in 2012, the latest year for which data is available.

Waldorf Jaycees Community Center - Summary of Events and Attendance in 2012					
Event Type	Events		Total Attendance		Average Attendance Per Event
	Number	% of Total	Number	% of Total	
Catered Functions	206	19%	39,400	40%	190
Bingo	153	14%	28,500	29%	185
Non-Profit Organizations	514	47%	20,600	21%	40
Jaycee Projects and Meetings	92	8%	5,100	5%	55
Local/State Government	125	12%	5,000	5%	40
<b>Total</b>	<b>1,090</b>	<b>100%</b>	<b>98,600</b>	<b>100%</b>	

Source: Jaycees Community Center Annual Report.

As shown, non-profit organizations accounted for approximately 47% of the total events at the center. Catered functions represented 40% of total attendance followed by bingo (29%) and non-profit organizations (21%). The facility accommodates relatively small catered functions with an average attendance of 190.

### Tri-County Meeting/Banquet Facilities

The following table lists the primary meeting/banquet facilities that currently serve the Tri-County area. Most of these facilities accommodate weddings, banquets, meetings and other social functions. Existing area hotels and meeting/banquet facilities range in total function space from approximately 25,800 square feet at the Southern Maryland Higher Education Center in St. Mary's County to 2,900 square feet at the Holiday Inn Express in La Plata.

Summary of Select Characteristics of Tri-County Meeting/Banquet Facilities					
Facility	Location	County	Total Function	Largest	Largest
			SF	Ballroom SF	Banquet Capacity
Southern Maryland Higher Education Center	California	St Mary's	25,800	n/s	500
Hollywood Volunteer Fire Department Hall	Hollywood	St Mary's	14,300	14,300	720
Waldorf Jaycees Community Center*	Waldorf	Charles	13,500	8,250	500
Middleton Hall	Waldorf	Charles	9,270	9,270	375
The Hall at Huntingtown	Huntingtown	Calvert	4,125	4,125	300
Hilton Garden Inn Waldorf	Waldorf	Charles	4,000	4,000	270
Swann Point Yacht and Country Club	Issue	Charles	3,000	3,000	200
Holiday Inn Express - La Plata	La Plata	Charles	2,900	2,900	200
<b>Average</b>			<b>9,610</b>	<b>6,550</b>	<b>380</b>

Notes: Sorted in descending order by total function SF.

\* indicates this facility is also profiled as a community event center.

n/s denotes not supplied.

Sources: Individual facilities, other secondary research.



The following provides a brief description of the largest facilities (excluding the Waldorf Jaycees Community Center which was profiled earlier).

*The Southern Maryland Higher Education Center* campus is located in California. The Center was established to provide state-of-the-art technology supported classrooms and meeting spaces for the Southern Maryland Region. The Center has two facilities that offer a total of 25 meeting rooms, two lecture halls, a multi-purpose room as well as a Center Hall that can seat 500 people and can be divided into three sections. This facility hosts conferences, off-site meetings, trainings, weddings, receptions, and other social functions.

*The Hollywood Volunteer Fire Department Hall* is located in St. Mary's County approximately 30 miles from the proposed site for the new multi-purpose civic center and offers approximately 14,000 square feet and can accommodate a maximum banquet capacity of over 700.

*Middleton Hall* is a banquet hall in Charles County that offers three banquet rooms: the Patuxent Room which offers 2,250 square feet and a maximum capacity of 104; the Potomac Room which has 2,795 square feet and a maximum capacity of 124; and the Chesapeake Room which offer 4,225 square feet and a maximum capacity of 204 people. The Potomac and Chesapeake rooms can be combined to offer 7,020 square feet that can accommodate a maximum of 375 people. The facility hosts approximately 250 events per year including weddings, anniversaries, and corporate business meetings

#### Tri-County Performing Arts Venues

The following provides a brief description of the primary performing arts venues in the area, excluding those at College of Southern Maryland (CSM) which are profiled later in this section.

*The Port Tobacco Players, Inc. Theater* is the permanent home to the Port Tobacco Players, Inc. Owned and operated by the Port Tobacco Players, Inc. the facility has a total capacity of 300 - orchestra seating for 250 and balcony seating for 50. The stage was recently renovated. The facility offers two small dressing rooms and a green room area. The Port Tobacco Players perform six shows per season. The facility is also rented to other groups such as dance studios and churches.

*The Restored Old Waldorf School* was saved, renovated and restored by The Friends of Old Waldorf School Foundation which was founded in June 1994. The old Waldorf Elementary School was converted into a multi-purpose community center that is available for both short and long-term rentals for various functions. This School is located adjacent to the site for the proposed new multi-purpose civic center. The School is currently home to the Ballet Arts Academy which is devoted exclusively to the study of classical ballet following the Vaganova method. Ballet Arts Academy's primary focus is a comprehensive course of instruction in classical ballet, service to the community through educational outreach and scholarships, and enrichment by engaging local and regional artists, musicians, dancers, poets, actors, theatre technicians, and master teachers for workshops and seminars which are available to students and members of the community. In addition, the Old Waldorf School has hosted other events including weddings, birthdays, and awards ceremonies.



### Tri-County Scholastic and Collegiate Schools

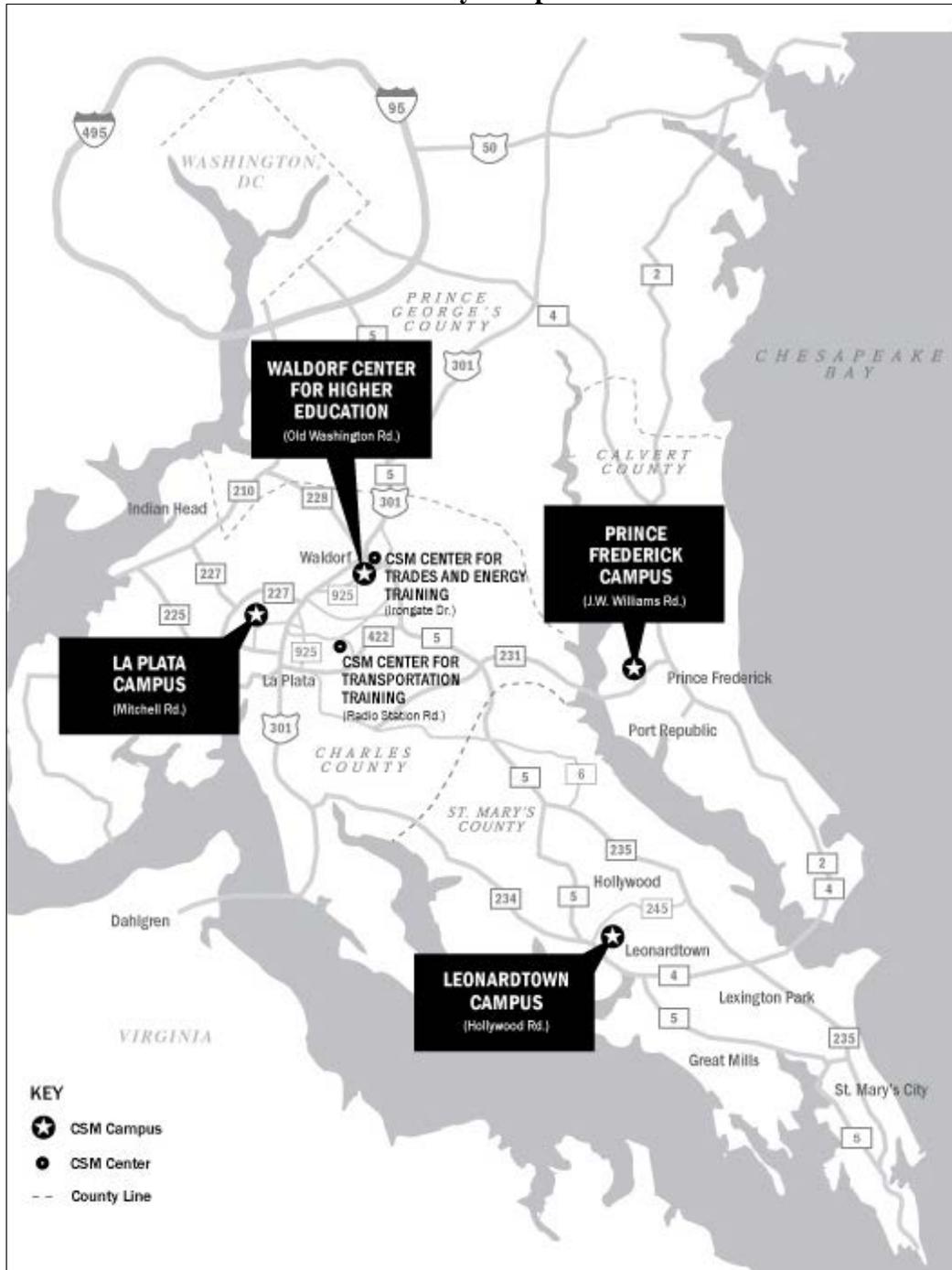
There are more than 100 scholastic schools in the Tri-County area including approximately 15 public high schools. Charles County has seven public high schools while Calvert County and St. Mary's County each have four high schools. The facilities offered at these schools vary in both type and size. As such, events such as graduations and sporting tournaments provide a potential target market for the proposed new multi-purpose civic center in Waldorf.

There are also several collegiate institutions located in the Tri-County area including, but not limited to, CSM with multiple campuses, Chesapeake Biological Laboratory, Embry-Riddle Aeronautical University residence center at the Patuxent River Naval Air Station, Florida Institute of Technology Patuxent Graduate Center, St. Mary's College of Maryland, and the University of Maryland University College (UMUC). These institutions also provide a target market for certain events that cannot be accommodated on campus as well as for smaller association convention and meetings based on membership of their faculty and staff.

With its three main campuses in the Tri-County area, CSM offers the largest amount of meeting/event function space among area collegiate facilities. CSM has also purchased land in Hughesville, which is in Charles County, to build its fourth regional campus. CSM also offers classes at the Waldorf Center for Higher Education along with UMUC and other higher education partnerships.

Below is a map illustrating the location of each of the CSM campuses within the Tri-County area.

### CSM Tri-County Campus Locations



Source: CSM website.



The following provides a brief description of the facilities offered at each CSM campus:

*La Plata Campus in Charles County* is located off of Mitchell Road with access to U.S. Route 301. The campus amenities include a large indoor pool, Fine Arts Center with a 400-seat theater, outdoor and indoor sports facilities, fitness center, and a conference center. The Fine Arts Center is home to theater, dance, visual arts, digital media, and the humanities disciplines. The Fine Arts Center hosts several concert bands, recital series, children's theater, and the Cause Theater which focuses on social and health issues throughout the year. In addition to the Fine Arts Center, there are two art studios, an art gallery, and box office located within the facility. The conference center has five meeting rooms, a courtyard, atrium and kitchen for hosting events. The conference center has a total functional square footage of over 6,300 square feet. The largest meeting room has over 3,800 square feet and can seat 252 people banquet style.

*Hughesville in Charles County* is the planned site for CSM's new regional campus. CSM purchased 74 acres of land which is envisioned to house the following four buildings; Center for Trade and Energy Training; Health Sciences; a Fine Arts Center; and Athletic Fields/Field House. Current plans call for the Center for Trade and Energy Training facility, which currently operates in leased space in Waldorf, to be the first building constructed.

*Waldorf Center for Higher Education in Charles County* is a partnership between CSM and UMUC. This facility has 14 total meeting rooms which range in capacity from 16 people in the smallest conference room to a maximum of 55 people in the largest room.

*Prince Frederick Campus in Calvert County* has 22 classrooms and computer labs that make up 90,000 square feet along with specialized classrooms in the arts and sciences programs and a distance learning interactive classroom. The Prince Frederic Campus is home to the *Ward Virt's Concert Series* which is held in the multi-purpose room on the Prince Frederick Campus.

*Leonardtown Campus in St. Mary's County* is located on 62 acres that includes science labs, a Wellness and Aquatics Center, and Auditorium/seminar room. The Wellness and Aquatic Center is 32,000 square feet and has a fitness studio, exercise rooms, and two swimming pools. The auditorium can seat 100 people and is utilized for more intimate shows such as recital series and the Cause Theater. The facility offers fitness classes such as Zumba, Aerobics, Pilates, Tai Chi, Yoga, Sport Conditioning, and Drill Bitz which is a pre-season conditioning program for athletes.

#### Other Meeting and Indoor Event Facilities in the Area

Prince George's County is located approximately 45 minutes from Charles County in the heart of the Washington, D.C. metropolitan area. Prince George's County has an extensive supply of hotels and event facilities as well as state-of-the-art sporting complexes. The Gaylord National Resort and Convention Center and the MGM National Harbor (when completed) will be the two largest meeting facilities in Prince George's County.



The Gaylord National Resort and Convention Center is the anchor to the 300 acre National Harbor waterfront entertainment district, located eight miles south of Washington, D.C. The resort offers 470,000 square feet of total meeting space with 82 breakout rooms, exhibit space and a maximum meeting capacity of 10,000.

Current plans for the MGM National Harbor call for a 21-story hotel with over 300 rooms that will front the Potomac River at National Harbor. The \$925 million gambling complex is planned to include several celebrity chef driven restaurants, boutique shops that will include high end retailers, and a concert theater. The casino is anticipated to have 3,600 slot machines and 140 gaming tables. The anticipated opening date is no earlier than July 2016.

The Prince George's Equestrian Center is a multi-purpose complex located in Upper Marlboro. It is located on property owned by Prince George's County and leased and operated by the Maryland National-Capital Park and Planning Commission (M-NCPPC). The complex includes Show Place Arena which is an indoor arena that can accommodate up to 5,700 attendees as well as five suites. The arena floor is approximately 28,800 square feet. The facility also offers three banquet rooms including the 1,420-square foot Winners Circle Lounge, as well as the 2,270-square foot Paddock Room, and 2,560-square foot Tack Room which are adjacent to each other and overlook the arena floor. These facilities are primarily used for meetings, trainings and receptions. The Arena hosts both equine and non-equine events such as concerts, sporting events, exhibit events, graduations, and other community activities. In addition, several of the high schools located in Charles County utilize Show Place Arena for their graduations over its seating capacity.

In addition, the greater Washington D.C. area is home to numerous public assembly facilities including convention/meeting facilities, indoor arenas/civic centers, performing arts centers, outdoor amphitheaters, and stadiums. These facilities range in size and market focus and can host a diverse array of convention/meeting, sports/entertainment, and performing arts activity.

## **Summary**

The degree to which existing meeting and event facilities adequately meet current and future needs of a community is an important aspect to consider when evaluating the potential demand for any new facility. Although multiple facilities are profiled, the scope and size of existing meeting and event facilities in Charles County and the Tri-County area are relatively limited. By contrast, the broader surrounding region including Prince George's County and the Washington, D.C. area offer a large number of public and private facilities that can host a wide variety of convention/meeting, banquet/reception and spectator-oriented events.

The amount, configuration and type of space currently offered in the community do not appear to adequately meet anticipated future needs of multiple local user groups, event promoters/producers, and small to moderate convention/meeting planners.

In Charles County, the Waldorf Jaycees Community Center can accommodate a maximum banquet capacity of 500 people based on information provided by management. Given its size and affordability, this facility is heavily utilized throughout the year which limits its date availability for certain events and groups. In addition, although CSM offers various facilities on its multiple campuses, they are relatively limited in size and are primarily focused on accommodating CSM needs. Management at several area hotels indicated they receive requests on a regular basis to host events such as weddings/receptions, multi-cultural events, conferences, meetings and entertainment events (e.g., festivals) that cannot be accommodated in their properties due to space limitations. Given these market dynamics, many events are being held outside the primary market.

Market research suggests that there is an opportunity to host various events such as conferences, meetings, fundraisers, social functions, scholastic-related activities, holiday concerts, graduations and other special events at the proposed multi-purpose civic center. Multiple stakeholders expressed their preference to host their events in Charles County or the Tri-County area if an appropriate venue that met their needs existed. As such, the proposed multi-purpose civic center provides a potential opportunity to augment and diversify Southern Maryland's existing supply of facilities as well as capture lost business that is currently leaving the market resulting in increased event and economic activity in the community.

The next section summarizes key industry trends that should be considered when evaluating the merits of the proposed new multi-purpose civic center.

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## Industry Trends and Potential Demand

Potential demand associated with any new multi-purpose civic center is somewhat dependent on the specific target market segments it is anticipated to host as well as on the attributes of each respective industry. Given that the proposed multi-purpose civic center is envisioned to host a variety of event activity, this section outlines key trends in the following market segments: convention/meeting/exhibition, sports/entertainment, and performing arts. This analysis is based on information provided by secondary sources including, but not limited to, Professional Convention Management Association (PCMA), Center for Exhibition Industry Research (CEIR), Meeting Professionals International (MPI), Tradeshow Executive, International Association of Conference Centers (IACC), the Destination Marketing Association International (DMAI), Pollstar, IBISWorld, and the Sports and Fitness Industry Association.

### Key Convention/Meeting/Exhibition Industry Trends

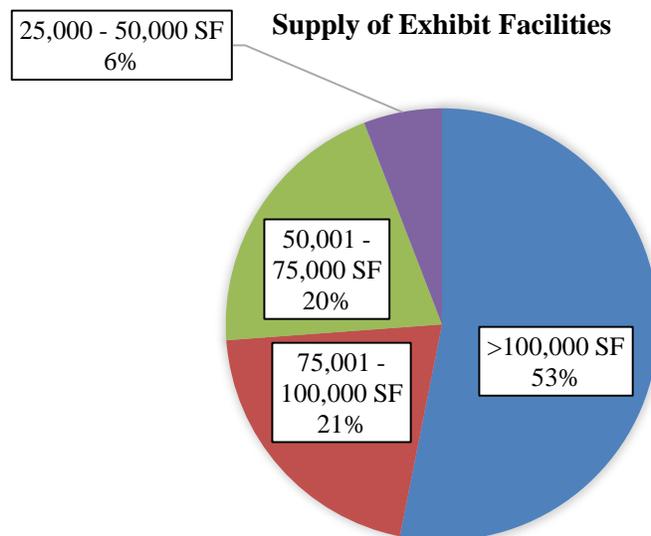
The convention/meeting/exhibition industry is generally comprised of several types of events with varying space requirements. The following table presents a definition of each event type, typical space requirements, attendee origin and an example of each type.

Key Attributes of Industry				
Event Type	General Event Definition	Space Requirements	Attendee Origin	Example
<b>Conventions</b>	Associations, professional groups and membership organizations meeting to exchange information and, in some instances, sell products	Exhibit space, meeting rooms and ballroom	Primarily non-local	Maryland Bar Association
<b>Conferences</b>	Associations, professional groups, membership organizations, educational institutions, and private companies meeting to exchange information or to conduct training sessions	Meeting rooms and ballroom	Depends on scope - can be non-local or local	Department of Defense Conference
<b>Tradeshows</b>	Associations, professional groups, membership organizations and private groups meeting for business-to-business sales	Exhibit space, some meeting rooms	Depends on scope - can be non-local or local	Restaurant Supply Show
<b>Consumer/Public Shows</b>	Public, ticketed events to market and sell goods and services to consumers	Exhibit space	Primarily local	Home and Garden Show
<b>Assemblies</b>	Large groups that tend to be social, military, educational, religious or fraternal (SMERF) in nature to exchange information	Exhibit space or areas with fixed seating	Depends on scope - can be non-local or local	Assembly of God
<b>Meetings</b>	Corporate meetings, training seminars, exams, etc. to exchange information, obtain training, and other similar functions	Meeting rooms and ballroom	Primarily local	Firefighter Testing
<b>Banquets/Receptions</b>	Banquets, receptions, birthday parties, weddings, corporate awards ceremonies, social functions, etc.	Ballroom	Primarily local	Wedding Reception

The following summarizes key trends in the convention/meetings industry:

- The convention/meetings market has experienced tremendous growth in the supply of space over the past two decades.

- This growth coupled with an economic downturn created a gap in the supply of space and demand for space that led to a more competitive buyer's market.
  - Numerous facilities can now accommodate meeting planners' needs strictly in terms of the amount of space required.
  - Hotels and larger convention centers are vying for more moderately sized group business.
- Hotels with exhibit space have a competitive advantage over many convention and meeting facilities because they control all major components of an event (i.e., meet, eat and sleep) under one roof. Since the hotel is the primary beneficiary of all revenue streams, it can negotiate packages as it sees fit in any or all areas to attract business. For instance, a hotel can offer meeting and/or exhibit space for free or at a deeply discounted rate because it would still receive revenue from the rooms and food service, which is often more profitable. In addition, some privately operated hotels offer entertainment (e.g., a headliner act for a banquet) as part of their overall package to attract meeting planners.
- The pie chart below represents the supply of exhibit facilities within the U.S. based on information from *Trade Show Executive* as of June 2014. Of the 250+ facilities located in the U.S., 53% offer greater than 100,000 square feet while only 6% offer between 25,000 and 50,000 square feet.



Source: *Tradeshaw Executive*.

- More convention centers are constructing or re-purposing existing space into multi-purpose, flex space that can be used as exhibit, meeting, or ballroom space to provide more flexibility and accommodate changing trends.

- Facilities located in destinations offering an attractive package in terms of overall appeal, hotel supply, accessibility, and facility/travel-related costs have been better able to maintain, grow and diversify their business in challenging economic times.
- The following table illustrates the destination and venue selection criteria that meeting planners considered most important and their relative ranking. Overall cost, space requirements, location and overall value rank high in terms of both the site and venue selection.

Most Important Decision Factors When Choosing a Destination		Most Important Decision Factors When Choosing a Venue	
Factor	%	Factor	%
Overall cost	42%	Meeting space requirements	45%
Available venues which meet space requirements	42%	Overall cost	41%
Ease of access/travel	39%	Location	38%
Overall value	33%	Condition and quality of venue	37%
Attractive location to attendees	32%	Overall value	31%
Proximity to members/delegates	29%	Flexible contracts	26%
Travel cost to destination	29%	Attractive location to attendees	24%
Area hotel rates	22%	Customer service	24%
Distance between airport and venue	20%	Meeting room rates	19%
Public perception	14%	Flexible and dedicated staff	16%
Attractions and activities	11%	Incentives and concessions	15%
Availability of airlift	11%	Amenities and services offered	11%

Note: Respondents could choose more than one factor, as such percentages do not add to 100%.

Source: MPI Business Barometer.

- While the supply of exhibition and meeting space has experienced significant growth over the past decade, demand has been less aggressive. The following table summarizes industry data provided by CEIR which tracks annual changes in several industry metrics: net square feet used for exhibitions; total number of exhibitors and attendees; and industry revenues. As shown, the industry has undergone two seasons of negative growth at the start of the decade as well as between 2008 and 2010. Several national economic events led to periods of slower growth or retraction in the convention/exhibition industry since 2001. The events of September 11, 2001, had a direct impact on the recession in the early part of the decade while various national and global events impacted the convention/exhibition industry during 2008 to 2010. CEIR noted moderate growth in 2011, a first since the latter recession and projects steady growth through 2016.

Metric	Year-On-Year Percent Change of the Metrics and CEIR Index																CAGR, 2000-2013
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014p	2015p	2016p	
Net SF	1.2	-3.3	0.0	3.8	2.2	1.4	3.6	-1.4	-10.9	-1.7	1.9	1.0	0.8	1.9	2.9	2.6	-0.2
Exhibitors	-2.5	-3.2	2.0	2.6	2.2	-1.8	2.2	-2.0	-10.7	-1.1	2.4	0.5	0.5	1.6	2.5	3.0	-0.8
Attendees	-2.7	-4.2	3.0	2.4	-0.5	0.7	3.9	-3.2	-7.5	3.2	3.1	2.3	2.0	2.0	2.7	2.4	0.1
Real Revenues <sup>1</sup>	3.8	-5.6	-2.1	3.9	5.7	0.6	4.8	-3.6	-9.6	-5.1	2.5	1.1	0.9	2.3	3.5	3.1	-0.3
Total	-0.1	-4.1	0.7	3.2	2.4	0.2	3.6	-2.6	-9.7	-1.2	2.5	1.2	1.0	2.0	2.9	2.7	-0.3

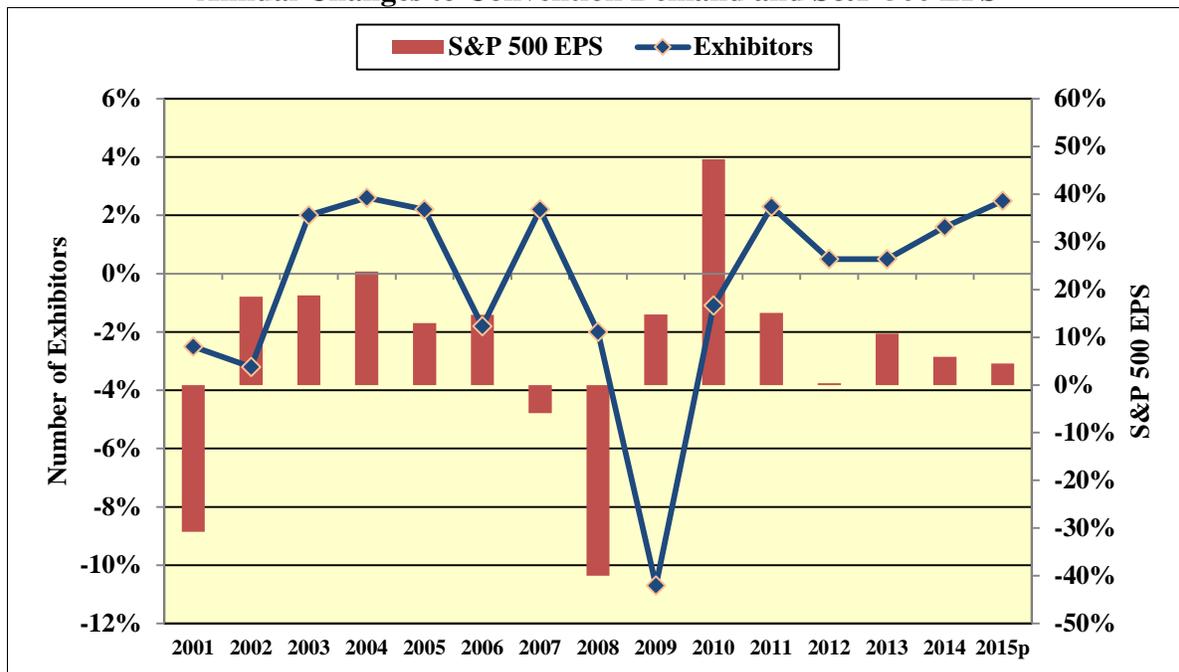
Notes: <sup>1</sup>Inflation adjusted revenues, adjusted for CPI for all urban consumers.

p = projected

Source: CEIR 2014.

- Convention/meeting/exhibition industry trends generally mirror broader U.S. economic trends. A key convention industry measure is the number of exhibitors at convention/trade shows. The following graph illustrates annual changes in the number of exhibitors alongside the S&P 500 earnings-per-share (EPS) in order to further illustrate the relationship between the convention industry and overall economic conditions.

**Annual Changes to Convention Demand and S&P 500 EPS**



Note: p = projected.  
Sources: CEIR; Standard & Poors.

Negative S&P earnings per share precedes periods of decreases in the number of exhibitors similar to periods of positive economic and industry growth. S&P earnings began to experience growth in 2009 whereas the convention and meetings industry tends to lag 12 to 18 months behind the broader economy as many conventions/ meetings are planned years in advance. According to S&P and CEIR, overall economic and convention industry conditions are projected to increase throughout 2015.

- According to the most recent PCMA meetings market survey, more than 1.8 million meetings were estimated to be held in the U.S. during calendar year 2012 which involved nearly 225 million participants.

As shown in the following table, the participants were generated primarily by corporate/business meetings followed by conventions/conferences/congresses. The average number of participants ranges from a low of 80 at other meetings to nearly 2,500 at tradeshows. A modest sized facility is capable of holding the majority of meetings based solely on square footage required to accommodate the average number of participants.

Number of Meetings and Participants			
Meeting Type	Number of Meetings	Number of Participants	Average Participants/ Meeting
Corporate/business meetings	1,298,300	113,337,000	90
Conventions/conferences/congresses	273,700	60,960,000	220
Tradeshows	10,900	26,768,000	2,460
Incentive meetings	67,700	9,172,000	140
Other meetings	182,600	14,710,000	80
<b>Total</b>	<b>1,833,200</b>	<b>224,947,000</b>	<b>120</b>

Source: PCMA.

- Access Intelligence Research & Consulting is a privately-held business media company that publishes magazines as well as produces conferences and tradeshows in the event, media and marketing industries. Access Intelligence identified the market potential for events requiring various amounts of exhibit space and holding their events in the State of Maryland. There are an estimated 214 conventions with exhibits and for-profit tradeshows that hold their events in Maryland. A total of 41 of these events, or 19%, require up to 30,000 square feet of exhibit space and represent a target market for the proposed multi-purpose center in Waldorf. As a point of reference, attracting 10% to 15% of this specific target market would equate to four to six conventions/tradeshows annually. In addition, the proposed facility could also accommodate various conferences and meetings that do not require exhibit space which are not reflected in this subset of professional/trade association exhibit-oriented events.

## Key Sports/Entertainment Industry Trends

The following summarizes key trends in the sports/entertainment industry:

- An increase in the availability of leisure time has a positive impact on consumer demand for spectator events. The more free time people have, the more likely they are to go out midweek and on weekends. However, according to *IBISWorld*, a leading research firm that provides business performance and projection statistics, time spent on leisure and sports is expected to decrease slowly in future years indicating a shift in trends.
- The competitive youth and adult amateur sports industry has continued to be a significant market opportunity with multiple sports/age groups/demand segments.
  - Based on a survey of households conducted by the Sports and Fitness Industry Association in conjunction with the Physical Activity Council, there are an estimated 70.1 million indoor sport participants representing a significant demand segment for both casual/recreational play and competitive level tournaments.
  - Demand is less impacted by economic fluctuations as participants and family/friends are willing to travel significant distances for their preferred sport.
  - More communities are developing specialized indoor and/or outdoor complexes to accommodate multiple games/competitions due to their value as a tourism generator.

- *Pollstar*, a trade publication covering the worldwide concert industry that obtains information primarily from the agents, managers and promoters who are producing concerts and other entertainment acts, reports that music has never been more popular or important than it is in today's world where many people carry connections to their entire music collection in their pocket.
- While the public's consumption of music has never been greater, an artist's ability to monetize that demand has been declining. Digital sales and streaming revenues have not come close to replacing the reduced income from recording and publishing. As such, the artist community will have to rely on the growing revenues from live performances to make a living which is beneficial for the concert business.
- According to *IBISWorld*, except for moderate wavering in 2010, the economic downturn has done little to deter Americans from attending live concerts and other entertainment events.
- Consolidation of the live-touring entertainment industry has impacted the operations of arenas/civic centers and other live entertainment venues throughout the country, especially with respect to the concert market. As such, it is common for facility operators to have formalized relationships with regional and/or national promoters with the objective of maximizing concert bookings.
- A venue's marketability and financial performance is dependent on multiple factors – some of which are outside the control of facility management:
  - Condition of facility
    - Production and technology
    - Sensitivity of potential patrons and artists with regard to perception of the facility
    - Revenue generating potential (e.g., VIP areas, etc.)
    - Cost effectiveness/efficiency of event production
  - Supply and popularity of touring acts
  - Management's relationship with key promoters
  - Seasonality of the acts in relation to the venue/market
  - Market size and disposable income characteristics
  - Routing limitations (e.g., will only play one venue within a 60 mile radius on a particular tour)
  - Competition from other area entertainment venues offering similar content/programming
- Extensive supply of nationwide venues positively impacts the financial deal for the artist rather than the venue.
  - This dynamic increases facility's dependence on ancillary revenues such as concessions, sponsorships, VIP/hospitality and parking
- Usage is relatively cyclic and extremely dependent on the types and number of acts that tour in any given year.

## Key Performing Arts Industry Trends

The following summarizes key trends in the performing arts industry:

- State and Federal arts funding has steadily declined since 1980 and more sharply since 2011.
- Competition from other forms of entertainment has put pressure on revenue growth in the broader arts industry. This pressure has led to more venues producing or performing their own original work.
- Consumers have indicated a desire to experience live music and events in smaller capacity venues over the past five years.
- Performing arts patrons and promoters typically prefer urban, downtown sites proximate to supporting amenities such as hotels and restaurants.
- As cited previously, the consolidation of the live-touring entertainment industry has resulted in a relatively few number of top promoters controlling the event industry.
- As with concert/entertainment events, the extensive supply of nationwide venues positively impacts the financial deal for the artist rather than the venue placing more dependence on a facility's ancillary revenues such as concessions, sponsorships, VIP/hospitality and parking.
- Event activity is dependent on the type and number of performing arts groups that tour in any given year.

## Potential Demand Generators

In order to assist the MSA and Charles County in assessing potential demand for a proposed new multi-purpose civic center in Waldorf, feedback was sought from a variety of potential user groups including, but not limited to, representatives from area governmental entities, area hoteliers, area businesses and community groups, event promoters/producers, sports organizations, performing arts organizations, and area educational institutions.

More specifically, input was obtained regarding the selection criteria used by organizations, meeting planners and/or event producers when choosing a destination to host their event and how, in general, Waldorf meets these objectives; the adequacy of existing facilities in the market to meet their needs; the facility requirements that would be necessary to service any anticipated long-term growth expectations; and the likelihood of them choosing the proposed new multi-purpose civic center for their event.

Input from potential users was generally categorized into the following market segments: banquets/receptions, meetings/seminars, civic/community events, conventions/conferences, trade/consumer shows, sporting events, concert/entertainment events and performing arts events.

In general, stakeholders support the development of the proposed new multi-purpose civic center. Irrespective of market segment, common themes among stakeholders included the limited amount of quality function space in the primary market and the need for any new space to be affordably priced.

The following table summarizes the relative level of interest expressed by potential demand generators and area stakeholders for the proposed new multi-purpose civic center.

Market Segment	Relative Market Potential
Banquets/receptions	High
Meetings/seminars	High
Civic/community events	High
Conventions/conferences	Moderate
Trade/consumer shows	Moderate
Sporting events	Moderate
Concert/entertainment events	Low
Performing arts events	Low

Banquets/receptions, meetings/seminars, and civic/community events appear to represent the highest market potential, particularly in the short-term. The ability to attract conventions/conferences, trade/consumer shows, and large, competitive sporting events that draw overnight attendees will be predicated on offering more supporting infrastructure and amenities such as hotels, restaurants and retail proximate to the site. Sporting events consist of both local, recreational competitions/tournaments as well as those that occur over a multi-day period. These events typically require multiple venues for their tournaments so the proposed new multi-purpose civic center could be used in conjunction with other area facilities such as the Elite Gymnastics and Recreation Center. The existing and planned competitive supply of entertainment and performing arts facilities in the local and regional market combined with primary market characteristics and industry trends make this a difficult market segment to penetrate which was reiterated by event producers/promoters. Having said that, there appears to be an opportunity in Waldorf to host smaller, concert/entertainment and performing arts events on a limited basis.

## Summary

Multi-purpose civic centers can be designed to host a variety of demand segments. After significant growth in the number of venues and changes in business strategy in both the convention/meeting/exhibition and live entertainment industries, these segments have become more competitive. That said, the convention/meeting market is showing signs of recovery from the recent recession and a moderately sized civic center could host a number of corporate/association meetings. Area hoteliers noted they are turning away meeting and banquet business due to date and space availability. Input from area stakeholders and potential user groups also suggests the ability to draw corporate and professional/trade association meetings from the broader D.C. Metro Area that have a connection to Tri-County corporate/government business and/or prefer a more affordable meeting location. Offering some level of seating and stage capabilities would allow the proposed facility to also host live music and/or performance acts as well. Competitive sports is a growing demand segment and includes a broad range of indoor activities such as cheerleading, dance, gymnastics, wrestling and martial arts which can be accommodated on a flat floor space. Many of these activities that could be accommodated in a multi-purpose civic center typically attract out-of-town participants and spectators.

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## Comparable Facility Analysis

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As part of the market analysis, data from select comparable facilities was analyzed to provide a frame of reference to assist the County in drawing conclusions regarding the proposed new multi-purpose civic center in Waldorf.

The following facilities were chosen to profile as part of the comparable facility analysis because they are located in markets with similar attributes/amenities as Charles County, offer similar amounts of space as that anticipated for the proposed new facility, and/or host similar target demand segments:

- Boise Centre – Boise, Idaho
- Durham Convention Center – Durham, North Carolina
- Emerald Coast Convention Center – Fort Walton Beach, Florida
- Harborside Event Center – Fort Myers, Florida
- New Bern Riverfront Convention Center – New Bern, North Carolina
- Pueblo Convention Center – Pueblo, Colorado
- St. Joseph Civic Arena – St. Joseph, Missouri
- Two Rivers Convention Center – Grand Junction, Colorado

Not all profiled facilities may be directly comparable to the proposed facility in Waldorf due to a variety of factors such as location, ownership/management structure, stand-alone or part of a larger complex, etc. However, useful information can be gleaned from these centers regarding the potential use and operating characteristics of the proposed multi-purpose civic center.

Crossroads Consulting obtained and analyzed operating data from the profiled set based on interviews with management, industry resources, published reports and our internal database. The data shown in this report is based on available information for each of the profiled facilities.

## Overview of Profiled Facilities

The pages that follow provide a brief description of the profiled facilities.

### Boise Centre – Boise, Idaho



Source: IAVM website

The Boise Centre is owned and operated by the Greater Boise Auditorium District. The District was established by the State in 1959 to promote economic activity and growth in the Boise area. Located in downtown, the Centre features 33,400 square feet of multi-purpose space and a 375-seat auditorium. Event activity held at the Centre includes banquets, conferences, meetings, and seminars. The Centre is in the midst of an expansion that will add a 15,000 square-foot ballroom, 14,000 square feet of flexible meeting space, and 7,000 square feet of pre-function/lobby space. Scheduled to be completed in 2016, the expansion is occurring across from the existing Centre and will be connected via a skywalk. Funding is provided by a 5% hotel motel tax in the Boise area.

### Durham Convention Center – Durham, North Carolina



Source: Durham Convention Center website

The Durham Convention Center is jointly owned by the City of Durham and Durham County and operated by Global Spectrum. The Convention Center is part of the Durham Civic Center Complex which also includes the Carolina Theatre, the Durham Armory, the Durham Arts Council Building, and the 190-room Durham Marriott. The Convention Center has two ballrooms, meeting rooms, and board rooms. The Complex is located in downtown Durham and underwent renovations in 2011. The Convention Center hosts conventions, consumer shows, trade shows, banquets, weddings, and special events. The Carolina Theatre has three facilities: the 1,032-capacity Fletcher Hall, the 260-seat Cinema One, and the 60-seat Cinema Two.

Emerald Coast Convention Center – Fort Walton Beach, Florida



Source: Emerald Coast Convention Center website

Located in Fort Walton Beach, the Emerald Coast Convention Center provides a total of 35,000 square feet of multi-use space. This facility includes the 21,000 square-foot, column-free Emerald Grand Ballroom and eight meeting rooms that range from 450 to 1,575 square feet. Owned by Okaloosa County, the facility hosts tradeshow, conferences, regional association meetings, and entertainment events.

Harborside Event Center – Fort Myers, Florida



Source: Harborside Event Center website

Located in downtown Fort Myers, the Harborside Event Center has 32,000 square-feet of flexible event space. The Center is owned and operated by the City of Fort Myers. The center is primarily used for conventions, meetings, banquets, weddings, tradeshow, festivals, and concerts. The City has been contemplating expansion of the facility as part of a broader downtown redevelopment strategy.

New Bern Riverfront Convention Center – New Bern, North Carolina



Source: New Bern Riverfront Convention Center website

Opened in 2000, the New Bern Riverfront Convention Center is a 45,000 square-foot facility which has a 12,000 square-foot ballroom, an 8,000 square-foot pre-function area, three meeting rooms, and an executive board room. There is a 3,700 square-foot, outdoor, waterfront veranda that can be used for a variety of functions. The Convention Center is owned and operated by Craven County and hosts events that include fundraisers, galas, banquets, wedding, community meetings, training seminars, corporate events, birthday parties, along with concert events including the North Carolina Symphony and the North Carolina Symphony's Young People's group.

### Pueblo Convention Center – Pueblo, Colorado



Source: Pueblo Urban Renewal Authority

The Pueblo Convention Center has flexible space including a 16,200 square-foot ballroom and 2,900 square feet of meeting space along with a pre-function lounge that can be utilized for a variety of functions. The convention center is owned by the Pueblo Urban Renewal Authority and managed by Global Spectrum. It is located in downtown Pueblo along the riverwalk. The facility is utilized for meetings, conferences, consumer shows, trade shows, reunions, banquets, galas, and weddings.

### St. Joseph Civic Arena – St. Joseph, Missouri



Source: St. Joseph Civic Arena website

The 5,000-capacity Civic Arena is located in downtown St. Joseph. The Civic Arena is owned and operated by the City. The facility has an arena that hosts sporting events, family shows, and concerts with the floor being utilized for trade shows, consumer shows, and banquets. There are also four meeting rooms. Other events include roller derby, professional wrestling, gymnastics, wrestling, and basketball tournaments, dog shows, consumer shows, and circuses. A 169-room full-service Holiday Inn is located across the street from the Civic Arena.

### Two Rivers Convention Center – Grand Junction, Colorado



Source: Two Rivers Convention Center website

The Two Rivers Convention Center is comprised of flexible meeting space that includes meeting rooms, ballrooms, lobby, and atrium space. The convention center is owned and operated by the City. The management team at Two Rivers Convention Center also manages the 900-capacity Avalon Theatre, a performing arts center, in Grand Junction. The center hosts expositions, conventions, galas, banquets, and community events.

## Owner/Operator

Six of the eight profiled facilities are owned by a municipality while two are owned by quasi-public authorities. Although publicly owned, two are operated by a third party management company and the Boise Centre is operated by a quasi-public authority.

Profiled Facilities - Owner/Operator		
Facility	Owner	Operator
Boise Centre	Greater Boise Auditorium District	Greater Boise Auditorium District
Durham Convention Center	City/County	Private
Emerald Coast Convention Center	County	County
Harborside Event Center	City	City
New Bern Riverfront Convention Center	County	County
Pueblo Convention Center	Pueblo Urban Renewal Authority	Private
St Joseph Civic Arena	City	City
Two Rivers Convention Center	City	City

Note: Sorted in alphabetical order by facility.

Sources: Individual facilities; secondary research.

## Building Program

The table below summarizes the building program elements at each profiled facility along with the county population. Charles County's population (155,800) is among the smallest destinations in the profiled set. These similar markets offer relatively smaller multi-purpose centers. As shown, profiled facilities average 25,000 square feet of total function space and six divisible meeting rooms.

Profiled Facilities - Building Program						
Facility	County Population	Exhibit Hall SF	Ballroom SF	Meeting Room SF	Total Function SF	Maximum Meeting Breakout Rooms
Boise Centre	416,500	0	24,400	9,030	33,430	12
Harborside Event Center	661,100	30,000	0	2,000	32,000	4
Durham Convention Center <sup>1</sup>	288,100	0	27,000	3,900	30,900	4
Emerald Coast Convention Center	193,800	0	21,000	4,500	25,500	8
Two Rivers Convention Center	147,600	0	18,600	4,320	22,920	6
St. Joseph Civic Arena <sup>2</sup>	89,700	17,800	0	2,290	20,090	4
Pueblo Convention Center	161,500	0	16,200	2,900	19,100	5
New Bern Riverfront Convention Center	104,500	0	12,000	4,160	16,160	3
<b>Average</b>	<b>257,900</b>	<b>6,000</b>	<b>14,900</b>	<b>4,100</b>	<b>25,000</b>	<b>6</b>

Notes: Sorted in descending order by total function SF.

<sup>1</sup> Although Durham is located in three counties, this tables shows population for Durham County which jointly owns the facility.

<sup>2</sup> St. Joseph Civic Arena floor comprises its exhibit space.

Sources: Individual facility management; secondary research.

## Event Activity

The table that follows depicts the total number of events and attendance hosted at profiled facilities. Individual facilities are not identified in the comparative utilization table because some information was provided confidentially.

Utilization is impacted by factors such as the physical product, market characteristics, accessibility, mission statement, booking policy, rental and labor rate structure, regionally competitive facilities, marketing efforts and general economic conditions. In addition, tracking and reporting the number of events is not necessarily uniform across all venues.

Profiled facilities host a variety of events including conventions, tradeshow, consumer/public shows, meetings, banquets/receptions and sporting events. As shown in the following table, profiled facilities averaged 323 events and approximately 93,300 in total attendance during the most recent year of activity available.

<b>Profiled Facilities - Summary of Event Activity</b>			
<b>Facility</b>	<b>Total Events</b>	<b>Total Attendance</b>	<b>Average Attendance</b>
Facility 1	265	148,200	560
Facility 2	228	123,700	540
Facility 3	405	93,700	230
Facility 4	513	76,600	150
Facility 5	72	68,643	950
Facility 6	452	48,800	110
Facility 7	327	n/s	n/s
Facility 8	n/s	n/s	n/s
<b>Average</b>	<b>323</b>	<b>93,300</b>	

Notes: Sorted in descending order by total attendance.

n/s denotes not supplied.

Sources: Individual facility management; secondary research.

## Summary

The majority of profiled facilities are publicly owned and operated. All of the profiled facilities offer either an exhibit hall or a ballroom. In each case, these spaces are used as flex space serving as exhibit space and banquet space. Each of the facilities also offers meeting rooms of varying sizes for smaller, breakout functions. Many of the profiled facilities serve as the primary convention/meeting, sports/entertainment and performing arts venue in their market. These buildings are designed to provide flexibility for hosting meetings, banquets, flat floor shows, spectator-oriented events, and sports competitions which is consistent with industry trends to maximize the functionality of space.

The next section provides a competitive market assessment based on the research and analysis outlined in the previous sections.

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## Competitive Market Assessment

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Several common factors appear to enhance the success of multi-purpose facilities including, but not limited to, the following:

- Focused short and long-term operating objectives of the facility
- Demographic/economic attributes
- Strong recognizable identity and marketing efforts to key target market segments
- Importance of providing a well-designed, flexible facility for diverse event types
- Building program elements, patron amenities and supporting infrastructure that appropriately accommodates the desired target market(s)
- Space configuration that has the ability to effectively host simultaneous events
- Accessibility to/from the facility
- Ability to maximize revenue streams including the sale of food/beverage, technology and audio/visual services
- Proximity to supporting amenities such as hotels, restaurants, retail and entertainment establishment

Previous sections of this report discussed various supply and demand factors that may influence the type and amount of event activity at the proposed new multi-purpose facility in Waldorf including select demographic and economic characteristics, accessibility, hotel statistics, tourism statistics, attractions, supply of area facilities, industry trends, potential demand generators, and data from comparable facilities. Based on the primary and secondary research conducted for this study, this section summarizes relative strengths, challenges, opportunities, and threats associated with the proposed new multi-purpose facility in Waldorf.

## Competitive Market Assessment

Strengths	Challenges
<ul style="list-style-type: none"> <li>• Strong income characteristics in primary and secondary markets</li> <li>• Established leisure/hospitality industry to service out-of-town visitors</li> <li>• Site size and location</li> <li>• Relative affordability of hotel rooms</li> <li>• Proximity of proposed site to visitor support amenities</li> <li>• Active local recreational level sports participant base in the primary and secondary markets</li> <li>• General community support for the project</li> </ul>	<ul style="list-style-type: none"> <li>• Supply and quality of existing meeting and entertainment facilities in primary and secondary markets</li> <li>• Limited hotel supply, particularly full-service properties</li> <li>• Relatively small population in primary market</li> <li>• Relatively small corporate base in primary market</li> </ul>

Opportunities	Threats
<ul style="list-style-type: none"> <li>• Draw critical mass of attendees to the urban redevelopment core to support other private sector investments such as retail and restaurant establishments</li> <li>• Campus development concept for the broader urban redevelopment area enhances facility marketability</li> <li>• County and State regional transit plans will provide improved access to Waldorf and the urban redevelopment area when completed</li> <li>• Ability to increase occupancy at area hotels with expanded event activity</li> <li>• Ability to host a diverse set of events which are currently unable to be accommodated in Waldorf due to size, date availability and/or quality of current venues</li> <li>• Exhibition and meeting industry trends projecting moderate growth</li> <li>• Size/breadth of indoor competitive sports market</li> <li>• Potential support from hotel management to partner together to attract events</li> <li>• Ability to retain resident discretionary spending on sports/entertainment events</li> <li>• Ability to retain and grow conference/meeting/banquet business for both residents and employers</li> <li>• Strategic partnership possibilities with other urban redevelopment area elements such as a new hotel</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive supply of facilities within close proximity including full-service hotels and other meeting/sports/entertainment venues</li> <li>• Potential new facilities in development stages in the region (e.g. new performing arts center at CSM, new MGM National Harbor)</li> <li>• Residents accustomed to commuting outside the Tri-County area for work and meeting/entertainment needs</li> <li>• Competitive nature of commercial touring concert industry</li> <li>• Declining public funding for the arts and competition from other forms of entertainment</li> </ul>

Currently, Charles County and the Tri-County area are relatively limited in their offering of indoor event space. While the Tri-County area does have a few smaller venues, the broader surrounding region offers alternatives for larger functions requiring dedicated conference/meeting/banquet space and/or spectator-oriented event venues. As such, certain event activity is leaving the County for other special-purpose meeting/social entertainment facilities. Area stakeholders have expressed their preference to host their events in Charles County if an appropriate venue existed. In addition, given the population and employment base of the broader D.C. Metro Area, there is an opportunity for the proposed new venue to attract corporate and professional/trade association meetings from outside Charles County.

Research suggests additional flexible function space could allow Waldorf to better accommodate various market segments and increase economic impact. In addition, this research also highlighted several factors that should be considered in conjunction with any plans for a proposed new multi-purpose facility.

Market research suggests that there is an opportunity to host various events such as conferences, meetings, fundraisers, social functions, scholastic-related activities, holiday concerts, graduations and other special events at the proposed multi-purpose civic center. With concerted marketing efforts and outreach to potential event promoters/producers, there is the opportunity to create or attract a diverse set of new events to the community and the facility which may include social, cultural or culinary festivals; consumer shows including home and garden shows as well as gem and jewelry shows; wedding receptions; and corporate events. Hosting certain event types such as entertainment acts and banquets would require equipment such as tables, chairs, pipe and drape to create individual exhibition booths, portable dance floor, stage and modern audio/visual equipment. This type of equipment would be in addition to that typically housed in a basic community-focused center and should be considered in any development plans to make the facility more widely marketable. In addition, the ability to provide food and beverage service with either a full-service kitchen or a catering/warming kitchen provides an opportunity to increase event activity, contribute to the overall marketability and enhance revenues.

Given the unique attributes of the proposed multi-purpose civic center's primary and secondary market, it is likely that the facility would need to accommodate a variety of diverse event activity rather than one or two primary demand generators. As such, it will be important to design a facility that is flexible and well-suited to host conferences, meetings, seminars, banquets, consumer shows, sports competitions, community assemblies, conferences and other special events in order to enhance its usage.

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## Program and Cost Estimate

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The local market combined with a diverse social/meeting/exhibition demand presents Charles County with an opportunity to develop a facility that could potentially better retain the meeting business of its residents while also attracting new business to the community. Factors such as the overall competitiveness of the industry and the presence of established facilities in the State and region will require the County to develop a niche that highlights its market attributes and infrastructure in order to attract business. This should include affordable, multi-purpose space for groups requiring a relatively limited number of hotel rooms that can complement existing County facilities and allow current users to grow their events and continue to meet in the community. In addition, space should be designed to accommodate corporate and professional/trade association business to attract new activity that cannot currently be accommodated in the County. Program elements are recommended to accommodate both resident and out-of-town users. Recommendations align Charles County's destination characteristics and meeting planners' needs while taking into account the broader D.C. Metro Area supply of facilities and corresponding market characteristics.

### Recommended Building Program

Market research conducted for this analysis suggests that constructing a facility with the following building program elements and patron amenities would enhance Waldorf's marketability for attracting a diverse set of demand generators:

- Flat floor ranging between 25,000 and 30,000 square feet of flex space that can be used as exhibit and/or ballroom space.
- Meeting space ranging between 4,000 and 5,000 square feet that can be divisible.
- Flexible design that can adequately accommodate simultaneous events.
- Telescopic seating that can accommodate between 2,000 and 2,500 people which can be augmented by folding chairs on the floor, as needed, for a total capacity ranging from 3,125 to 3,750 depending on the type of event and configuration.
- Lobby and pre-function space that can accommodate simultaneous events as well as gathering before/after events and access to spectator amenities such as restrooms, food and beverage, etc.
- Adequate back-of-house area including dressing rooms, building storage, and related support space.
- At a minimum, a catering kitchen that can support full-meal food and beverage needs. This approach assumes primary food preparation occurs off-site.
- Suitable lighting and sound systems throughout the facility.
- A building program of this size requires supporting parking of approximately 1,000 spaces which can be accommodated by a combination of existing surface parking on the site and a new precast parking structure offering between 630 and 760 spaces.

Multi-purpose centers often are equipped with catering or warming kitchens, as opposed to full-service kitchens given the cost savings in construction and on-going operations. A catering kitchen is essentially a food service prep area for use by off-site caterers for plating and finishing (on the service side) and scraping and racking (on the clean-up side). These typically require open floor space, work tables, a three-compartment sink, hand washing, some refrigeration capability, and can include beverage stations. A warming kitchen is technically a final staging area for food prepared on-site in a different location. Warming kitchens are primarily used to stage trays prior to/immediately after service. These typically require work tables, hand sinks, and minimal equipment except for beverage stations. Given the nature of the anticipated demand for the proposed multi-purpose facility including food/beverage functions, it is recommended that it offer at least a catering kitchen. This will also allow the facility to have a preferred caterer list including local hotels and catering companies that have been approved to work in the facility, thereby sharing in the economic benefit of the venue's operation.

The following table illustrates the general recommended square footage for the function space and necessary support space. As shown, the gross building area is estimated to range from 63,000 to 76,000 square feet. It is also envisioned that a precast parking structure will be constructed with between 630 and 760 parking spaces based on the current building program size. The proposed multi-purpose civic center and precast parking structure would require approximately five to seven acres assuming the existing surface parking is also available to support the new facility.

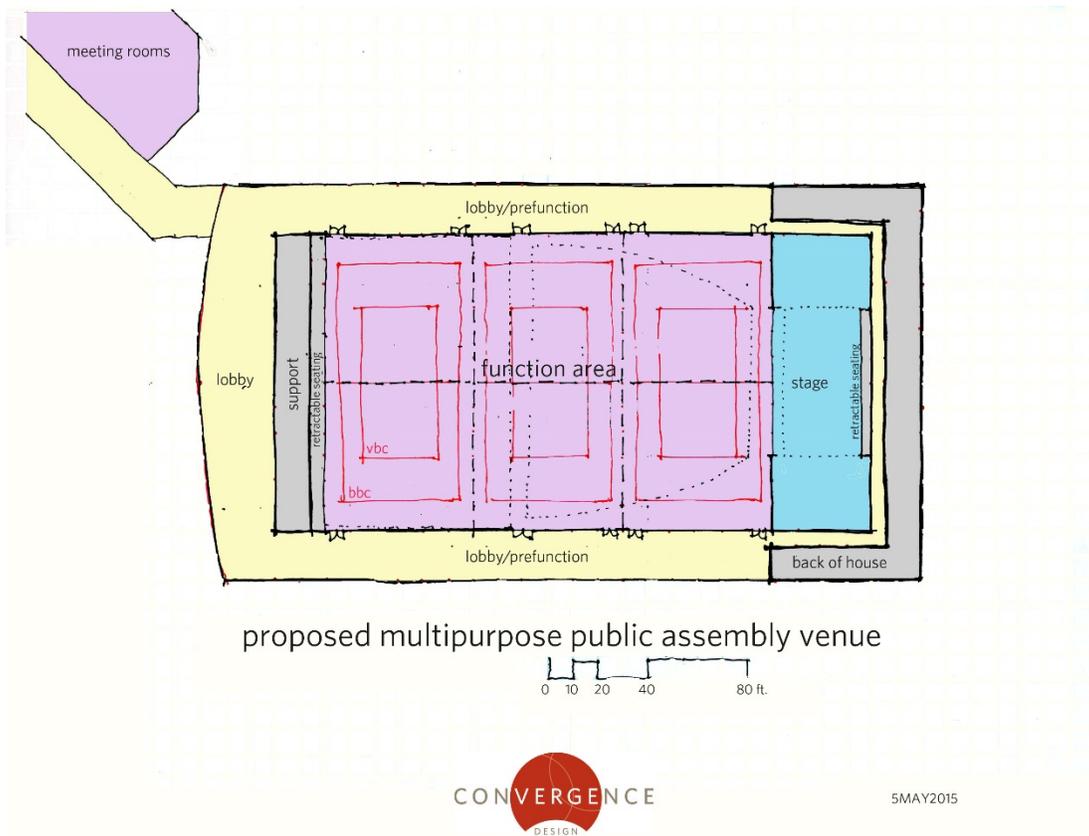
<b>Proposed Multi-Purpose Civic Center in Waldorf Concept Program</b>			
<b>Component</b>	<b>Square Footage Range</b>		
<b>Sellable Space</b>			
Main Event Space	25,000	-	30,000
Meeting Rooms	4,000	-	5,000
<b>Total Sellable Space</b>	<b>29,000</b>	<b>-</b>	<b>35,000</b>
Stage	5,000	-	6,000
Circulation, Back of House	29,000	-	35,000
<b>Total Building (New)</b>	<b>63,000</b>	<b>-</b>	<b>76,000</b>
<b>Precast Parking Structure</b>	<b>630</b>	<b>-</b>	<b>760</b>
	<b>parking spaces</b>		

Convergence Design developed a preliminary conceptual plan that graphically illustrates the recommended building program. At the size range noted above, the main event space would be able to accommodate the approximate activity ranges described below:

- Banquet: 1,670 to 2,000 guests at round tables
- Lecture/Graduation/Concert: 3,125 to 3,750 seats
- Sports Tournament: 3 to 4 basketball courts or 6 to 8 volleyball courts
- Sports Event (single court): 2,500 to 3,000 spectators
- Exhibition (10' by 10' booths): 130 to 160 booths

It is recommended that the flex space be divisible into two or more smaller spaces to better fit various flat floor events in the facility. In addition, one wall of the space could contain fixed seating on telescoping platforms that could convert the space into a tiered-seat auditorium with views to either an elevated stage located at one end, or of the floor itself for sports events or competitions. The stage area should include sufficient wing space for a variety of performance events including dance and theater, and could, if desired, include a fly space above. Back of house spaces should be designed to support the multi-purpose nature of the facility with dressing rooms of various sizes as well as building storage and related support spaces. Public space could potentially wrap three sides of the multi-purpose space to allow access from a variety of points and enhance the flexibility of the facility.

### Conceptual Building Program





## Conceptual Site Plan

In general, the project appears to be a good fit that is consistent with the County's long-term goal of transforming Waldorf into a mixed-use, transit-oriented downtown. Based on the market research, Convergence Design also developed the following three conceptual preliminary site plans showing the program's ability to be accommodated on the proposed site.

As shown on the pages that follow, this facility can fit on a parcel of land between the Old Waldorf School and the Waldorf Jaycees Community Center. It can also maximize connectivity with existing elements in the redevelopment area. One potential development option is to construct an arm that would connect the proposed multi-purpose civic center with the Old Waldorf School which is illustrated in Conceptual Site Plan - Option A. Connecting the Old Waldorf School to the proposed new facility not only makes function space within the school (a small performance venue for local arts groups is envisioned, along with administrative space) directly connected to the complex, but also helps connect the new facility, visually and perceptually, with the history of Waldorf and public investment in the area. A renovated Old Waldorf School could be a unique asset that gives the new facility a special character and local connection. This approach, or one like it, allows the new facility to connect with existing vehicle and pedestrian paths, provides visibility from U.S. Route 301 as well as accessibility from Old Washington Road, and can serve to catalyze private development in the immediate vicinity. The proposed location also allows for future taking of right of way along U.S. Route 301 where an overpass is planned to relieve congestion at Leonardtown Road in the future.

## Conceptual Site Plan - Option A

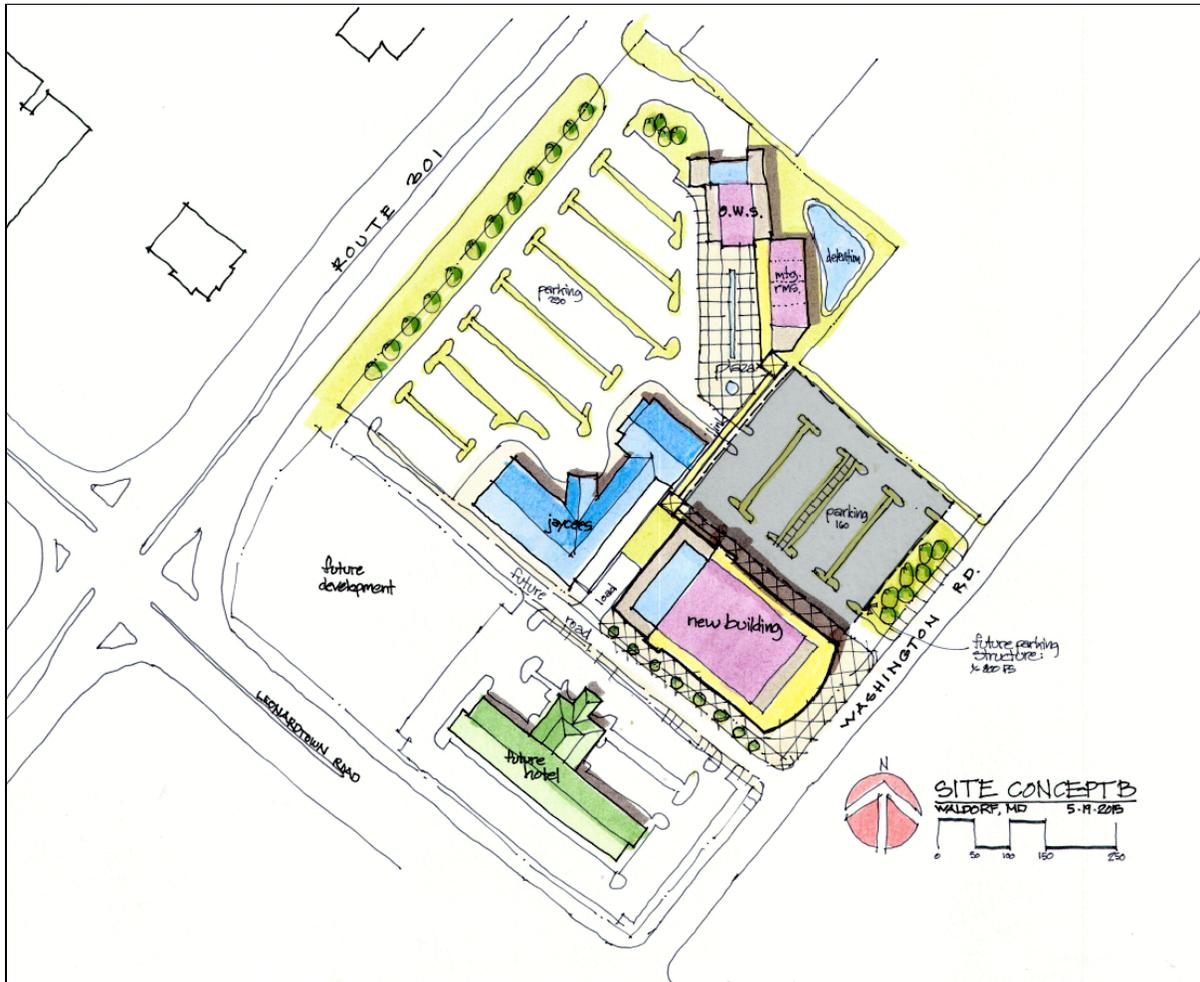
This option shows the proposed multi-purpose civic center facing U.S. Route 301 with a meeting room “arm” connection to Old Waldorf School. Space for a new parking garage is southwest of the proposed multi-purpose civic center, while a new plaza creates a sense of arrival from the surface parking along U.S. Route 301. A hotel site is shown at the corner of U.S. Route 301 and Leonardtown Road.



Source: Convergence Design.

## Conceptual Site Plan - Option B

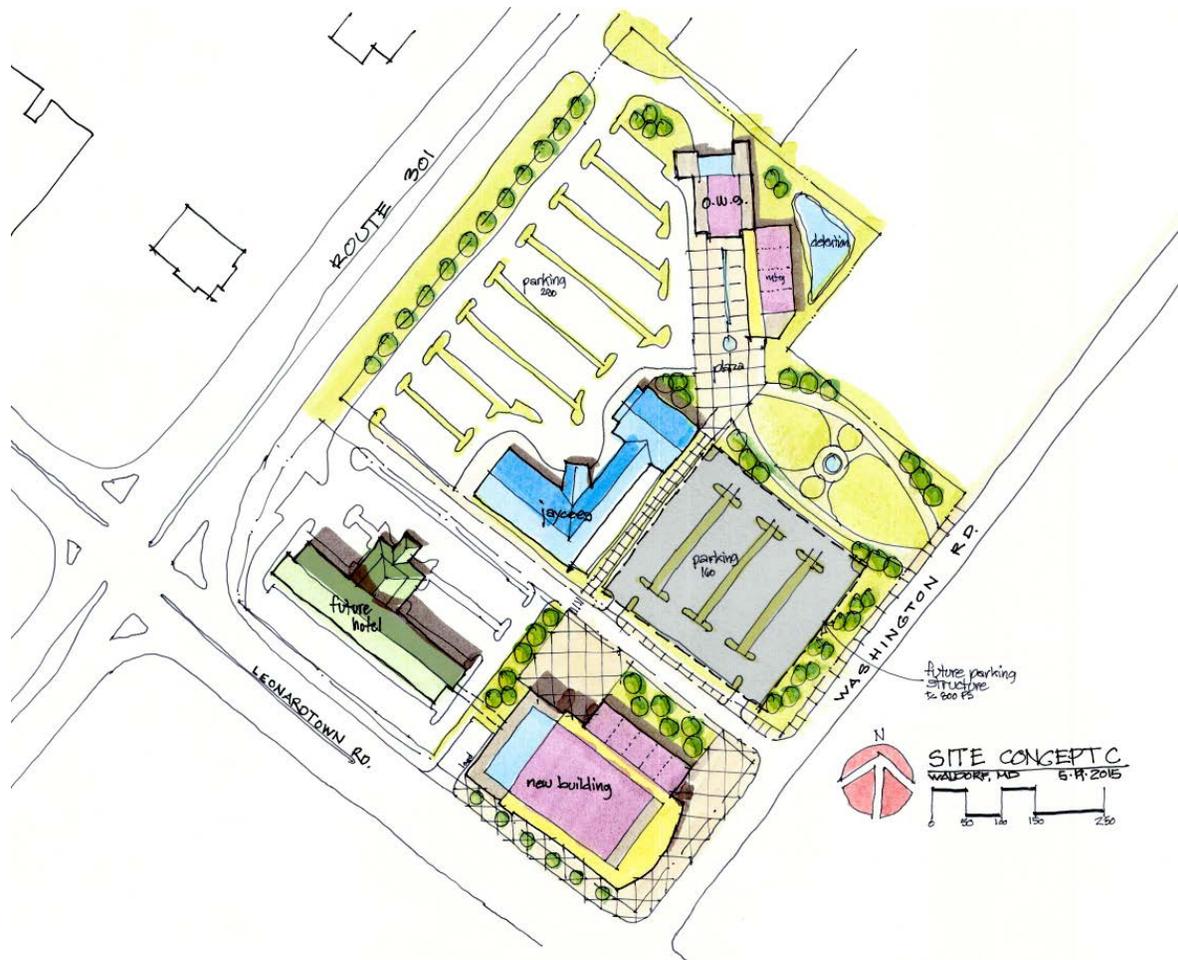
This option shows a new hotel site at the corner of Leonardtown Road and Old Washington Road with the proposed multi-purpose civic center located directly adjacent. This allows a more direct connection from hotel to proposed multi-purpose civic center. The connection to Old Waldorf School is via a covered walkway fronting a new parking structure northeast of the proposed multi-purpose civic center.



Source: Convergence Design.

## Conceptual Site Plan - Option C

This option shows a proposed multi-purpose civic center on the corner of Leonardtown Road and Old Washington Road, with the future hotel site just to the northwest. A parking structure adjoins the proposed multi-purpose civic center. A new public open space adjoins the parking structure to the northeast.



Source: Convergence Design.

It is important to understand that constructing a facility alone will not attract event activity, particularly convention/meeting events, to the market. There will need to be sufficient surrounding infrastructure in order to support the facility (i.e., hotel rooms, restaurants, retail, entertainment, etc.). It is of paramount importance for the County to amass multiple land parcels for future public and private developments in order to avoid escalating costs and/or losing valuable land parcels. Any new space should not be so large that it overbuilds for the market and its infrastructure. The amount of space developed needs to be in balance with the hotel room inventory in the area.

## Order of Magnitude Cost Estimate

Based on the conceptual building program described above, the table below depicts a range of probable development costs, using current dollars. Estimated construction costs for building, site work and a precast parking structure range from \$37.7 million to \$45.4 million. Factoring in design and construction contingency costs as well as “soft” costs for design fees, testing, fixtures, furnishings, equipment and owner contingency, the total project cost is estimated to range between \$53.3 million and \$64.1 million. The latter range is more indicative of the total financial commitment required to bring the project to realization, although project soft costs can sometimes be funded from other sources.

<b>Proposed Multi-Purpose Civic Center in Waldorf Concept Budget</b>			
<b>Category</b>	<b>Range</b>		
<b>Construction Costs</b>			
New Construction	\$ 22,050,000	-	\$ 26,600,000
Renovate Old Waldorf School	\$ 1,680,000	-	\$ 1,920,000
Precast Parking Structure	\$ 12,600,000	-	\$ 15,200,000
Sitework	\$ 1,375,000	-	\$ 1,650,000
Construction Costs Subtotal	\$ 37,705,000	-	\$ 45,370,000
Design & Construction Contingency	\$ 5,656,000	-	\$ 6,806,000
<b>Total Construction Costs</b>	<b>\$ 43,361,000</b>	<b>-</b>	<b>\$ 52,176,000</b>
<b>Soft Costs</b>			
Design Fees, Testing, etc.	\$ 3,902,000	-	\$ 4,696,000
Fixtures, Furnishings, Equipment	\$ 3,469,000	-	\$ 4,174,000
Soft Costs Subtotal	\$ 7,371,000	-	\$ 8,870,000
Owner Contingency	\$ 2,537,000	-	\$ 3,052,000
<b>Total Soft Costs</b>	<b>\$ 9,908,000</b>	<b>-</b>	<b>\$ 11,922,000</b>
<b>Project Total</b>	<b>\$ 53,269,000</b>	<b>-</b>	<b>\$ 64,098,000</b>

Source: Convergence Design.

The above estimate does not include the cost of land acquisition, which is an on-going process the County is engaged in as part of the overall urban redevelopment process. It also does not include the cost of the hotel shown in the site diagrams, which is assumed to be a private development. In the process of attracting a hotel to the site, it is possible that the County may be asked to offer some level of incentive (e.g., land, infrastructure, or other) to enhance the financial viability of the hotel. Such incentives, if any are required, are also not reflected in the estimate below. Finally, the cost of the planned U.S. Route 301 overpass at Leonardtown Road, along with any other planned transportation upgrades, is not reflected in the estimate.

## Potential Development Schedule

The following table provides a preliminary potential timetable for development of the proposed multi-purpose civic center.

<b>Proposed Multi-Purpose Civic Center in Waldorf Potential Development Schedule</b>				
<b>Phase</b>	<b>Task</b>	<b>Duration (Months)</b>		
		<b>Range</b>		
<b>Project Initiation Phase</b>		<b>TBD</b>	<b>to</b>	<b>TBD</b>
	Approve Development Concept	TBD		TBD
	Assemble Funding	TBD		TBD
	Assemble Real Estate	TBD		TBD
	Engage Design Team	TBD		TBD
<b>Design Phase</b>		<b>11</b>	<b>to</b>	<b>16</b>
	Programming/Site Plan	1	-	2
	Schematic Design	2	-	3
	Design Development	3	-	4
	Construction Documents	5	-	7
	Permits/Bidding	1	-	2
<b>Construction Phase</b>		<b>20</b>	<b>-</b>	<b>28</b>
	Award & Mobilization	1	-	2
	Construction	18	-	24
	Project Close-out	1	-	2
	Occupancy	0	-	0
<b>Total</b>		<b>31</b>	<b>-</b>	<b>44</b>

Note: TBD indicates to be determined.

Source: Convergence Design.

The next section outlines potential management alternatives for the proposed multi-purpose civic center.

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## Management Alternatives

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This section presents an overview of various potential management and operations options for the proposed new multi-purpose civic center. While the governance structure should play a significant role in oversight, establishing and administering policy as well as maintaining accountability for a public assembly facility such as a civic center, the management team should be responsible for overseeing day-to-day operations including implementing the mission statement and operating policies. Consequently, the management approach is important because it typically impacts all aspects of operations including marketing, utilization, financial operations and overall efficiency of a facility. For instance, management's ability to effectively negotiate rental rates and be flexible in implementation of the booking policy can directly impact utilization, financial performance and/or economic impact generated from the facility. In some instances, publicly run facilities are limited in their capability to act as quickly as other management approaches.

As such, some elected bodies choose to delegate the management of facility operations to some form of third party that provides industry knowledge and representation. In addition to these benefits, management through a third party can offer stability and insulation from political influence which can be desired attributes by customers, vendors, facility management and staff who typically prefer a continuity of purpose and ability to function within a business environment that is not affected by each political election.

### Management Options

Examples of potential management options used at multi-purpose civic centers include, but are not limited to, the following:

- Operated through traditional governmental management such as a City/County departmental structure.
- Operated by an independent public authority.
- Operated by third party professional management.

#### Traditional Governmental Management

Historically, public assembly facilities are one of the few public assets that operate in a semi-business atmosphere requiring contractual agreements, frequent short term lease/use of facilities by customers, management of part-time and temporary staff resources for numerous events and partnership with third party vendors and tenants. These operating conditions are unique within the public services provided by government whose natural inclination is to apply one set of guidelines to all municipal departments.

Unlike many municipal services where citizens do not have a choice, event promoters/producers have a variety of facilities to choose from when deciding where to host their event. In addition, attendees have a variety of options where they can spend their discretionary income. Given the competitiveness among venues, these facilities need to operate in a manner that is consistent with well-established industry practices.

As with any governmentally run facility, the goals and objectives may change with each political cycle. For instance, the number and diversity of events may be the primary objective of one official and fiscal performance may be the priority of another. These changes in a facility's objectives can be counter-productive if not managed effectively. Clearly defining a mission statement that reflects community consensus and operating objectives (e.g., generating economic impact) can allow a facility to set forth an operating and marketing strategy that is consistent and long-term in implementation. This approach can also provide a more stable environment for event promoters/producers when considering a public assembly facility such as a civic center for future use. In general, governmentally operated facilities are more successful when management has the ability and the authority needed to aggressively operate and book the facility without incurring onerous procedures.

In many instances, publicly operated facilities are overseen by a municipal department. Advantages of this method include shared human and financial resources among the jurisdiction's various facilities; as well as economies of scale in terms of utilities, insurance, and maintenance expenses. However, disadvantages include balancing civic/non-profit usage needs with those of events that generate overnight visitors which can be politically challenging, and limited staff connections in the broader industry.

Examples of governmentally run multi-purpose facilities include the Emerald Coast Convention Center, Harborside Event Center, New Bern Riverfront Convention Center, St. Joseph Civic Arena, and the Two Rivers Convention Center.

### Independent Public Authority

In many states, an authority is a political subdivision of one or more governmental entities (e.g., City, County and/or State) that is allowed by an act of local or state legislature. Authorities, sometimes referred to as districts, are usually governed by a Board of Directors that provides oversight and accountability. An authority can be multi-jurisdictional and can have a quasi-State organization funded by both the City and County.

This form of management structure is typically pursued when a fiscal resource is created or allocated by a unit(s) of government and when an inter-local agreement is pledged to the authority for specific purposes. In many cases, the authority is tasked with the planning, design, financing, construction, operations and improvement to a designated project(s).

One primary objective of creating an authority can be to obtain a funding source that can allow for the independent operations of the facility. This approach is particularly valuable if there is a political consensus and will to identify a revenue stream from existing or new fiscal sources that can help stabilize the operations of a public assembly facility and provide for its long-term improvement and maintenance.

While authorities often provide autonomy and independence, they are usually most effective when they control a revenue source that is dedicated to funding operations and/or retiring debt service. Authorities can also be beneficial when multiple jurisdictions and/or entities (e.g., facility and convention/visitors bureau) are involved in the funding and/or operations of public assembly facilities.

The Erie Insurance Arena in Pennsylvania, the Charlotte Convention Center, the Spokane Arena, the Spokane Convention Center, and the Boise Centre are examples of facilities that are operated by an authority (sometimes referred to as a district).

### Third Party Professional Management

There are several professional management companies that operate municipally-owned facilities. Professional management companies can address a variety of needs and issues confronted by public assembly facilities that, in many cases, result in a more effective and efficient means of operations as compared to municipally run venues. Although some facilities realize an operating deficit, these facilities may have been developed because of the broader community objectives they can achieve. Consequently, these facilities typically aim to attract new activity that can draw patrons from outside the immediate market area who spend money on hotels, restaurants, and other similar services. Given these unique economics and the financial constraints for some municipalities, there is sometimes a conflict for the management team at multi-use civic centers which struggles to balance hosting events that operate at a profit and positively impact the facility's financial performance and hosting events that do not necessarily contribute positive cash flow but generate significant economic impact to a community. As such, professional management of a public assembly facility may be a more effective approach under certain conditions which include, but are not limited to, the following:

- Civil service constraints may limit a municipality's ability to retain and hire qualified personnel that are experienced in the industry and compensated for their skill set relative to other similar positions in the industry.
- Efficient operations may be hampered by strong political influence and operating autonomy is desired.
- Municipal constraints make it difficult for facility management to effectively negotiate rates and other concessions and, consequently, the facility may be less competitive with other facilities.
- Contract approval requirements may be onerous and time consuming in a municipal setting.
- Municipalities have limited funds for significant maintenance requirements and/or capital improvements to facilities and a professional management company agrees to provide funding as part of its management agreement.

Typically the management company charges a base fee in addition to a performance or incentive fee. The performance or incentive fee can be capped and is usually tied to producing measurable operating results such as increasing the number of events and/or attendance and/or improving the financial operations as compared to a baseline benchmark target.

Private management contracts have become more prevalent and, as such, facility owners are demanding more from them. Some municipalities have required the management company to commit capital funds for the project to help ensure they have a vested interest in its operational success. Sources of such commitments may include naming rights, sponsorships and advertising contracts. Private management contracts are including an increasingly higher portion of the fee based on performance. Various regulations restrict management contracts for facilities financed by tax exempt bonds which include, but are not limited to, the following:

- Limiting performance or incentive fees to the negotiated base fee
- Limiting the term of the agreement
- Excluding distribution of profits to the management company

One common apprehension for municipalities considering third party management is losing control of the asset. However, third party management is an agent of the municipality charged with managing and promoting the asset. As such, the municipality can manage the amount and type of control that it retains through the terms of its management agreement. For instance, in most professional management agreements, municipalities still retain ownership; approve the operating and capital budgets; provide input and direction regarding policy; receive regular financial and management reports; and have the ability to terminate the management company. Typically, municipalities are actively involved in the hiring and/or approval of the facility's general manager and have a designated contract administrator that oversees the terms of the contract and serves as liaison between the governmental entity and the management company.

Other potential disadvantages associated with third party management include, but are not limited to, the following:

- The municipality does not control all aspects of its asset including hiring of personnel, determining the event mix, ensuring quality service and overseeing on-going repairs and maintenance of the facility.
- Third party management could potentially be less sensitive to users, especially those that are local based and do not generate significant revenues to the bottom-line and/or economic impact.
- Because of the facility's proposed size, the overall cost of third party management (e.g., base and performance incentive fees, capital improvements) may be greater than the estimated operating deficit.

Both the Durham Convention Center in North Carolina and the Pueblo Convention Center are venues that utilize this operating structure.

## **Common Success Factors**

Regardless of the operating business model chosen, the following common factors enhance the success of multi-purpose civic centers similar to that under consideration in Charles County:

- The ownership/operating structure allows for the ability to foster financial support from a variety of public and private parties.
- The mission statement outlines distinct goals/objectives of the facility.
- The mission statement and objectives of the facility are understood and supported by elected officials, business community, local residents, local user groups, and event promoters.
- The booking policy prioritizes market segments supporting the mission statement.
- There is a full-time, dedicated staff of experienced professionals that manage and market the facility and understand the unique needs of users.
- The management team has strong relationships with State, regional and national personnel representing target market industries.
- Management has latitude in staffing, compensation, and contract negotiation with user groups.
- Strategic partnerships are formed with local area marketing agencies, and key private sector sponsors.
- Key performance indicators are implemented based on facility benchmarks and industry best practices.
- The operator is a financially sustainable entity that has a vested interest in the facility's success through an initial capital contribution and/or an on-going financial commitment and associated risk with respect to operations and capital improvements.
- There is sufficient strategic and financial oversight in addition to a clear reporting and accountability structure.
- Maintaining high-quality event space and supporting infrastructure at the facility is an operating priority.

## **Summary**

As with any business operation, each approach has advantages and disadvantages depending on the situation. Because the structure of certain contractual agreements such as management agreements can impact the tax status and fundraising efforts, consideration will need to be given to the legal and financial implications of each management approach. As Charles County continues to explore the merits of developing the proposed new multi-purpose civic center, it will need to determine which operating strategy best meets its short and long-term objectives for success.

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## Financial Pro Forma

With respect to financial performance, it is important to understand that similar multi-purpose civic centers often realize an operating deficit. However, one of the primary reasons for developing these types of facilities is the economic activity that they can generate in terms of spending, employment, earnings, as well as tax revenues to local and state governments. These facilities seek to attract events that draw patrons from outside of the immediate market area who spend money on hotels, restaurants and other related services. Consequently, when evaluating the merits of these types of projects, all aspects of the costs and benefits including operating requirements, debt service and economic/fiscal benefits should be evaluated. An order-of-magnitude estimate of the potential economic/fiscal benefits associated with on-going operations of the potential new multi-purpose civic center is provided in the next section of this report.

Crossroads Consulting assisted Charles County in developing a hypothetical, order-of-magnitude estimate of operating revenues and operating expenses before taxes, debt service, and depreciation for a proposed new multi-purpose civic center in Waldorf for a stabilized year of operations. This analysis is also based on certain hypothetical assumptions pertaining to operations of the proposed new facility, usage levels and other related financial assumptions. The estimates of operating revenues and operating expenses are based on the anticipated size, location, quality and efficiency of the proposed new multi-purpose civic center.

As shown in the table below, it is estimated that the proposed new multi-purpose civic center will operate at a deficit before taxes, debt service and depreciation in a stabilized year of operations as defined later in this section of the report.

<b>Proposed New Multi-Purpose Civic Center in Waldorf</b>			
<b>Estimate of Annual Financial Operations</b>			
<b>Category</b>	<b>Range</b>		
Net Operating Revenues	\$465,000	-	\$579,000
Net Operating Expenses	807,000	-	888,000
Estimate of Net Operating Revenue Over Net Operating Expenses	(342,000)	-	(309,000)
Reserve for Replacement	23,000	-	29,000
Net Operating Loss Before Taxes, Debt Service and Depreciation	(\$365,000)	-	(\$338,000)
Expense Coverage Ratio	58%	-	65%

Note: Expense coverage ratio equals operating revenues divided by operating expenses.

This estimate is based on information from primary and secondary sources including, but not limited to, general market data; existing and planned facilities in the area; input from area stakeholders; input from potential users; the preliminary building program provided in the previous sections as well as information on comparable facilities. This analysis represents a net revenue and expense estimate and is subject to change depending on the actual building program, contractual agreements with service providers, and further refinements regarding operating strategies for the proposed new multi-purpose civic center.

## General Assumptions

Based on input from Charles County representatives, several assumptions were used to develop estimates of event activity, financial operations and economic/fiscal impacts for the proposed new multi-purpose civic center. It should be noted that these assumptions are preliminary and will continue to be refined as decisions related to the building program and other operating characteristics evolve.

- The preliminary building program outlined in this report for the proposed new multi-purpose civic center is built adjacent to the Old Waldorf School in Charles County and offers the required infrastructure and amenities to support the facility.
- The facility is designed specifically to accommodate the unique aspects of various target market segments including local user groups.
- The proposed new multi-purpose civic center is aggressively marketed by established tourism and marketing agencies in the County and State in addition to facility marketing efforts.
- A high level of quality customer service is provided.
- The site is adequate in terms of visibility, ingress/egress, parking, safety and other similar issues.
- Sufficient supporting infrastructure is located nearby to support the multi-purpose civic center activities (i.e., hotel rooms, restaurants, retail, entertainment, etc.)
- No other similar competitive/comparable facilities are built in the region.
- No major economic fluctuations or acts of nature occur that could adversely impact the project.

## Estimated Usage/Event Activity

The financial pro forma is based on several factors including a hypothetical estimate of utilization that was developed from the research previously summarized including input from Charles County representatives, market research, industry trends, input from potential demand generators, the proposed building program, information on comparable facilities as well as other research.

Event activity at new facilities typically experiences a “ramp up” period to a stabilized level of activity which occurs for several reasons. For instance, some groups that book their event several years in advance may not want to risk that a facility’s construction is delayed and not completed in time for their event. In addition, some groups may choose to let management “fine tune” its operations before hosting an event at a new facility. Consequently, the length of time for new venues to reach stabilized operations typically varies between three and five years. However, it is important to recognize that the overall utilization at any facility is typically dependent on a number of factors (e.g., market size; accessibility; nearby amenities; size, configuration and quality of the facilities offered; effectiveness of the management team in booking the facility; date availability; cost, etc.) and is rarely consistent. As such, estimated utilization represents a stabilized year of operations.



As shown in the following table, the event activity at the proposed new multi-purpose civic center is estimated to range from 142 to 173 events and 80,450 to 97,700 in total attendance.

Proposed New Multi-Purpose Civic Center in Waldorf								
Estimated Range of Event Activity								
Event Type	Total Events		Average Use Days	Total Usage Days		Average Attendance	Total Attendance	
Conventions/conferences	3	- 4	2.5	8	- 10	300	900	- 1,200
Concert/entertainment events	4	- 5	1.5	6	- 8	1,000	4,000	- 5,000
Sporting events	7	- 8	3.0	21	- 24	1,250	8,750	- 10,000
Trade/consumer shows	6	- 8	2.5	15	- 20	2,000	12,000	- 16,000
Meetings/seminars	72	- 84	1.0	72	- 84	75	5,400	- 6,300
Banquets/social functions	36	- 48	1.0	36	- 48	400	14,400	- 19,200
Civic/community events	14	- 16	1.0	14	- 16	2,500	35,000	- 40,000
<b>Grand Total</b>	<b>142</b>	<b>- 173</b>		<b>172</b>	<b>- 210</b>		<b>80,450</b>	<b>- 97,700</b>

Note: Average use days include event days and move-in/move-out days.

Based on market research, it is assumed that approximately 65% of the estimated event activity in the table above would be incremental new to the County whereas approximately 9% is assumed to be incremental new to the State. This incremental activity reflects new events as well as increased attendance at events currently taking place in other locations throughout Maryland.

Some events may occur over multiple days. As such usage days reflect the number of days that a particular event uses the facility including move-in/move-out days and event days. Total attendance reflects the number of events multiplied by average attendance.

Conventions/conferences include events reserved for industry specialists such as membership organizations, associations, and professional groups. Concert/entertainment events include local musical/performance groups and other entertainment acts like comedians. Sporting events include competitions/tournaments for basketball, wrestling, cheerleading, mixed martial arts, gymnastics, etc. Trade/consumer shows include events such as home and garden shows, electronic shows, travel expos, outdoor shows, as well as toy and game consumer shows. Meetings/seminars typically include smaller functions such as corporate and civic meetings, training sessions, and seminars. Banquets/social functions include wedding receptions, family reunions, corporate holiday parties and other celebratory functions. Civic/community events represent functions such as special events, political rallies, graduations, general assemblies, etc.

Given historical event activity held in the County, input from the CVB and other stakeholders, potential market niches that would be complementary to the area's strengths include professional association and/or trade/consumer shows related to outdoor recreation (e.g., biking, boating, kayaking, fishing, etc.) and environmental-related activities.

If built, it will be important for the proposed new facility to develop a mission statement and an aggressive marketing plan to attract events that generate economic impact to the community, particularly given the competitiveness of these industries and the supply of facilities in the region. The facility management team and area marketing agencies including the County Office of Tourism should jointly develop a marketing plan to establish niches where the County can be successful given the proposed facility's building program, the competitive environment and the destination attributes.

## Net Operating Revenues

The following table shows the estimated net operating revenues for the proposed new multi-purpose civic center for a stabilized year of operations and is followed by a description of each line item.

Proposed New Multi-Purpose Civic Center in Waldorf Estimate of Net Operating Revenues			
Category	Range		
Food & Beverage	\$208,000	-	\$267,000
Facility Rental	169,000	-	205,000
Event Services	63,000	-	77,000
Parking	0	-	0
Other Revenue	25,000	-	30,000
<b>Total</b>	<b>\$465,000</b>	<b>-</b>	<b>\$579,000</b>

*Food & Beverage* – The operation and management of food and beverage sales are generally handled by one of two methods. The first method allows an independent food service company exclusive rights to facility events with the facility taking either a percentage of gross sales or a flat fee per month. The second method allows for the facility owner to own and operate the food/beverage service. Under this method, the facility owner captures all food and beverage sales but also incurs expense items related to purchase and maintenance of equipment, labor costs and costs of goods sold. It has not yet been decided whether the proposed multi-purpose civic center will contract with a third party for food and beverage operations or retain this function in-house. For purposes of this analysis, a net food and beverage amount is estimated.

*Facility Rental* – This line item includes revenue from the rental of function space at the facility. Typically, facilities charge different rate structures based on the event type, amount and nature of space utilized as well as the services provided. Although most facilities have published rental rates for various areas, effective rates realized are typically lower than published rates due to several factors including:

- Some rates may be negotiated to attract quality, high-impact events;
- Meeting rooms or other space may be complimentary in conjunction with rented space or food functions;
- Move-in/move-out days are often priced at one-half the normal rate; and/or
- Some facilities offer reduced rental rates to special groups such as local, non-profit, and/or charitable organizations.

For purposes of this analysis, rental rate discounts similar to those commonly employed in the industry are assumed.

*Event Services* – This line item relates to income from services provided to exhibitors and event organizers such as labor reimbursement, utility reimbursement, facility equipment rental/set-up charges, and other types of related services.

*Parking* – Given the competitive nature of the market, the anticipated heavy use of the facility by community residents and the potential shared parking with other adjacent development parcels, no parking revenue is estimated for purposes of this analysis.

*Other Revenue* – This category includes revenue generated from advertising/sponsorship opportunities, vending machines, and other miscellaneous items.

As the project development plan continues to evolve, other potential revenue sources that Charles County may want to consider include, but are not limited to, the following:

- *Naming rights* – through a combination of naming rights, preferential advertising treatment and event sponsorship inducements, one or more private parties may be solicited for up-front or recurring annual commitments. However, the revenue generated from naming rights is generally based on several factors, including but not limited to, the amount and type of event activity, the local corporate base, and management’s philosophy on the amount and type of naming rights sold (e.g., selling the facility as a whole, selling individual function spaces, etc.). Naming rights deals are not as common among multi-purpose civic center facilities and, as such, financial information is difficult to obtain. Conducting focus groups is one method to ascertain the potential revenue that could potentially be generated from naming rights.
- *Concessionaire rights* – where a third party concessionaire provides food/beverage equipment and/or capital in exchange for exclusive rights for a specified term.
- *Pouring rights* - where a beverage manufacturer pays the facility for exclusive selling rights for a specified term.
- *Long-term sponsorships* – include the sale of advertising for particular “zones” within or outside the facility such as a private area to gather prior to and after events or an entry boulevard named for a sponsor.
- *Retail rental space* – where a portion of the facility could be leased for a compatible use such as a coffee shop or printing/shipping business.

Given the preliminary nature of the proposed new multi-use event center, potential revenues from these line items are not estimated as part of this analysis.

## Net Operating Expenses

The following table shows the estimated net operating expenses for the proposed new multi-purpose civic center for a stabilized year of operations and is followed by a description of each line item.

Proposed New Multi-Purpose Civic Center in Waldorf			
Estimate of Net Operating Expenses			
Category	Range		
Salaries & Wages	\$313,000	-	\$341,000
Benefits	94,000	-	102,000
Utilities	130,000	-	150,000
Insurance	89,000	-	91,000
General, Administrative & Other	55,000	-	62,000
Repairs & Maintenance	50,000	-	58,000
Marketing & Promotion	45,000	-	50,000
Unreimbursed Contract Services	31,000	-	34,000
<b>Total</b>	<b>\$807,000</b>	<b>-</b>	<b>\$888,000</b>

*Salaries & Wages* – Although the staffing requirements and subsequent salaries and wages can represent a significant expense, permanent full-time staffing plans can vary. This variance in staffing levels is generally attributed to multiple factors. One factor relates to the management philosophy of maintaining event-related personnel as full-time or part-time staff. Another factor relates to the management and physical relationship the facility might have to other facilities. Ownership/management structure also plays a role in the staffing plan where a facility operated by a local municipal department can often share administrative and maintenance costs with the broader local government. The number and type of events, the overall mission of the facility, and the primary uses can also impact staffing levels. In addition, the extent that contracted services and/or organized labor are used also impacts staffing at a facility.

This analysis assumes a staffing plan of seven to eight full-time equivalents (FTEs) for the proposed new multi-purpose civic center including a general manager as well as event coordination, operations, finance, maintenance and administrative personnel.

*Benefits* – Benefits are estimated to be 30% of the salaries & wages expense.

*Utilities* – Utilities, which include water, sewer, and electric, generally represent one of the highest expense items for these types of facilities and can vary depending upon the level of utilization, facility design and decisions concerning energy systems and management. For purposes of this analysis, it is assumed that the operating entity passes through to the user, to the extent possible, utility costs related to a particular event. In many facilities, these costs are handled as an expense that is fully or partially reimbursed by the event at a later date or, for civic uses, a utilities charge is assessed. The utility cost shown in this analysis represents the total non-reimbursable costs.



*Insurance* – Due to factors such as utilization, facility program elements as well as the amount and type of coverage, insurance expenses vary among facilities. This analysis assumes that property and liability insurance needs associated with the proposed multi-purpose civic center are borne as part of facility operations. Insurance estimates are based on the order-of-magnitude project costs developed by Convergence Design, the estimate of utilization and information provided by industry insurance representatives

*General, Administrative & Other* – This line item includes various general expenses used in the day-to-day management of the proposed new multi-purpose civic center that may include office supplies, travel, communications, technology, postage, membership dues, etc.

*Repairs & Maintenance* - This line item includes various expenses that will be incurred related to building, equipment and grounds maintenance and will vary based on utilization. Expense allocations for repair and maintenance are also highly dependent upon the owner/management philosophy relative to upkeep of the facility.

*Marketing & Promotion* – Providing a new multi-purpose civic center alone will not bring events. An aggressive marketing strategy will need to be undertaken to better allow the proposed facility to diversify and enhance its event base, particularly given the existing supply of facilities in the region. While other marketing agencies (e.g., the County Office of Tourism) are assumed to assist in marketing/ promotion efforts, the facility should have its own dedicated resources. That said; it is anticipated that the proposed hall will be primarily a local event venue. As such, this amount is intended to supplement other marketing agencies’ sales and marketing efforts in a manner that seeks to maximize both financial and human marketing resources and minimize the marketing dollars spent by the proposed new facility. This is consistent with industry practices and is considered critical in order to help establish the new venue’s reputation as a venue and enhance its on-going marketability.

*Unreimbursed Contract Services* – Unreimbursed contract services represent a variety of professional services which may include legal, accounting, janitorial, trash removal, landscaping, and/or maintenance contracts as well as other services that are not chargeable to event promoters/producers or users and are borne by the facility.

*Reserve for Replacement Fund* – It is recommended that the County plan for an annual payment specifically designated as a reserve for replacement fund in order to safeguard its investment. This fund is intended to cover any extraordinary annual/future capital repairs or improvements to the facility. This analysis includes a reserve for replacement fund that equates to 5% of operating revenues

*Taxes, Debt Service and Depreciation* - This analysis does not estimate any operating expenses related to taxes, debt service, or depreciation.

## Summary

Based on the assumptions outlined in this report, it is estimated that the proposed new multi-purpose civic center will operate at a deficit which is similar to other governmental initiatives for assets such as parks and libraries that require a significant capital investment by the public as well as on-going funding for maintenance. As a point of reference, the proposed new facility is estimated to cover between 58% and 66% of its operating expenses with operating revenues. The proposed new facility may be able to realize additional operating efficiencies if it is able to share staffing, administrative and maintenance costs with other County facilities or another partner such as a hotel. However, there should still be a dedicated staff at the proposed new multi-purpose civic center with experience operating similar facilities.

Although not included in this analysis, there are other potential revenue streams such as parking, naming rights, concessionaire rights, pouring rights, long-term sponsorships, and retail rental space that Charles County could potentially pursue that may favorably impact the bottom-line. As noted previously, the financial pro forma and related assumptions in this report are preliminary and will continue to be refined as decisions related to the building program and other operating characteristics evolve.

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## Economic and Fiscal Impact Analysis

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One objective of this study is to estimate the economic and fiscal impacts associated with operations of the proposed new multi-purpose civic center to the local economy. Tangible and intangible benefits associated with the facility include, but are not limited to, the following:

- Attract a critical mass of attendees to the Waldorf urban redevelopment area
- Enhancing the County's appeal as a destination
- Providing a first-class venue for area residents and out-of-town attendees that complements other existing venues
- Enhancing the overall quality of life and livability of the area
- Capitalizing on existing and planned tourism efforts
- Serving as a catalyst for other potential development initiatives
- Generating economic activity in terms of spending, jobs, and earnings
- Generating fiscal revenues for local and State governments

Each of these benefits is important in assessing the overall impact of the proposed new multi-purpose civic center to the County and State. While the value of most of these benefits is difficult to measure, the estimated economic activity generated can be quantified. This analysis quantifies the direct, indirect and induced benefits associated with operations of the proposed multi-purpose civic center including the associated tax revenues.

### General Methodology Overview

An assessment of the economic benefits that could occur in the County and State as a result of annual on-going operations of proposed new multi-purpose civic center can be approached in several ways. The approach used in this analysis considers estimated facility operating expenses (e.g., salaries/wages and benefits, utilities, insurance, general/administrative and other, repairs/maintenance, marketing/promotion, and unreimbursed contract services) as well as spending by attendees outside the facility on items such as hotels/lodging, restaurants, retail, entertainment/recreation and transportation as the initial measure of economic activity in the marketplace.

Once the amount for direct spending is quantified, a calculated multiplier is applied to generate the indirect and induced effects. The sum of direct, indirect and induced effects equals total economic impact which is expressed in terms of spending (output), employment (jobs), and personal earnings.

This analysis also estimates the fiscal impacts generated from on-going operations of the proposed new multi-purpose civic center including admissions and amusement tax, corporate income tax, hotel/motel tax, personal income tax, as well as sales and use tax.



**Estimate the Annual Economic and Fiscal Impacts Associated with the Proposed New Multi-Purpose Civic Center in Waldorf**

Spending (Output)

Total direct, indirect, induced spending effects generated by the project



Employment (Jobs)

Number of full and part-time jobs supported by the project



Personal Earnings

Wages and salaries earned by employees of businesses associated with or impacted by the project



Tax Revenues (Fiscal)

Sales and use tax  
Income tax  
Hotel/motel tax  
Admissions and amusement tax



All amounts depicted in this analysis are presented in current dollars, reflect a stabilized year of operations and assume taxes continue at their current rates.

## Methodology – Economic Impact Analysis

Regional input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate.

### Direct Spending

Estimating direct spending is the first step in calculating economic impact. Direct spending represents the initial change in spending that occurs as a direct result of on-going operations of the proposed new multi-purpose civic center. Adjustments are made to account for leakage (i.e., spending that occurs outside of the local and State economies) and displacement (i.e., spending that would have occurred elsewhere in the local economies without the presence of the proposed new multi-purpose civic center) in order to reflect incremental new spending to the County and State economies.

## Indirect and Induced Impacts

The economic activity generated by on-going operations of the proposed new multi-purpose civic center affects more than just the facility. In preparation for new spending in the economy, several other economic sectors are impacted and jobs are created. Indirect effects reflect the re-spending of the initial or direct expenditures or the business-to-business transactions required to satisfy the direct effect. Induced effects reflect changes in local spending on goods and services that result from income changes in the directly and indirectly affected industry sectors. The model generates estimates of these impacts through a series of relationships using local-level average wages, prices and transportation data, taking into account commute patterns and the relative interdependence of the economy on outside regions for goods and services.

## Multiplier Effect

In an effort to quantify the inputs needed to produce the total output, economists have developed multiplier models. The estimation of multipliers relies on input-output models, a technique for quantifying interactions between firms, industries and social institutions within a local economy. This analysis uses IMPLAN software and databases which are developed under exclusive rights by the Minnesota IMPLAN Group, Inc. IMPLAN, which stands for *Impact Analysis for Planning*, is a computer software package that consists of procedures for estimating local input-output models and associated databases. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a defined economic area. Its proprietary methodology includes a matrix of production and distribution data among all counties in the U.S. As such, the advantages of this model are that it is sensitive to both location and type of spending and has the ability to provide indirect/induced spending, employment and earnings information by specific industry category while taking into account the leakages associated with the purchase of certain goods and services outside the economy under consideration.

Once the direct spending amounts are assigned to a logical category, the IMPLAN model estimates the economic multiplier effects for each type of direct new spending attracted to or retained in the County resulting from on-going operations of the proposed new multi-purpose civic center. For purposes of this analysis, the following industry multipliers are used:

IMPLAN Multipliers						
Category	Charles County			State of Maryland		
	Spending	Employment*	Earnings	Spending	Employment*	Earnings
Hotels	1.3579	14.5	0.3561	1.6437	14.0	0.6142
Eating & Drinking Places	1.3965	22.0	0.4666	1.6773	21.1	0.6560
Retail Trade	1.4599	18.3	0.5359	1.7844	19.9	0.7190
Entertainment/Recreation	1.4566	23.2	0.2953	1.8033	21.3	0.6663
Transportation	1.4771	17.1	0.6591	1.8448	16.1	0.7700
Utilities	1.3024	2.1	0.1527	1.6740	3.3	0.2930
Insurance	1.7409	8.8	0.3110	1.9336	8.8	0.6010
Business Services	1.4191	12.8	0.4933	1.7355	12.0	0.7296

Note: \*indicates the number of jobs per \$1 million in spending.

Source: IMPLAN.

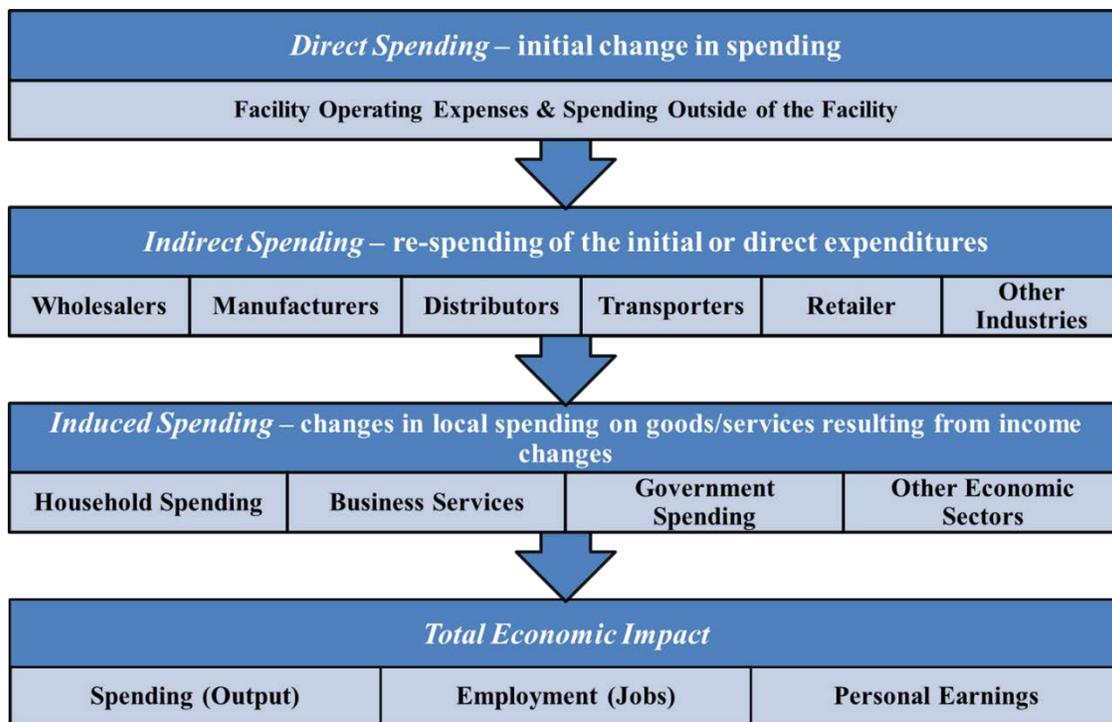
These multipliers reflect IMPLAN's latest available economic data for 2013 transactions and the proposed multi-purpose civic center's interactions among regions.

## Total Economic Impact

The calculated multiplier effect is then added to the direct impact to quantify the total economic impact in terms of spending, employment and earnings which are defined below:

- *Spending (output)* represents the total direct and indirect/induced spending effects generated by on-going operations of the proposed new multi-purpose civic center. This calculation measures the total dollar change in spending (output) that occurs in the local economy for each dollar of output delivered to final demand.
- *Employment (jobs)* represents the number of full and part-time jobs supported by on-going operations of the proposed new multi-purpose civic center. The employment multiplier measures the total change in the number of jobs supported in the local economy for each additional \$1.0 million of output delivered to final demand.
- *Personal Earnings* represent the wages and salaries earned by employees of businesses associated with or impacted by on-going operations proposed new multi-purpose civic center. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.

The following graphic illustrates the multiplier effects for calculating total economic impact.



## Methodology - Fiscal Impact Analysis

The estimated spending generated from on-going operations of the proposed new multi-purpose civic center also creates tax revenues for the County and the State. Experience in other markets suggests that while a significant portion of the direct spending likely occurs near the project, additional spending occurs in other surrounding economies. Major tax sources impacted by facility operations were identified and taxable amounts to apply to each respective tax rate were estimated. Although other taxes may also be positively impacted, this analysis estimated the revenues generated from the following taxes based on the direct and indirect/induced spending amounts previously defined:

### Charles County

- Admissions and amusement tax
- Hotel/motel tax
- Local personal income tax

### State of Maryland

- Corporate income tax
- Personal income tax
- Sales and use tax

## Summary of Estimated Annual Incremental Economic Benefits Generated from On-Going Operations

The table below summarizes the estimated annual incremental economic impacts generated from on-going operations of the potential new multi-purpose civic center in terms of direct, indirect/induced and total spending, total jobs and total earnings and is followed by a discussion of each component.

Proposed New Multi-Purpose Civic Center in Waldorf						
Estimated Annual Incremental Economic Benefits Generated from On-Going Operations						
Category	Charles County			State of Maryland		
	Range			Range		
<b>Spending</b>						
Direct Spending	\$2,916,000	-	\$3,536,000	\$1,035,000	-	\$1,187,000
Indirect/Induced Spending	1,260,000	-	1,527,000	739,000	-	848,000
Total Spending	\$4,176,000	-	\$5,063,000	\$1,774,000	-	\$2,035,000
<b>Total Jobs</b>	49	-	63	16	-	18
<b>Total Earnings</b>	\$1,433,000	-	\$1,747,000	\$664,000	-	\$762,000

Note: County amounts include State amounts.

### Direct Spending

As mentioned previously, the first step in calculating economic impact is estimating the direct spending generated in the County and State economies. Direct spending relates to expenses generated from on-going operations of the proposed multi-purpose civic center as well as attendee spending outside of the facility. Adjustments were made in order to account for leakage and displacement and better reflect net new spending.



*Budgetary Spending by the Facility* – Based on estimated financial operations for the proposed new multi-purpose civic center presented previously, annual incremental operating expenses are estimated to range from approximately \$684,000 to \$755,000 in the State, of which approximately \$557,000 to \$616,000 are estimated to be net new to the County. This spending amount is adjusted to take into account that a portion of salaries, wages and benefits will be spent outside the economy on items such as health insurance, taxes, mortgage payments, etc.

*Attendee Spending Outside the Facility* - This category reflects the spending patterns of attendees outside the proposed new multi-purpose civic center before and after events. Based on the estimated mix of incremental new event activity, attendees were categorized as high impact (which generate hotel room nights) or low impact and assigned different spending amounts based on data provided by secondary sources. These spending amounts were then allocated among various categories including lodging, eating and drinking places, retail, entertainment/recreation and transportation. The estimated spending amounts and the allocation among specific categories are based on various primary and secondary sources including the Maryland Tourism Marketing Plan and the Tourism Economics report. Based on these and other assumptions, incremental new direct attendee spending outside the proposed multi-purpose civic center is estimated to range from \$2.4 million to \$2.9 million in the County, of which \$351,000 to \$432,000 is estimated to be net new to the State.

*Summary of Direct Spending* – Based on these assumptions, the incremental new direct spending related to on-going operations and attendee spending outside the proposed multi-purpose civic center is estimated to range from \$2.9 million to \$3.5 million in the County, of which \$1.0 million to \$1.2 million is estimated to be net new to the State.

#### Indirect/Induced Spending

Based on the IMPLAN model, incremental new direct spending spurred by the proposed new multi-purpose civic center is estimated to generate between \$1.3 million to \$1.5 million induced/indirect spending in the County, of which approximately \$739,000 to \$848,000 is estimated to be net new in the State.

#### Total Spending

Outputs from the IMPLAN model indicate that total (i.e., direct, indirect and induced) spending is estimated to range from \$4.2 million to \$5.1 million in the County, of which approximately \$1.8 million to \$2.0 million is estimated to be net new to the State. Dividing the total impacts by the direct impacts yields an economic multiplier of approximately 1.43 at the County level and 1.71 at the State level. Thus, every dollar of direct spending is estimated to generate \$1.43 and \$1.71 in total economic activity at the County and State levels, respectively.



Total Jobs

The IMPLAN model calculates the number of jobs per \$1.0 million in direct spending, the economic activity associated with the on-going operations of the proposed new multi-purpose civic center is estimated to generate between 49 and 63 total jobs in the County, of which between 16 and 18 are estimated to be net new to the State. These jobs would be created in many sectors of the economy, which both directly and indirectly support the increased level of business activity in the area.

Total Earnings

Outputs from the IMPLAN model indicate that incremental new earnings generated from the on-going operations of the proposed new multi-purpose civic center are estimated to range from \$1.4 million to \$1.7 million in the County, of which \$664,000 to \$762,000 is estimated to be net new to the State.

**Summary of Estimated Annual Incremental Fiscal Benefits (Tax Revenues) Generated from On-going Operations**

As shown below, the annual incremental fiscal impacts generated from operations of the proposed new multi-purpose civic center are estimated to range from \$184,000 to \$225,000.

<b>Proposed New Multi-Purpose Civic Center in Waldorf</b>			
<b>Estimated Annual Incremental Fiscal Benefits Generated from On-Going Operations</b>			
<b>Municipality/Tax</b>	<b>Range</b>		
<b>Charles County</b>			
Hotel/Motel Tax	\$25,000	-	\$30,000
Admissions & Amusements Tax	24,000	-	31,000
Personal Income Tax	16,000	-	19,000
Subtotal	\$65,000	-	\$80,000
<b>State of Maryland</b>			
Sales and Use Tax	\$89,000	-	\$111,000
Personal Income Tax	25,000	-	28,000
Corporate Income Tax	5,000	-	6,000
Subtotal	\$119,000	-	\$145,000
<b>Grand Total</b>	<b>\$184,000</b>	<b>-</b>	<b>\$225,000</b>

The following pages outline key assumptions used to estimate the incremental new fiscal benefits.



## Charles County Taxes

*Hotel/Motel Tax* – Charles County imposes a tax on accommodations at a rate of 5%. Proceeds from this tax are collected by the County, of which a portion is distributed to the municipality where the tax was collected. For purposes of this analysis, the 5% hotel/motel tax is applied to incremental new direct hotel spending estimated to be generated from on-going operations of the proposed new multi-purpose civic center.

*Admissions and Amusement Tax* - The admissions and amusement tax is a local tax collected by the State Comptroller's Office for local municipalities. The entire amount of the tax collected, less administrative expenses, is returned to the municipalities and counties imposing the local tax. The tax is generally levied on the admission or amusement cost for activities such as movies, amusements, athletic events, concerts, golf and the sale of refreshments at a nightclub or other similar entertainment venue. The tax on admissions differs among local municipalities in Maryland.

Charles County applies a 10% tax on the admission or amusement cost for activities such as movies, athletic events, concerts and rental of athletic facilities. If the gross receipts from the activity is also subject to the sales and use tax, the admissions and amusement tax is limited to 5%. For purposes of this analysis, the amusement and admissions tax is based on applying a 10% tax rate to estimated new gross ticket sales at the proposed new multi-purpose civic center.

*Local Personal Income Tax* – Charles County imposes a local personal income tax of 3.03% which is applied to adjusted gross income and it applies to the taxable income of residents and nonresidents who derive income from a County source. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an overall effective tax rate of 2.2% is calculated based on the federal adjusted gross income and the total personal income tax paid to the County for calendar year 2013. This effective tax rate is applied to total earnings estimated to be generated by on-going operations of the proposed multi-purpose civic center. In addition, an adjustment is made to reflect that local income tax is based on where you live, not where you work.

## State of Maryland

Sales and use tax, personal income tax, and corporate income tax revenues represent the majority of the State's total tax proceeds. While other taxes may be positively impacted by on-going operations of the proposed new multi-purpose civic center, they are not quantified in this analysis.

In general terms, all State tax proceeds are collected in the State's General Fund and then allocated to variety of program areas, such as education, transportation, public safety, and others. As such, individual revenue sources, such as sales and use tax, are not designated to fund specific programs. As a result of this process, municipalities and counties may benefit from a variety of State and locally administered programs. For purposes of this analysis, only collections have been quantified, without regard as to how these funds are ultimately spent through the individual State departments/funds.



The following describes the primary State-level taxes quantified in this analysis based on information obtained from the State of Maryland Comptroller.

*Sales and Use Tax* – The State of Maryland collects 6% sales and use tax from sales and leases of tangible personal property and services throughout the State and a 9% tax on alcoholic beverage. For purposes of this analysis, the 6% tax rate is applied to estimated taxable direct and indirect/induced spending at the State level generated from on-going operations of the proposed multi-purpose civic center which represents a conservative estimate relative to the sale of alcoholic beverages.

*Personal Income Tax* – The State of Maryland imposes a personal income tax assessed against personal income earned in the State. The State income tax is a graduated rate ranging from 2.0% to 5.75% of taxable income. Non-residents are subject to a special nonresident tax rate of 1.25% in addition to the State income tax rate. This tax source is the State’s largest single source of general fund revenue. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 3.7% was calculated based on the federal adjusted gross income and the total personal income tax paid to the State in 2013 (the most recent year for which data was available). This effective tax rate is applied to total State-level earnings estimated to be generated from on-going operations of the proposed multi-purpose civic center.

*Corporate Income Tax* – A corporate income tax of 8.25% of corporate federal taxable income adjusted by State modifications is also levied by the State of Maryland on corporations. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 0.28% was calculated based on the Gross State Product and the total corporate income tax paid to the State in 2013. This effective tax rate is applied to total State-level spending estimated to be generated by on-going operations of the proposed multi-purpose civic center.

### *Construction Impacts*

Although not quantified in this analysis, construction costs associated with development of the proposed new multi-purpose civic center would provide additional economic and fiscal impacts to the County and State during the construction period.

## **Summary**

Potential benefits associated with the proposed new multi-purpose civic center include generating incremental new economic activity in terms of spending, jobs, earnings and tax revenues to the community; attracting a critical mass of attendees to the Waldorf urban redevelopment area; serving as a catalyst for other potential development initiatives; helping to facilitate private sector development such as a new hotel; enhancing the overall quality of life to area residents; and adding to the overall vibrancy and livability of the community.

## **Potential Next Steps**

As with many communities, financial considerations associated with construction, on-going operations and maintenance often dictate whether a particular project is deemed viable and whether a phased development approach may be necessary. Further, site related issues and community attributes external to the proposed multi-purpose civic center also play a critical role in the marketability of any venue. Potential next steps in the County's on-going planning associated with the proposed new multi-purpose civic center may include the following:

- Using this information, report and findings to establish a development strategy that can be used as a basis to refine the building program and cost estimate.
- Identifying potential funding strategies and incentives.
- Acquiring rights to purchase the appropriate land parcels outlined in this analysis that can accommodate the recommended building program and related supporting infrastructure.
- Working with other County agencies and business groups to attract private investment in the surrounding area for future hotel, restaurants, and retail developments.

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## Limiting Conditions and Assumptions

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This analysis is subject to our contractual terms, as well as the following limiting conditions and assumptions:

- This analysis has been prepared for Charles County (Client) for its internal decision-making purposes associated with a proposed new multi-purpose civic center as a potential component in the redevelopment plan for downtown Waldorf and should not be used for any other purposes without the prior written consent of Crossroads Consulting Services LLC.
- The findings and assumptions contained in the report reflect analysis of primary and secondary sources. We have utilized sources that are deemed to be accurate but cannot guarantee their accuracy. No information provided to us by others was audited or verified and was assumed to be correct.
- Although the analysis includes findings and recommendations, all decisions in connection with the implementation of such findings and recommendations shall be the Client's responsibility.
- Estimates and analysis regarding the proposed new multi-purpose civic center are based on trends and assumptions and, therefore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
- This analysis does not constitute an audit, a projection of financial performance, or an opinion of value or appraisal in accordance with generally accepted audit standards. As such, we do not express an opinion or any other form of assurance. Any estimates or ranges of value were prepared to illustrate current and potential future market conditions.
- Although this analysis utilizes various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
- We have no obligation, unless subsequently engaged, to update this report or revise this analysis as presented due to events or circumstances occurring after the date of this report.
- The quality of ownership and management of the proposed new multi-purpose civic center has a direct impact on its economic performance. This analysis assumes responsible and competent ownership and management. Any departure from this assumption may have a significant impact on the findings in this report.
- Current and anticipated market conditions are influenced by a large number of external factors. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the operating potential of the proposed new multi-purpose civic center. Due to quick changes in the external factors, the actual results may vary significantly from estimates presented in this report.
- The analysis performed was limited in nature and, as such, Crossroads Consulting Services LLC does not express an opinion or any other form of assurance on the information presented in this report. As with all estimates of this type, we cannot guarantee the results nor is any warranty intended that they can be achieved.
- The analysis is intended to be read and used in whole and not in part. Separation of any section or page from the main body of the report is expressly forbidden and invalidates the analysis.
- In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by the Client and may not be relied upon by any third party for any purpose including any matter pertaining to financing.
- Possession of the report does not carry with it the right of publication. It should be used for its intended purpose only and by the parties to whom it is addressed.