ST. MARKS CONFERENCE FACILITY MARKET ANALYSIS

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Submitted to:	**St. Marks Waterfronts Florida Partnership**

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Contents

Executive Summary

Lambert Advisory has completed a market analysis for the St. Marks Waterfronts Florida Partnership to assess the viability of locating a conference center within the City of St. Marks, including market driven physical parameters for design of the space, as well as estimates of potential performance and revenue that may be generated on an annualized basis. The research and conclusions contained herein is intended to provide the support for subsequent planning initiatives including site selection, alternative/expanded development options (such as integration of hotel and/or retail), operating analyses and financial structuring.

For this analysis, we examined the demand for use of the conference facility for a variety of meetings, banquets and other events. The methodology for supporting the demand for various event uses at the St. Marks conference center included analyzing the current and future demand for meeting and social event space. Specifically, this report comprises three separate sections as follows:

Section 1 - Economic/Demographic Profile analyzes the location and economic/demographic characteristics impacting the proposed facility. The analysis is based upon research related to geography, population, income, employment and visitor trends. The following provides a highlight of key findings within this section:

- ✓ There is estimated to be 11 million people living within 250± miles of the Tallahassee region; however, the area remains a secondary/tertiary market for the event industry due in large part to the fact that it is serviced only by a regional airport.

- ✓ Although the region's population growth has moderated during the past several years, growth is expected to steady. With a relatively young population base, this provides a solid foundation for continued growth in various segments of the events market.

- ✓ The region's median household income will continue to strengthen; however, income levels remain below that of the State (and many other primary and secondary markets throughout the State) which may indicate a level of price sensitivity for certain events.

- ✓ Though government employment growth is projected to slow during the next few years, stronger growth in the professional and business services as well as FIRE sectors is a positive factor for the corporate meetings market.

- ✓ During a time when growth in visitation to Tallahassee/Leon County has been very modest, the conference/meeting market has increased its presence in visitor demand and should continue to strengthen during the next few years, especially with the addition of any new quality event venues.

Section 2 – Event Industry Profile, Comparable/Competitive Analysis and Benchmark Assessment starts with a general understanding of the meeting/event industry and then focuses more intently on the local market with particular attention on the performance of comparable/competitive event facilities. Additionally, we provide a benchmark assessment of similar type facilities in other secondary and tertiary markets to provide supplementary support for the estimates of performance and operation at the proposed St. Marks facility. Key highlights in this section include:

- ✓ The Tallahassee market is in need of larger/higher-quality event space with state-of-the-art technology features.
- ✓ Hosting regional (or national) events with a significant amount of attendees coming from outside the area generally requires on-site or nearby hotel supply. The lack of adequate hotel supply and quality of hotel product has been a limiting factor for the Tallahassee event market.
- ✓ Food and beverage service can be a very important component to facility operations. The St. Marks area has limited food and beverage (catering) service options; therefore, the proposed St. Marks facility will likely need to plan for a full service, higher quality kitchen.
- ✓ Although annual attendance among the comparable/competitive and benchmark properties varies considerably, attendance among the more relevant properties ranges between 20,000 and 30,000 attendees per annum.
- ✓ Based upon an analysis of revenue by source, with notable insight from the benchmark assessment, annual revenue per attendee for similar type event facilities primarily ranges from $16 to $20 per attendee (with food and beverage included on a net revenue basis).
- ✓ Based upon industry benchmarks, revenue neutrality for conference facilities is often difficult to achieve without integration of supporting uses (such as a hotel) with which to share certain operating elements. As with many conference facilities throughout the US, operating and/or development subsidies by the public sector are required.

Section 3 – St. Marks Conference Facility Recommendations and Estimates of Performance provides the analysis used to determine certain “build-out” recommendations for the facility’s design, as well as estimate performance projections for the prospective St. Marks conference center. Based upon the findings of the economic industry, market and facility analyses undertaken herein, the following is a summary of design recommendations for the St. Marks conference facility:

- ✓ Although location of the facility has not yet been determined, we believe positioning along the waterfront will be very important to the success of the St. Marks venue.

- ✓ The facility should plan for approximately 12,000 to 15,000 square feet of indoor meeting and banquet space, providing direct waterfront views to the river – this includes at least 8,000 to 10,000 square feet of contiguous space that can host more formal social events.

- ✓ Additional outdoor (mostly covered) ground floor/or second level area and general event space, situated directly along the riverfront is recommended.

- ✓ 18-foot cleared ceiling height and finishes on the second floor including carpeting and wall covering which will allow the facility to host a wide range of events.

- ✓ A minimum of four breakout rooms generally ranging in size from 500 to 2,000 square feet with aerated walls to provide flexible meeting space options and access as well as window coverings which allow for “black-out” during meetings and presentations.

- ✓ State-of-the-art technology (audio/visual capabilities) with broadband wireless internet access is essential.

- ✓ At least 2,500 square feet of kitchen catering space, including a full service banquet kitchen.

Based upon the potential event and demand opportunity for St. Marks, we have prepared estimates of performance for the subject facility categorized within three primary demand segments: meetings, conference and banquet/social. This includes projections on both a lower (more conservative) and higher (more aggressive) basis and considers a three year “ramp-up” period to achieve performance stabilization, as demonstrated below:

St. Marks Conference Facility
Estimate of Event and Attendance
(through Stabilization)

Events	Year 1	Year 2	Year 3
Meetings			
# Low	40	60	70
# High	50	70	90
Avg. Attendance	*50*	*60*	*70*
Conference*			
# Low	7	10	15
# High	10	16	20
Avg. Attendance	*200*	*225*	*250*
Banquet/Social			
# Low	25	40	50
# High	40	60	75
Avg. Attendance	*150*	*175*	*200*

Based upon the estimates of performance through stabilization, total attendance for all events is estimated to range from approximately 18,000 to 26,000 per annum by the third year of operations. As an average, this would indicate approximately 160 total events with 140 attendees per event; or, a total average annual attendance of 22,500 upon stabilization. The ability to support increase event volume (number of events) above this ranges is impacted by the fact that St. Marks may not be the beneficiary of many small and shorter-duration events that will likely utilize hotel or event facilities closer to Tallahassee's downtown/central area. Furthermore, it is very important to recognize that the ability to attract some of the larger conferences, meetings and/or social events that the facility is capable of hosting and factored into the estimates herein, may be dependent upon a hotel facility on-site (or within the immediate area). These larger conference events will be difficult to capture since they tend to be multi-day events for which proximity to adequate rooms supply is very important.

Based upon the revenue assumptions above, a summary of revenue projections has been prepared for the first three years of operations as follows:

St. Marks Conference Facility
Estimated Events, Attendance & Revenue
(through Stabilization)

Event	Year 1	Year 2	Year 3
Avg. # Events	86	128	160
Avg. Attendance	103	122	140
Total Attendance	*8,858*	*15,616*	*22,400*
Revenue/Attendee			
Space Rental	$6.00	$6.50	$7.00
F&B Commission	$7.00	$7.50	$8.00
Other	$3.50	$4.50	$5.00
Total Rev./Attendee	*$16.50*	*$18.50*	*$20.00*
Total Revenue			
Space Rental	$53,148	$101,504	$156,800
F&B Commission	$62,006	$117,120	$179,200
Other	$31,003	$70,272	$112,000
Total Revenue	$146,157	$288,896	$448,000

Overall, we believe that with the right location and facility design, a conference center in St. Marks will represent a superior venue within the market and will effectively compete for its for share of event business. However, as noted throughout, the integration of a supporting hotel may prove critical the financial success of the event facility. The viability of the hotel component requires further investigation. Nonetheless, the addition of a hotel into the development plan may help to position the St. Marks conference facility as a desirable corporate or social retreat from which to leverage upon the areas unique waterfront location, history and culture.

Also, Lambert provided recommended next steps for the St. Marks Waterfront Florida Partnership. These steps include site selection, a further evaluation of a hospitality component, and the development of a conceptual plan and preliminary cost estimation to be discussed further in Section 3 of this report.

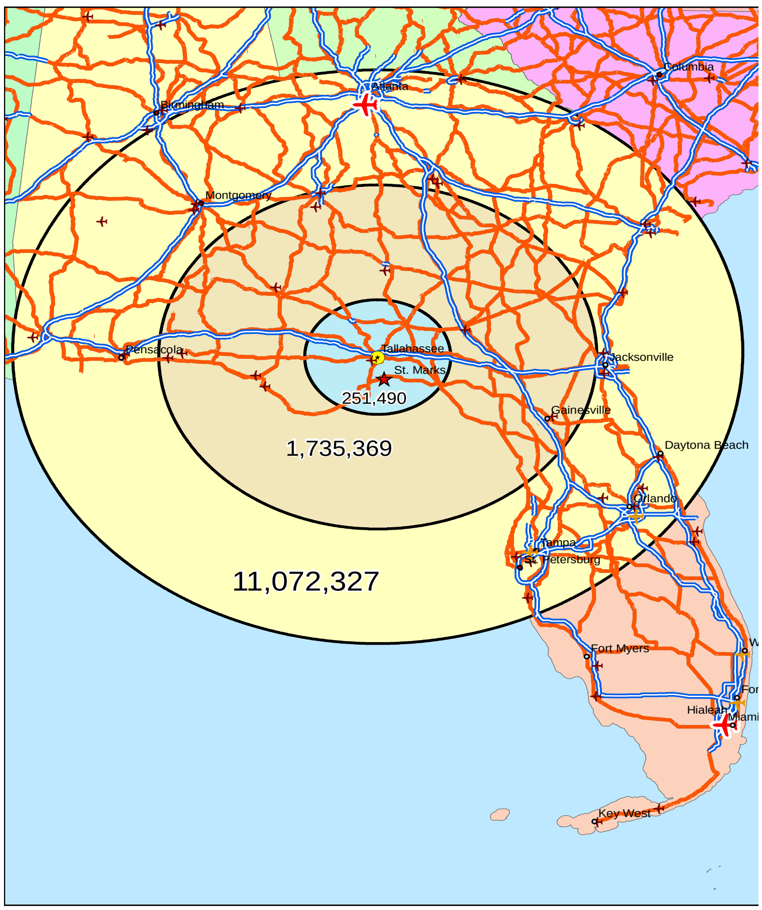
Section 1: Location Characteristics and Economic/Demographic Trends

In order to gauge the opportunity for a conference center in St. Marks, it is important to first analyze the location and economic/demographic characteristics. The summarized analysis is based upon research related to population, income, employment and visitor trends.

1a. Location Characteristics

St. Marks is located within Wakulla County, which is part of the Greater Tallahassee Metropolitan Area (also referred to as the Tallahassee Region). Within 250 miles (or a four to five hour drive time) of the Tallahassee metro area there is an estimated 11,072,327 people.

Figure 1: 250 Mile Radius and Population
Source: Lambert Advisory



In spite of its relative proximity to many large population bases, the Tallahassee area remains a secondary/tertiary market; particularly as it relates to the conference/event industry primarily due in large part to the fact that it is serviced only by a regional airport that had 462,233 enplanements, or the number of people who board an airplane, in 2007. Comparatively, two considerably larger meeting markets in Florida, Jacksonville (155 miles) and Tampa (185 miles) had 3,138,015 and 9,306,036 enplanements in the same year, respectively. The closest major national/international airports to St. Marks are Atlanta's Hartsfield-Jackson International Airport (250 miles) and Orlando International Airport (232 miles), two of the busiest airports in the nation.

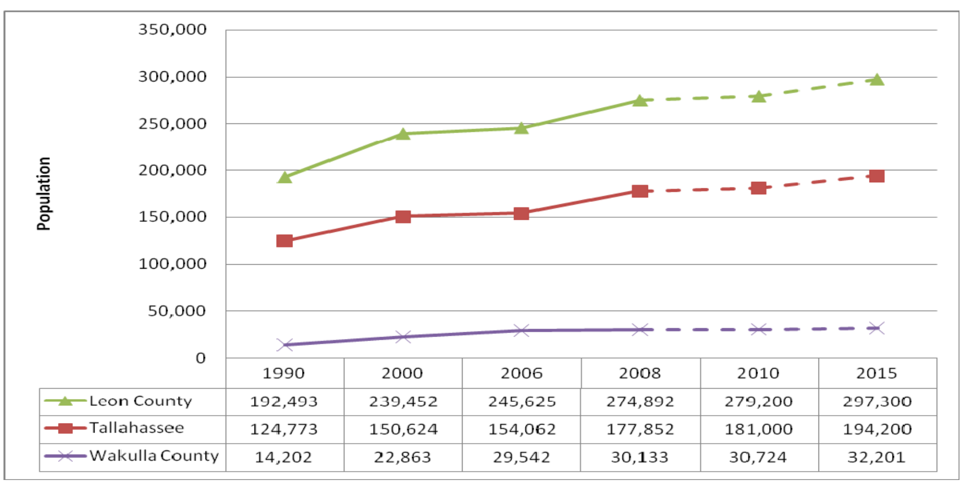
Nonetheless, the Greater Tallahassee market area still has a relatively strong economic and demographic base from which to build upon the opportunity for local and regional meetings and events.

1b. General Demographic Trends

Leon County is the largest County in the four county Tallahassee Metropolitan Statistical Area (MSA), which also comprises Wakulla, Gadsden and Jefferson counties. From 1990 to 2006, population in Leon County increased from 192,493 to 245,625, or an annual growth rate of 1.7 percent. Leon County population growth is projected to increase slightly through 2015 to 297,300, or about 3 percent annually.

Comparatively, the State of Florida as a whole has increased in population by 40 percent, or 5,151,962 residents during the same sixteen year period (1990-2006) at a rate of 2.5 percent annually.

Figure 2: Population Trends and Projections – Tallahassee Market Area
Source: U.S. Census; Tallahassee Planning Department



	1990	2000	2006	2008	2010	2015
Leon County	192,493	239,452	245,625	274,892	279,200	297,300
Tallahassee	124,773	150,624	154,062	177,852	181,000	194,200
Wakulla County	14,202	22,863	29,542	30,133	30,724	32,201

Wakulla County, which includes the City of St. Marks, has a total population of 29,542 in 2006, which is smaller than Gadsden County with 46,658 residents and fairly larger than Jefferson County with 14,677 residents (2006). Since 1990, the population in Wakulla County has steadily grown at a rate of 7 percent, or 958 residents annually, but growth is projected to continue to rise at a fairly modest rate through 2015. The City of St. Marks represents a very small portion of the County resident base with an estimated 2006 population of approximately 313 persons.

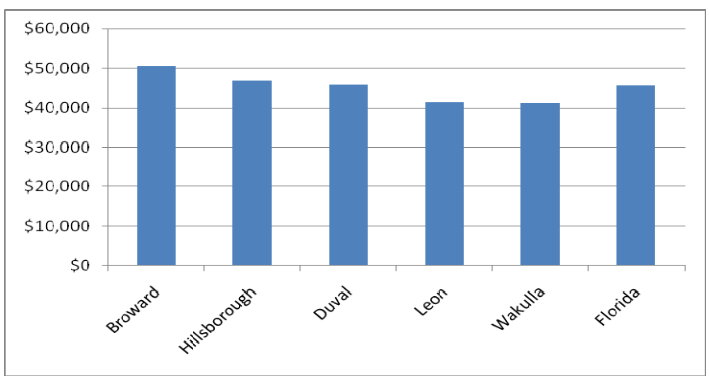
General demographic characteristics within the region indicate that Leon County has a relatively young resident base with a median age of 31.4 years in 2006, compared to the State's a median age of 39.8. Wakulla County has a slightly higher median age of 36.8, but is still relatively young compared to the State.

Diversity trends in the region indicate a minor decrease in the white non-Hispanic population, and increases in black and Hispanic populations, which has historically been the case; however, the white non-Hispanic population still represents more than 85 percent of the population in Wakulla County, and 64 percent in Leon County. This increasing diversification often enhances the cultural richness of a region and in this case provides a unique opportunity for broadening the market for event related activity.

1b.1. Income

According to the U.S. Census Bureau, Leon County's median household income has increased by more than 3.2 percent annually between 1990 and 2006, and is currently estimated to be $41,516. Based on growth rates, the median household income for Wakulla County in 2006 is estimated at $41,282.

Figure 3: Median Household Income Comparison by County
Source: U.S. Census, Lambert Advisory

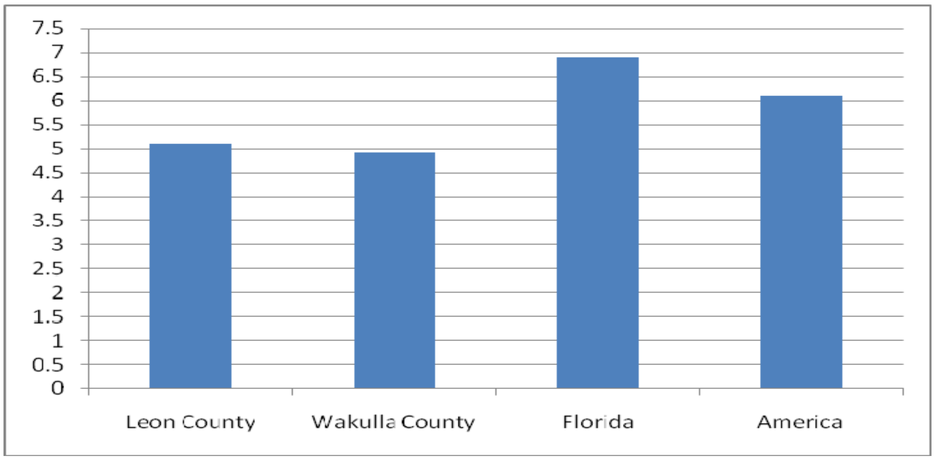


While the Tallahassee regional income growth trends have been relatively strong, it is roughly 10 percent below that of the State's median income of $45,495, and as much as 15 to 20 percent below other select metropolitan areas in Florida, such as Broward, Hillsborough and Duval Counties as illustrated in the figure above.

1b.2. Employment

According to the Bureau of Labor Statistics, Leon County and Wakulla unemployment rates for August of 2008 were 5.1 and 4.9 percent, respectively; however, in light of recent economic conditions on a national level, it can be assumed that those levels are presently higher. Historically, Wakulla County has one of the lowest unemployment rates in the State and both Leon County and Wakulla County generally remain below the State and National unemployment levels. Florida's unemployment rate in August was 6.9 percent, while the Nation as a whole had an unemployment rate of 6.1 percent.

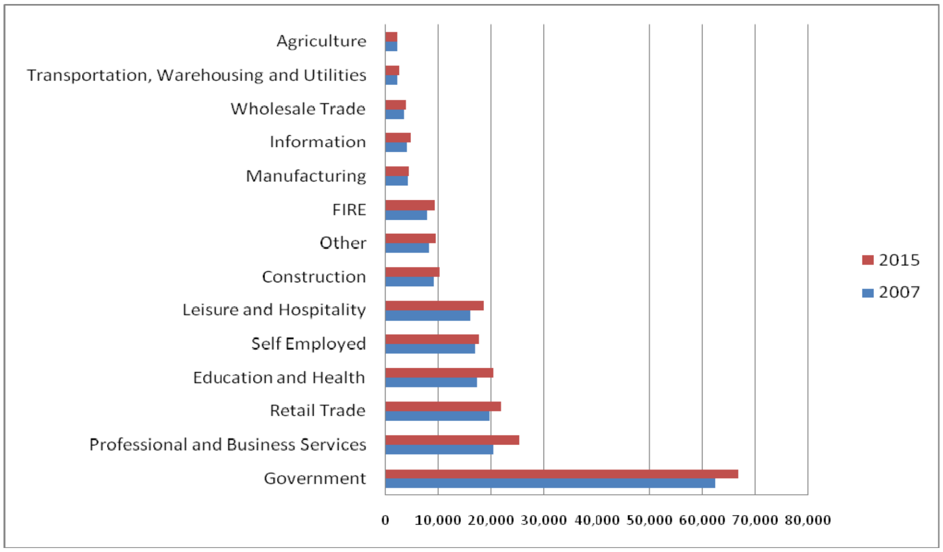
Figure 4: Unemployment Comparison for August, 2008
Source: Bureau of Labor Statistics



According to the Florida Department of Labor (ES 202) employment statistics for the Tallahassee MSA (defined as Leon, Wakulla and Gadsden counties) the total 2007 employment base in the region was 195,419. Considering the fact that Tallahassee is the state capital, government services represents the largest sector with 62,381 employees or 32 percent of the total market. The professional and business services sector is the second largest sector in the region with a current employment base of 20,513 or 10.5 percent of total labor force.

Based upon the Florida Department of Labor employment projections, total employment for the region is forecast to reach 218,508 by 2015; or, a 1.5 percent annual growth rate during the next few years. As summarized in the figure below, the government sector is expected to increase by 4,426 jobs (or nearly 1 percent annually). However, it is projected that by 2015, the professional and business services sector will increase by a total of 25 percent (or 3.1 percent annually).

Figure 5: Employment by Industry: Tallahassee MSA
Source: Florida Department of Labor

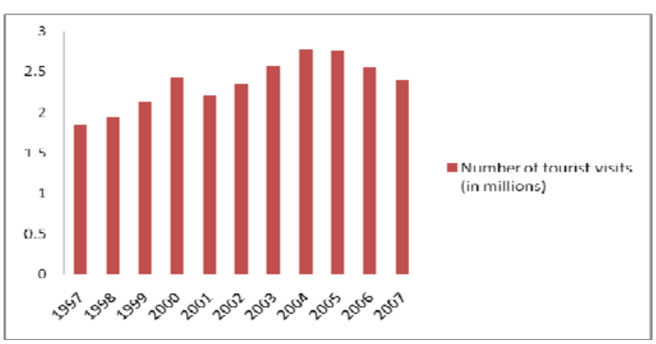


Furthermore, despite the fact that FIRE (Finance, Insurance and Real Estate) presently accounts for only 4.1 percent of the total employment base, it is projected to increase to a total of 15.8 percent (or 2.1 percent annually) by 2015. This growth together with expected growth in the business services sector bodes well for the corporate event, training and meetings market opportunity.

1c. Visitor Trends

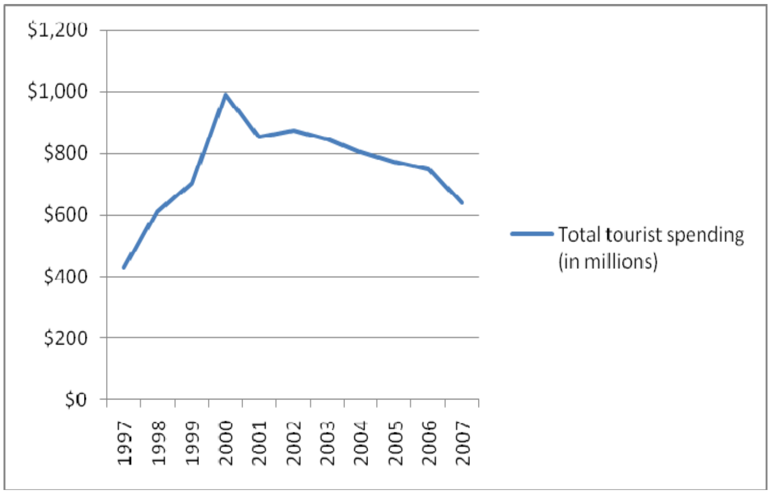
Based upon historical visitor data and analysis conducted by Florida State University for the Tallahassee/Leon County CVB, between 1997 and 2000 the number of visitors to Leon County increased from 1.85 million to 2.43 million, or an average annual increase of 5.5 percent. Following a slight decline in 2001 as a result of 9/11 and global economic downturn, visitor trends increased from 2.2 million in 2001 to 2.78 million in 2004. However, during the last three years, the Tallahassee visitor base steadily declined to its current level with 2.4 million visitors in 2007.

Figure 6: Number of Tourist Visits
Source: Tallahassee/Leon County CVB



As summarized in Figure 7 below, tourism spending achieved steady growth from 1997 to 2000; however, since that time, total tourism expenditure has continued to decline, which is not consistent with the visitor trends. In 2002, total visitor expenditure reached $874 million (or $372 per visitor per year). In 2007, total expenditure declined to $640 million (or $267 per visitor per year). This represents a 30± percent decrease in average annual visitor expenditure during the period.

Figure 7: Total Tourist Spending in Leon County
Source: Tallahassee/Leon County CVB



While difficult to ascertain the reason for declining visitor expenditure during the past few years, the trend has continued. In a comparison of the second quarter of 2008 and the second quarter of 2007, visitor spending has decreased 22 percent overall, and 41 percent for conference/meeting travelers. Similarly, spending between the first and second quarter of 2008 has decreased by 29 percent overall, and 10 percent for conference/meeting visitors. In terms of visitor origin, demand is largely based in Florida, with Atlanta as the only notable out of state origin, defining the Region as a driving market.

Figure 8: Visitor Point of Origin
Source: Tallahassee/Leon County CVB

Origin	*2007*	*2006*	*2005*	*2004*
Jacksonville	10.00%	9.80%	11.00%	6.00%
Tampa	6.40%	7.30%	12.00%	18.20%
Miami	4.50%	14.60%	9.00%	6.80%
Orlando	3.60%	12.20%	8.00%	8.00%
Ft. Lauderdale	3.60%	7.30%	5.00%	5.70%
Panama City	3.60%	0.00%	3.00%	3.40%
Melbourne	2.70%	4.90%	-	-
Atlanta	1.80%	7.30%	9.00%	5.70%

Based upon those same survey results, from 2004 to 2007 visitation to the Tallahassee region is predominately driven by visits to friends and relatives, followed by business and leisure travel. Conference/meetings represented less than 10 percent of the visitor demand in 2007, which is nearly a 60 percent increase from the previous year. Though the conference/meetings market is marginal in terms of overall demand, growth trends are expected to continue during the next few years.

Figure 9: Primary Reason for Visiting Tallahassee
Source: Tallahassee/Leon County CVB

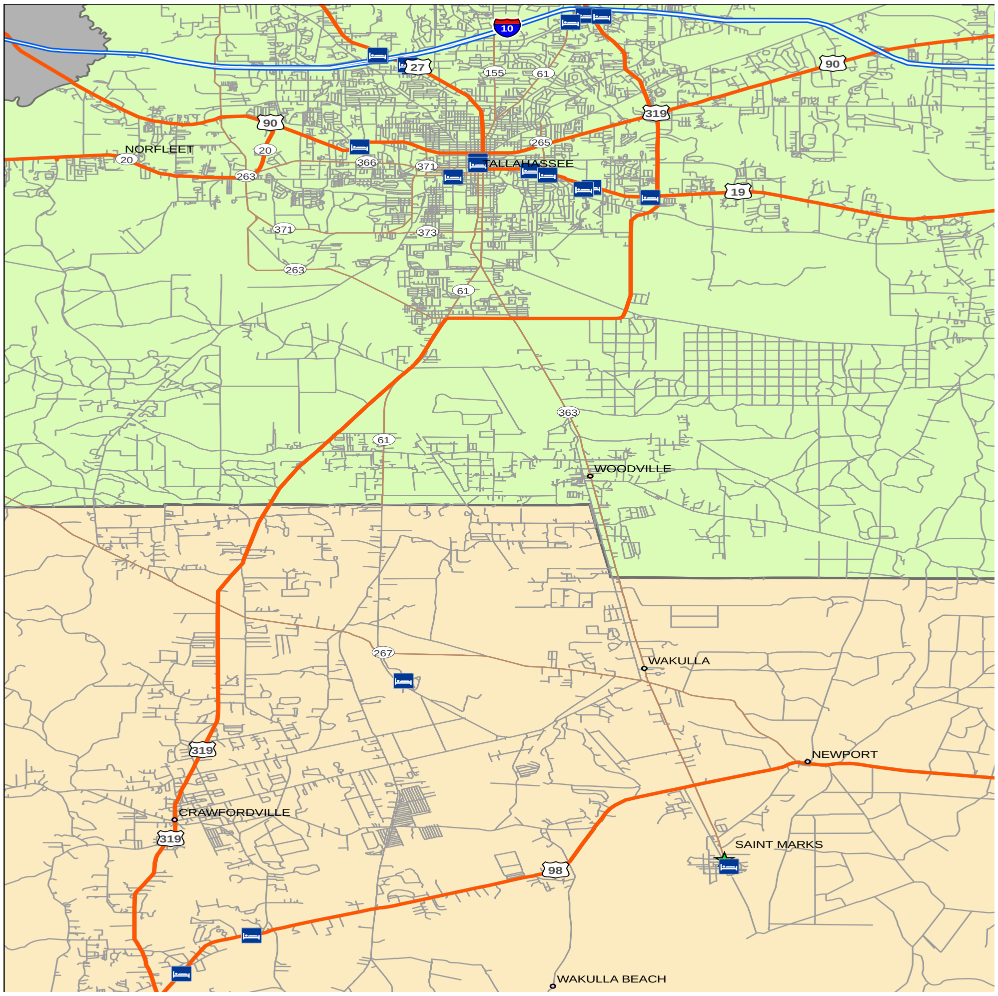
Reason	*2007*	*2006*	*2005*	*2004*
Friends/Relatives	35.90%	34.60%	39.90%	45.20%
Business	25.10%	23.70%	19.90%	19.80%
Leisure/Pleasure	18.20%	21.40%	17.90%	18.80%
Conference/Meeting	9.40%	5.90%	5.20%	4.70%
Other	11.30%	14.30%	17%	11.80%

Accordingly, the majority of visitor expenditures for convention/meeting visitors comprised of lodging and restaurants, while convention attendees spend only 6 percent of their budget on recreation activities, which include sports, eco-tourism and entertainment. Given St. Marks' waterfront location, there is an opportunity to promote eco-activities for event visitors. In 2006, the per day expenditures by conference/meeting visitors was nearly $285, which was higher than the average for the overall visitor market. However, in 2007, attendee expenditure declined to $240 which is slightly below the current overall visitor average.

1d. Local Hotel Profile

As will be discussed further in this analysis, hotel supply can play an important role in the conference and event industry. Within the Leon and Wakulla Counties, there are roughly 2,500 hotel rooms in 24 hotels, as seen in the figure below. Over 90 percent of those hotel rooms are in Leon County, predominately in Tallahassee, while there are approximately 162 rooms in Wakulla County, the majority of which are located in Crawfordville's two hotels on the Coastal Highway. Of these hotels, there is only one, the DoubleTree in downtown Tallahassee, that has over 230 rooms and there are only four hotels with more than 150 rooms. On average, the hotel market occupancy rate is roughly 65 percent with average daily rates (ADR) in the $80 to $90 range, which represents a less than stable environment for supporting new product.

Figure 10: Accommodating Hotels in the Region
Source: Tallahassee/Leon County CVB



1e. Economic Conclusions

Though economic and demographic trends in the Tallahassee region have slowed during the past few years in comparison to the 1990s, the region is anticipated to experience positive growth albeit at a more modest pace. Importantly, there are certain economic/demographic characteristics within the local and regional market that may directly impact the meetings and event market for St. Marks including:

- ✓ Although the region's population growth has moderated during the past several years, growth is expected to positive. Steady growth, combined with a relatively young population base, provides a solid foundation for various segments of the events market.

- ✓ The region's median household income will continue to strengthen; however, income levels remain below that of the State (and many other primary and secondary markets throughout the State) which may indicate a level of price sensitivity for certain events.

- ✓ Though government employment is projected to slow considerably during the next few years, stronger growth in the professional and business services and FIRE sectors is positive factor for the corporate meetings market.

- ✓ During a time when growth in visitation to Tallahassee/Leon County has been very modest, the conference/meeting market has increased its presence in visitor demand and should presumably become stronger with the addition of quality venues.

Section 2: Industry, Comparable/Competitive Market, & Benchmark Analysis

Evaluating the viability of a proposed conference center in St. Marks depends largely upon economic and market conditions within the meetings and event market and, in particular, the characteristics of supply and demand for similar type facilities. Therefore, this section starts with a general understanding of the meeting/event industry and then focuses more intently on the local market with particular attention on the performance of comparable/competitive event facilities. Lastly, we provide a benchmark assessment of similar type facilities in other secondary and tertiary markets to provide additional support to our estimate of performance and operation at the proposed St. Marks facility.

2a. Meetings/Event Industry Profile

From an industry perspective, the meeting and event market is characterized by a wide range of meeting and assembly events related to activities that provide entertainment or educational benefits to small or large audiences.

The meeting/events market is generally categorized by event types including, but not limited to:

- ✓ *Conventions*: Conventions primarily refer to larger scale association and professional (including corporate) groups that typically occur in convention centers, or hotels with significant event space. These events often produce trade shows (defined below) to display products and services. To a large degree, conventions require significant blocks of hotel space on-site or within close proximity to the event facility.
- ✓ *Trade Shows*: Trade shows also represent a gathering of association and professional groups; however, they mostly require more exhibition space with less meeting needs. More so than conventions, trade shows predominately attract attendees from large metropolitan areas and adequate hotel supply within close proximity is important. Trade show events require significant ground-floor space (and height) to promote easy access and mobility of persons and products.
- ✓ *Consumer Shows*: Consumer shows are similar to trade shows, with the exception that the attendee is the general public. Also, the attendee is in many cases a local/regional resident. Similar to trade shows, access and mobility of attendees and products is important.
- ✓ *Civic Events*: These events primarily relate to community or institutional activities such as graduation, sporting events and entertainment (e.g. concerts, circuses). These events typically require stadium or theater type seating, with less of a need for meeting space.

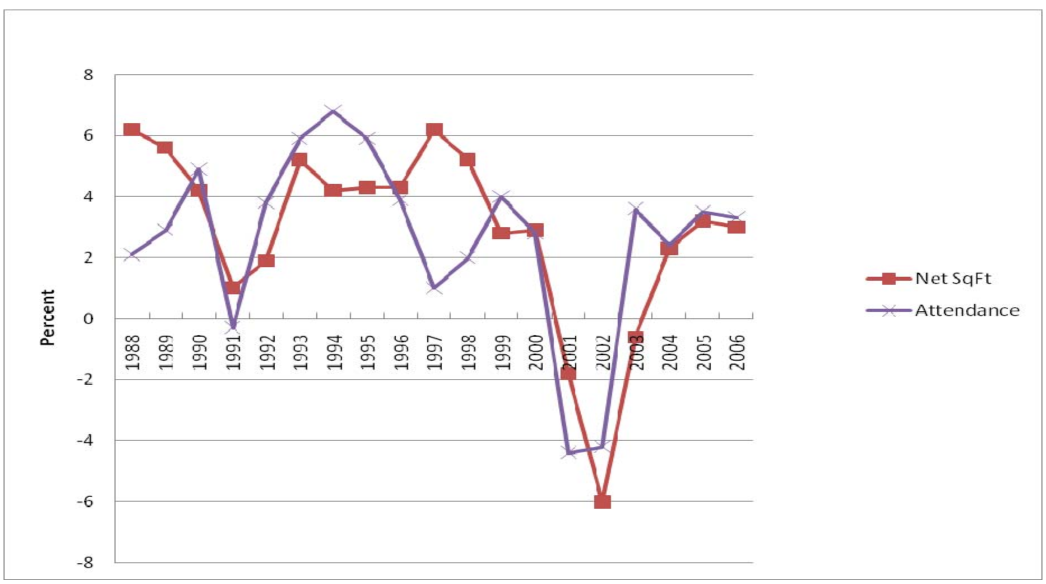
- ✓ *Social, Military, Education, Religious, and Fraternal (SMERF)*: SMERF business is often regarded as an independent event category; however, it can also be a group within a convention/conference or trade show. As these events are re-union type group meetings, educational conferences and/or religious gatherings, SMERF is commonly price sensitive and produces lower revenue from ancillary services compared to other event-types.

- ✓ *Corporate Meetings*: For this analysis, corporate meetings largely represent local business gatherings or incentive based business travel. They typically last from a half-day to two days and provide for a mix of business related meetings and social gathers after hours.

- ✓ *Banquet/Social*: Banquet and social events can be part of a larger convention, conference and/or trade show, but for this purpose, primarily represents weddings, receptions, and/or award ceremonies serving the local market or out-of-area visitors seeking a specific-type destination/facility, such as a resort or themed venue.

During the 1990s, the growth in convention, trade show and event space was relatively strong ranging between 4 and 6 percent during most of the decade. However, as illustrated in the figure below, the addition of supply outpaced demand for much of the latter 1990s.

Figure 11: Convention and Tradeshow Space and Attendance Trends 1988 to 2006
Source: Convention, Sports, and Leisure International; Tradeshow Weekly



Following a notable supply and demand downturn as a result of 9/11 (and global economic slowdown), the industry has achieved stable 3 percent growth during much of the past three to four years.

Though the meeting and event industry may be impacted during the next few years by current and forecast economic conditions, it is evident from long term historical trends that the industry remains largely in balance where supply and demand track fairly evenly.

For the larger meeting and event market including conventions, associations and tradeshows, here are certain attributes that, according to industry surveys and reports, drive demand for larger meetings and events:

- *Availability and Quality of Meeting Room Facilities* – For many conventions, association meetings and conferences, events are planned in the spring and fall and the availability of meeting within a restricted time frame is very important. This is of particular importance when multiple events occur within a market and not only is adequate space needed, but the quality of space is of importance as well.

- *Quality of Service* – Meetings and events are often special occasions and, in many instances, a costly undertaking. Therefore, event sponsors and participants expect a high level of service and will return to, or simply dismiss a location based on the quality of hospitality and professional services (including event staff).

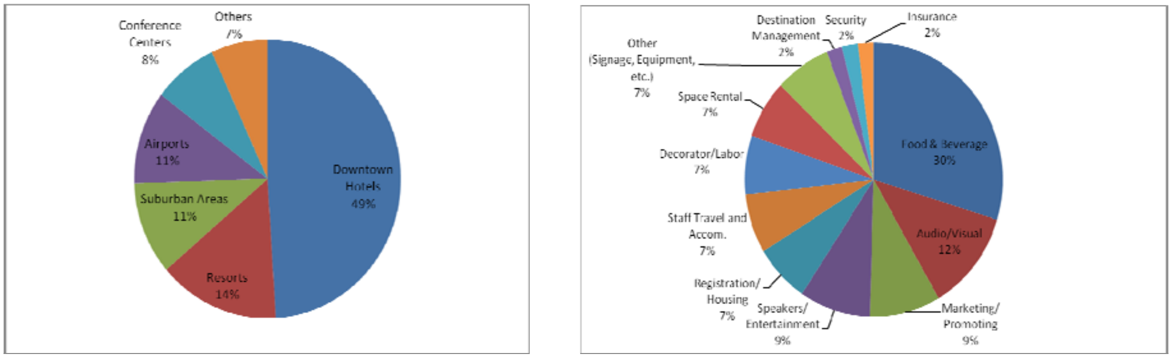
- *Overall Affordability* – For many conventions and association meetings, particularly those that meet two or more times a year, affordability of event space (including ancillary uses), hotel and local services (e.g. transportation) is important.

- *Number of Sleeping Rooms (on-site or within close proximity of facility)* – Many convention/tradeshow, conference, and association meetings are multiple days and an adequate block of hotel rooms is important. During certain occasions, groups will be required to stay at different facilities during a meeting; however, the ability to congregate within a limited number of hotels becomes a critical factor in the event planning process.

- *The Type and Layout of Exhibit Space* – For larger conventions and tradeshows, the layout and logistics of product maneuvering within the exhibition space can be a determining factor for site selection among many organizations and event planners.

For the smaller corporate meeting and event market, the attributes of the venue change somewhat compared to the larger meetings market.

Figure 12: Corporate Meeting Location Profile and Expenditure Characteristics
Source: Professional Convention Management Association (PCMA)



According to the PCMA, nearly half of all corporate meetings are held in downtown hotels, where proximity to businesses and hotel supply is important. As a matter of fact, conference centers capture less than 10 percent of total this event demand sector. Moreover, with 30 percent of corporate meeting/event expenditures going to food and beverage, hotels are well suited to host these types of events, especially those with full-service kitchen facilities and higher quality food service. Audio visual is the second largest expenditure followed by entertainment and marketing. Facility rental is among the smaller expenditure categories for corporate meetings and events, which correlates to the practice of a hotel discounting event space fees in order to secure more profitable rooms and food/beverage revenue.

While certain trends and characteristics observed within the broader meetings and event industry are important, identifying the opportunity and type of meeting or event that will support the development of a "meeting" facility in St. Marks is heavily impacted by market supply, demand and competitive facility characteristics specific to the regional and local market.

2b. Comparable/Competitive Facility Profile

Based upon inventory data provided by the Tallahassee/Leon County CVB, there are approximately 30 comparable facilities in the local market. As illustrated in the following map (Figure 12), nearly all of the facilities are situated within a 5 mile radius of Downtown Tallahassee. While this may seem like a large number of facilities competing with a new development at St. Marks, the fact is only a handful of properties would be truly competitive with a new meeting and event venue.

Figure 13: Map of Facilities
Source: Lambert Advisory

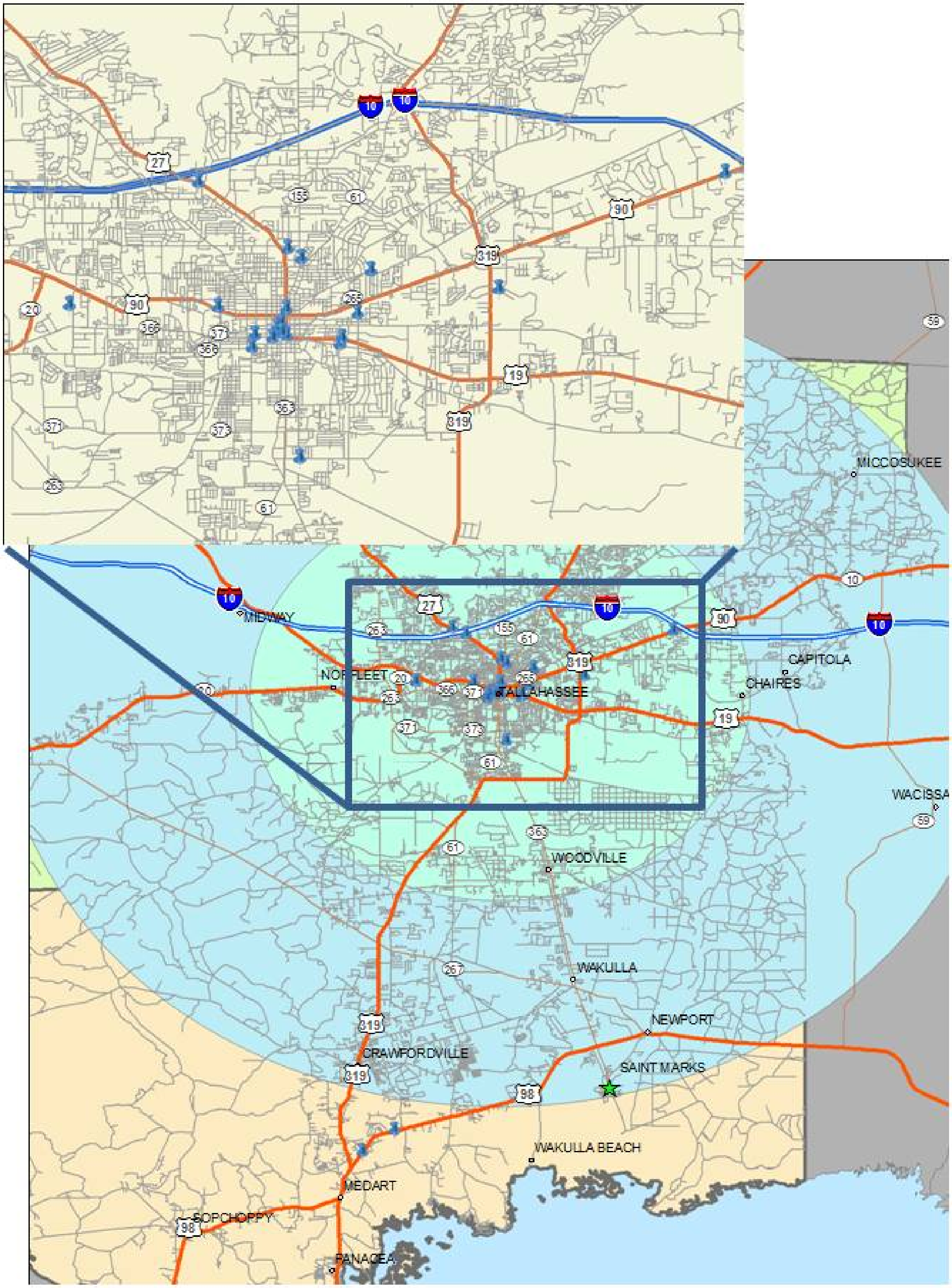


Figure 14: Fifteen Largest Comparable/Competitive Facilities
Source: Tallahassee/Leon County CVB

Facility	Number of Rooms	Total Area (Sq. Ft.)	Largest Room	Smallest Room
North Florida Fairgrounds	5	60,000	12,000	12,000
Tallahassee Automobile Museum	3	20,000	15,000	2,500
FSU University Club	10	19,887	7,770	405
Tallahassee-Leon County Civic Center	6	16,000	10,836	864
City Hall	6	9,102	6,426	221
Challenger Learning Center	6	8,685	4,400	
FSU Student Services Building	9	8,395	3,650	245
Ramada Inn Conference Center	9	7,118	3,040	224
Cross Creek Driving Range	1	6,500	6,500	6,500
DoubleTree Hotel	7	6,000	4,914	338
Women's Club of Tallahassee	2	5,800	5,000	800
Elk's Lodge	3	5,700	5,700	2,800
Park Plaza Hotel	6	5,200	1,890	390
FSU Moore Auditorium	1	4,919	4,919	4,919
Residence Inn by Marriott	5	4,200	1,700	350

First and foremost, there are only about 15 facilities in the market that offer more than 3,000 square feet of contiguous space. Moreover, only four facilities offer a single contiguous space of at least 7,500 square feet. This severely limits the market's ability to host larger events of 500+ attendees; particularly for a sit-down/roundtable occasion that require 12 to 14 square feet per attendee. Furthermore, many of the facilities within the market are strictly used for social gatherings due to the fact that they are older facilities that lack the technology to support corporate meetings. There is no coincidence that the lack of larger-scale, state of the art event and meeting space were two of the top three top reasons that the market "turned-away" 22 potential events in 2008 (based upon Lambert's cursory assessment of a loss business report provided by the Convention and Visitors Bureau). The other limiting factor was lack of adequate hotel supply.

We believe there are six facilities that will effectively compete with the proposed St. Marks venue for meetings and events, including:

- ✓ *Tallahassee Automobile Museum*: The Tallahassee Automobile Museum is located roughly five miles from downtown Tallahassee, but within close proximity to I-10. The facility, which opened last year, comprises 20,000 square feet of total space which includes a 15,000 square foot open (banquet) area that rents for $0.10 a square foot. The facility has up-to-date technology with average quality event space. The facility is host to approximately 250 events per year with an average attendance of 70 people. The majority of the business (75 percent) is from social events, with corporate and government meetings combined representing the remaining 25 percent.

- ✓ *Elk's Lodge*: The Elk's Lodge is located one-half mile from downtown and hosts approximately 130 meetings per year, with an estimated annual attendance of 22,000±. There is a total of 5,700 square feet of event space with two breakout rooms. The facility is older, lacks state-of-the-art technology, and is better suited for banquet style events, such as reunions or parties, rather than corporate meetings. However, the facility reportedly does draw corporate demand that is largely the result of relative affordability.

- ✓ *FSU University Club*: Located in Doak Campbell Stadium, the facility compliments five other comparable conference centers on campus. The facility has a total 19,887 square feet within 10 rooms and is able to accommodate anywhere from 20 to 1,000 people in its meeting, banquet, or theater style rooms. Additionally, there are two outdoor balconies and a restaurant on site that increase maximum capacity. The venue offers new technologies and is versatile enough to host any type of event.

- ✓ *DoubleTree Hotel Center*: DoubleTree Hotel is located in the heart of downtown and remains one of the more popular meeting/event centers in the market. However, the DoubleTree has only seven rooms totaling 6,000 square feet and is best suited for small conference style meetings. The largest contiguous space is 4,914 square feet. While functional, the conference rooms are somewhat dated, of lesser quality and lack sufficient breakout configurations.

- ✓ *Tallahassee-Leon County Civic Center*: Located near downtown Tallahassee and the FSU campus, the venue is by far the largest facility in the region. It offers adequate floor space for conventions and exhibitions, as well as meeting/conference rooms. However, outside of the arena floor, there are six rooms totaling 16,000 square feet, with the largest conference room equaling 10,800 square feet. The venue hosts roughly 600 conferences and meetings with an average attendance of 50± people, or a total 30,000± annual attendees. The venue is equipped with new technology, and rental rates range from $400 a day to $2,200 per day, depending on the room. Much of the meeting/conference attendance is driven by a larger trade show or convention business.

- ✓ *North Florida Fairgrounds*: A non-profit venue, the North Florida Fairgrounds is located south of downtown. The closest hotel is approximately 2.5 miles away and, for this, some business has reportedly turned away. Though it offers the largest total covered event space in the area (60,000 square feet), it comprises five buildings each with 12,000 square feet of fixed, undividable space; therefore, that are ill suited to small meetings and events. The facility, which is host to tradeshows and events such as gun shows and the Scottish Games, it is also popular for large training/testing seminars and large social events that require large contagious space.

The facility lacks any relevant technological amenities. The daily rate for renting a building at the Fairgrounds starts at $850 per day.

Based upon a profile of the comparable/competitive facilities above, we have assessed the market performance for meetings in terms of attendance and space rental/catering revenue.

2b.1 Attendance

Though we were not provided detailed attendance and/or other operating information at a few of the comparable/competitive properties summarized above, four facilities provide an indication of the event mix and attendance performance achieved within the market.

Figure 15: Profile of Select Comparable/Competitive Event Facilities
Source: Tallahassee/Leon County CVB

Conference Center	Total Attendees	Average event size	Social	Corporate	Governmental
Tallahassee Automobile Museum	17,500	70	13,125	2,275	2,100
% of total			*75%*	*13%*	*12%*
North Florida Fairgrounds	30,250	550	9,075	18,150	3,025
% of total			*30%*	*60%*	*10%*
Tallahassee/Leon County Civic Center*	31,552	52	9,650	12,922	3,164
% of total			*31%*	*59%*	*10%*
Elk's Lodge	22,750	175	14,787	7,962	-
% of total			*65%*	*35%*	

The Fairgrounds and the Civic Center reported the highest attendance levels with roughly 30,000± annual attendees. The event business at both venues was predominately corporate based, with limited supporting demand from social events. However, more in-depth analysis of performance at these two venues indicates a few notable factors. For the Fairgrounds, there is a considerable amount of demand from training, testing and related activity. While these tend to be large group events, with average 550 attendees, they are typically lower revenue producing events that do not generate substantial ancillary food and beverage and audio visual revenue. Moreover, we believe that the demand largely being referred to as corporate is more appropriately categorized as SMERF business. For the Civic Center, the downtown facility is likely to remain the only event venue of this size in the market for years to come and will continue to be at a competitive advantage to capture its fair share of meeting and event business, much of which is driven by larger trade shows and conventions that require this size facility.

The Elk's Club and the Automobile Museum, which reported annual attendance of 22,000 and 17,500, respectively, provide an adequate indication of the demand opportunity for social events, but would be less competitive with a new facility at St. Marks for corporate meeting events given their lack of break out capacity and, in the case of the Elks Club, the quality of space and technology infrastructure.

2b.2 Exhibition/Meeting/Banquet Space Rental, Catering and Other

Facility rental rates for tradeshow, meeting and/or banquet space is generally standardized within the market. As such, rental rates for conference rooms generally range from $0.08 to $.20 per square foot. Within the market, actual rental contract pricing may be heavily impacted by specific issues; notably, the need for hotel rooms and catering business.

As a primary component of the corporate and social event industry, food and beverage services provide a significant source of revenue, and are typically a primary profit generator. Based upon interviews with local caterers and event planners, there are a limited number of facilities, most notably the DoubleTree and Women's Club that provide in-house catering or have exclusive arrangements with caterers. As such, the on-site presence of a quality food and beverage kitchen may provide a competitive advantage for new facilities within this particular market; however, the build-out of this type of space is typically very costly. Based upon our discussion with local event planners and meeting facilities, the average food and beverage bill per attendee for most events is generally summarized as follows:

Figure 16: General food and Beverage Costs
Source: Lambert Advisory

Average Food Check ($ per attendee)			
Breakfast	**Lunch**	**Dinner**	**Drinks**
$8 to $10	$18 to $22	$28 to $32	$8 to $10

It should be noted that these food prices are per plate per attendee. Where there is a buffet style set up, the prices are generally about $3 to $4 cheaper during lunch and dinner.

2c. Meeting and Event Facility Benchmark Assessment

Although there are a number of meeting and event venues within the Tallahassee area that will be competitive with the proposed conference facility in St. Marks, only a very few represent a traditional conference and event center that is highly desirable to both the meeting and social event market. For instance, the Automobile Museum, which is considered to be among the most comparable/competitive facilities to St. Marks, was developed under the concept of a museum with event space integrated to primarily support social events within a unique museum attraction. With limited meeting space and breakout capacity, the facility is not geared toward this segment of the market. Similarly, the Elk's

Lodge is a social event venue that is older, and lacks relevant physical and technological capabilities that can attract meetings and/or higher quality social events. The University Center at Doak Campbell Stadium is competitive because it is equipped with upscale amenities and offers multiple options for event layouts.

Therefore, in the effort to gain additional insight into performance and operating characteristics of more traditional "conference" facilities, we completed a benchmark assessment of smaller conference centers located in secondary and/or tertiary market areas throughout the US. Importantly, we recognize that in no way do these facilities represent competitiveness to the St. Marks area. Instead, we believe these facilities are similar type "stand-alone" venues developed to support a balanced mix of conference/meeting, social and other smaller civic events.

These select venues were chosen due to the fact that Lambert Advisory has in-house performance and operating statistics for these venues. Information from some of the venues is public; however, information from others is confidential. Therefore, for purposes of this exercise, the benchmark analysis is presented as an aggregation of the facilities, extrapolating key indices from each facility to help support certain performance and operating assumptions at St. Marks.

The facilities profiled as part of the benchmark assessment include three facilities in Florida (Jacksonville, Hillsborough County, and Miami Dade County), as well as two facilities in Norfolk (VA), Sedona (AZ), and two in Texas (Midland and Corpus Christi). Note, two smaller facilities (8,000 and 12,500 square feet) represent proposed facilities in the Florida market for which Lambert completed comprehensive market and operations analyses; accordingly, these event facilities are recreational/community facilities primarily supported by a local market, but which have been included as part of this an analysis given their relevance for certain operation statistics and ratios. The remaining six facilities represent more traditional conference venues with a regional demand base ranging in total size from 25,000 to 50,000 square feet.

The following table provides a summary of estimated performance characteristics and our estimate of the median range given our weighted evaluation based on varying facility and/or market characteristics.

Figure 17: Benchmark Assessment Summary (Select Facility Profile)
Source: Lambert Advisory, LLC (In-house Data)

	Est. Range	Est. Median
Annual Attendees:	13,200-63,000	33,000
Avg. # Attendees/Event:	50-200	100
Revenue Per Attendee		
Space Rental:	$4-$8	$6
F&B (Commission):	$4-$10	$7
Other (A/V, Tele.):	$1-$6	$4
Total:	**$12-$23**	**$17**
Expense Per Attendee		
Labor:	$4-$14	$10
Other Ops:	$3-$16	$8
Total:	**$7-$30**	**$18**

Annual attendance among the competitive set ranges from 13,000 to 63,000 attendees. The higher-end of the range represents the larger facilities that tend to have a more regional draw. The median annual attendance among all facilities is estimated to be approximately 33,000 attendees.

For the majority of facilities providing event data, the number of annual meeting, social and other events ranges from 225± events to 350± events, with average attendance primarily defined within the 50 to 200 person per event range. We estimate median attendance to be in the 100 persons per event range; however, it is important to note that three of the venues are situated in a central/downtown area and therefore a number of events comprise small corporate meeting activity (e.g. 50 persons or less) with short duration such as a breakfast meeting or evening presentation.

An important component of the benchmark assessment completed herein is the evaluation of operating statistics, namely an understanding of primary revenue and expense items. There are three primary categories to define sources of revenue for conference and/or event facilities: space rental, food and beverage, and other (which includes audio visual, advertising and ancillary charges).

For facility rental income among the benchmark properties, revenue generally ranges from $4 to $8 per attendee, or an average of roughly $6 per attendee. This is a relatively defined range among most event facilities throughout secondary market areas, including the Tallahassee market. As an example, for an event with 200 to 250 persons utilizing event space of 7,000± square feet, this would indicate a rental rate approximately $0.15 per square foot which is directly in line with rate structure within the subject's comparable/competitive and benchmark facilities.

For the most part, food and beverage service is an independent business within a conference facility. An evaluation of the food and beverage service can be very comprehensive and is dependent upon physical characteristics and the capacity of the kitchen, as well as the operator. While most of the select facilities comprise a full-service kitchen and encourage utilization of their facilities to support events, many events prefer to have this service provided by an outside vendor that will pay a commission to the event facility for utilization of their kitchen facility.

In the absence of a more comprehensive food and beverage operations analysis (which is beyond the scope of this analysis), we believe the most effective way to compare food and beverage operations among a wide range of facilities is to derive possible revenue on a net revenue basis (e.g. after cost of goods sold). Based upon our profile of benchmark facilities, food and beverage net revenue generally ranges between $4 and $10 per attendee. This can be largely supported by an analysis of food and beverage charges in the local comparable/competitive market. As summarized in the comparable/competitive section above, the average food bill among the local market generally ranges between $18 and $32 per attendee, with an additional $8 to $10± average beverage bill. If net revenue is assumed to be in the $7 per attendee range, this represents a net profit margin in the 30 percent range, which is considered reasonable for conference facility food and beverage service.

Similar to food and beverage service, ancillary (other) income is based upon each facilities audio/visual capabilities, communications set up, HVAC capability, and other physical characteristics/improvements. As a result, and illustrated within the benchmark analysis, ancillary income can range from a marginal $1 per attendee to an average $6± per attendee.

In all, the benchmark assessment indicates total revenue from all sources ranging from $12 to $23 per attendee, with median revenue of approximately $17 per attendee.

Although this market study is not intended to estimate operating expenses associated with conference facility at St. Marks, the information contained within our benchmark assessment provides a very general understanding of the cost associated with facility operations that may prove helpful in subsequent planning efforts. Conference facilities can be very unique among themselves; therefore, comparing operations can be complicated considering the fact that some facilities may be publicly owned. While these types of facilities may operate independent of city management (e.g. private operator), there can be "shared" expenses such as payroll, insurance and/or real property tax that apply to one facility but not another.

This differentiation becomes clear within the benchmark analysis that indicates expenses ranging from a very low $7 per attendee (which does not include any food and beverage operations) to a high of $30 per attendee, with an estimated median expense of $18 per attendee. This largely affirms an industry-wide understanding that revenue neutrality within a standalone conference is difficult to achieve; therefore, many cities participate (or subsidize) in the development and, in many cases, the operations of a conference venue.

2d. Conclusion to Industry, Comparable/Competitive & Benchmark Assessment

The insight derived from a profile of the meeting event industry, comparable/competitive market and benchmark assessment provides the basis for projecting attendance and specific operating results for a proposed conference facility in St. Marks. We recognize there are elements of the analysis that may not directly apply to a meeting/event venue in St. Marks; however, there are key characteristics within this analysis that do provide critical insight into on-going planning efforts; notably:

- ✓ Regardless of venue location within a primary, secondary or tertiary market, the quality of space is an important factor in the event planning process. As such, there needs to be adequate open area, banquet and break-out meeting space to effectively compete for a variety of events/business segments. In a market that is need of larger/higher-quality event space and state-of-the-art technology features, a well planned facility in St. Marks can promote a superior venue within the local market that appeals to all sectors of the events business.

- ✓ For mid- to larger-scale events (500± attendees), banquet/ballroom area of more than 7,500 square feet is important. The Automobile Museum and University Club are the only facilities in the local market to offer higher-quality banquet space in this size range.

- ✓ The ability to host regional (or national) events with a significant amount of attendees coming from outside the area requires on-site or nearby hotel supply. Therefore, absent the opportunity for St. Marks to viably integrate hotel supply on-site or within close proximity of the property, the capability to host such events is impacted.

- ✓ For facilities planning to attract corporate meetings and social events, food and beverage service is a critical component to facility operations. With limited food and beverage (catering) service within close proximity to the proposed facility at St. Marks, the venue will likely need a full service, higher quality kitchen.

- ✓ Although annual attendance among the comparable/competitive and benchmark properties varies considerably, average attendance at the more relevant properties ranges between 20,000 to 30,000 generally hosted within at total 150 to 300 events per annum.

- ✓ Based upon an analysis of revenue by source, with notable support from the benchmark assessment, annual revenue per attendee for similar type event facilities primarily ranges from $15 to $20 per attendee (with food and beverage included on a net revenue basis).

- ✓ Based upon industry benchmark, revenue neutrality for a conference facility is difficult to achieve without integrated development uses such as a hotel from which to share certain operating elements such as food and beverage and marketing. In many cases, operating and/or development subsidies from the public sector are required.

Section 3: St. Marks Conference Facility Recommendations, Estimates of Performance, and Next Steps

Based upon the economic/demographic, industry, comparable/competitive and benchmark analyses completed for this study, we have contemplated certain "build-out" recommendations for the facility's design, as well as developed performance projections for a prospective St. Marks conference center.

3a. Facility Opportunities and Constraints

The initial step to defining the prospect to develop a conference center in St. Marks is to understand the more relevant issues in terms of both opportunities and constraints. Identifying these issues proves critical to the planning process since this can be a major capital undertaking for the City. Following is a summary of notable opportunities and constraints for the St. Marks conference center:

3a.1. Opportunities

- *Location:* Though the site location for the proposed conference center has not yet been identified, we believe that there is a tremendous opportunity to capitalize on the waterfront, as this represents a feature unique to the entire region. Riverfront views for events/meeting, including an outdoor pavilion that has a direct view to the water, is a distinguishing feature within the market and may be critical to the success of a conference center in St. Marks.

- *Facility Quality:* Particularly as it relates to the comparable/competitive market, a new event facility that is well designed, offers one of the largest contiguous open exhibition/banquet areas, and provides superior technological capabilities, ensures its competitive advantage in the market.

- *Stable Mix of Events:* The local event market has a relatively stable mix of event demand from the various demand segments including corporate, and social, military, education, religious, and fraternal (SMERF). The ability to effectively host a variety of events is important to the sustainability of a multi-purpose event facility.

3a.2. Constraints

- *Limited Infrastructure:* This primarily relates to the airport, whereby Tallahassee Regional Airport services limited direct flights from major U.S. and international destinations. Airlift capacity is a very important to a market's ability to promote meetings/event beyond a regional boundary. With limited air capacity and accessibility, the Tallahassee market is largely defined as a local and regional (drive-to) event/meeting market.

- *Limited Hotel Supply:* As an add-on to infrastructure, hotel supply is critical to hosting mid- to larger-scale events. This limited supply in the Tallahassee market area is a hindrance to capturing multi-day events.

- *Distance from Downtown Area (Urban Core):* In some regards St. Mark's distance from the downtown area and/or core population, business, universities and government offices can be an attribute promoting a secluded and/or remote environment. However, for certain events, the 20-mile distance from the central downtown area has its limitations. This specifically pertains to smaller events (including breakfast meetings, half day training sessions, and/or evening meetings/social gatherings) where the event is often proximate to offices, hotels and/or resident base. These short term events, or the absence thereof, can have an impact on facility revenue generation.

3b. Facility Design Recommendations

Presently, site location for a conference facility in St. Marks has not yet been decided. Regardless, we believe that positioning along the waterfront offering a direct view to the river is paramount to the success of this facility. Location along the waterfront is a discerning feature that will distinguish itself from the rest of the market.

As for the venue's design, we recommend the general conference/banquet/exhibition layout comprise:

- Approximately 12,000 to 15,000 square feet of indoor meeting and banquet space, providing direct waterfront views to the river – this includes 8,000 to 10,000 square feet of contiguous space that can host more formal social events;
- Additional outdoor (mostly covered) ground floor/or second level area and general event space, situated directly along the riverfront;
- 18-foot cleared ceiling height; and,
- Finishes on the second floor including carpeting and wall covering which will allow the facility to host a wide range of events.

Considering the area's demand segmentation, we believe that the following design details be considered for the conference/banquet space:

- A minimum of four breakout rooms generally ranging in size from 500 to 2,000 square feet;

- Aerated walls to provide flexible meeting space options and access;
- State-of-the-art technology (audio/visual capabilities) as well as broadband wireless internet access;
- Minimum of 2,500 square feet of kitchen catering space, including a full service banquet kitchen; and,
- Window coverings which allow for "black-out" during meetings and presentations.

Overall, as envisioned above, the St. Marks conference facility should be positioned as a superior facility within the market due to: 1.) its position as a waterfront meeting/event facility offering views of the river for both corporate and social events; 2.) the provision of state-of-the-art technology and flexible spatial configuration; 3.) the newness of the facility, which naturally generates market share particularly considering that many smaller event/hotel facilities are older; and, 4.) availability of one of the largest contiguous high quality meeting/banquet space within the market. Accordingly, it will be capable of competing effectively within the market for a broad range of event sectors.

3c. Summary of Performance Assumptions and Results

The estimates of revenue are based upon the market supply and demand analysis provided within the preceding sections. This includes information for conference and meeting facilities provided by competitive facilities as well as from our benchmark assessment of operations at similar type facilities outside of the market area.

Attendance. Annual attendance among the comparable/competitive and benchmark properties, most facilities host between 150 and 300 events per year generating a total of roughly 20,000 to 30,000 attendees. Based upon the potential event and demand opportunity for St. Marks, we have prepared estimates of performance for the subject facility categorized within three primary demand segments: meetings, conference and banquet/social. This includes projections on both a lower (more conservative) and higher (more aggressive) basis and considers a three year "ramp-up" period to achieve performance stabilization.

Figure 18: St. Marks Conference Facility Event & Attendance Estimates (through Stabilization)
Source: Lambert Advisory

Events	Year 1	Year 2	Year 3
Meetings			
# Low	40	60	70
# High	50	70	90
Avg. Attendance	*50*	*60*	*70*
Conference*			
# Low	7	10	15
# High	10	16	20
Avg. Attendance	*200*	*225*	*250*
Banquet/Social			
# Low	25	40	50
# High	40	60	75
Avg. Attendance	*150*	*175*	*200*

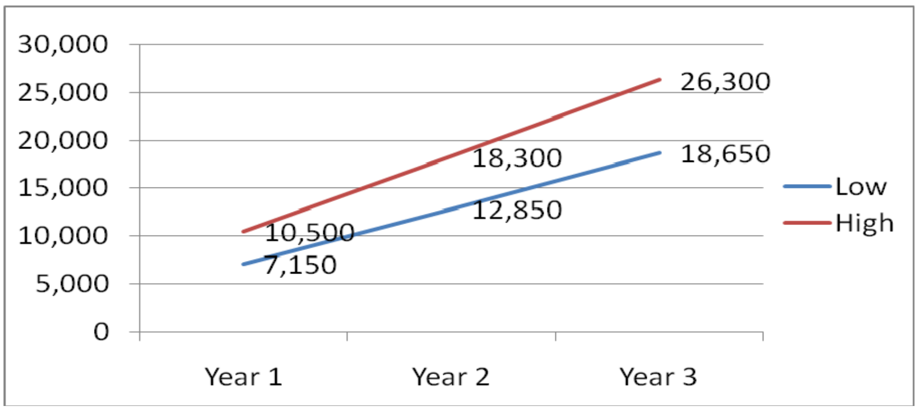
*Conference will most likely require adequate accommodations

For the *meeting* events, which largely represent corporate/government or private meetings, training seminars, and/or presentations/lectures, we estimate in the lower scenario that the number of meetings per year will increase from 40 events in Year 1 to 70 events upon stabilization. In the higher growth scenario, the number of meetings is estimated to increase from 50 events in Year 1 to 90 events by Year 3. The average attendance for these types of meetings is estimated to range from 50 to 70 persons. The ability to support performance above these ranges is difficult as the St. Marks facility may not be the beneficiary of many small and short-duration events that will likely utilize hotel or event facilities closer to Tallahassee's downtown/central area.

As for the *conference* event market, we estimate the number of events to increase from 7 events to 15 events during the first three years of operations on a lower projection basis, and 10 events (Year 1) to 20 events (Year 3) on a more aggressive scenario. The conference events are estimated to average 200 to 250 persons per event. However, it is very important to recognize that the ability to attract some of the larger conference/meetings that the facility is capable of hosting and factored into these estimates will in all likelihood require a hotel facility on-site, or within the immediate area. The fact is, without a hotel facility, these larger conference events will be difficult to attract as they tend to be multi-day events and therefore proximity to rooms supply is important.

For the *banquet/social* event, we believe the St. Marks facility would be well positioned to capture more than its fair share of larger and mid/higher-end events, or an estimated 50 to 75 events per year, with average attendance in the range of 150 to 200 persons. In the same regard as meetings, the facility's location somewhat limits the ability to capture certain smaller (filler) events and therefore volume (in terms of number of events) has been moderated.

Figure 19: St. Marks Conference Facility – Summary of Attendance Estimates (by Growth Scenario)
Source: Lambert Advisory



Based upon the estimates of performance through stabilization, total attendance for all events is estimated to range from approximately 18,000 to 26,000 per annum by the third year of operations. As an average, this would indicate approximately 160 total events with 140 attendees per event; or, a total average annual attendance of 22,500 upon stabilization.

Revenue (by Source). Revenue for the St. Marks conference facility will be generated from three primary sources: rental income, food and beverage service, and ancillary services and miscellaneous fees (e.g. audio/visual equipment rental, utility fees). Following is a summary of revenue assumptions used as a basis for determining operating results:

Rental Income: A new facility at St. Marks should support rental rates at the upper end of the range for the market, or average rates between $0.12 and $0.18 per square foot. However, given the economics of the market, the facility will probably need to remain price sensitive to accommodate certain events. Nonetheless, and as detailed within the preceding section, this generally supports rental income ranging between $4 and $8 per attendee per annum. For this analysis, we estimate rental income to reach $7 per attendee per annum by stabilized operations.

Food and Beverage Income: The recommendations herein suggest that the St. Marks conference facility build-out a full service kitchen. As outlined within the preceding comparable/competitive market profile, we estimate net food and beverage revenue per attendee should be in the range of $7 in Year 1 operations increasing to slightly more than $8 per attendee upon stabilization in Year 3.

Ancillary Service and Miscellaneous Fees: Ancillary services and miscellaneous fees ordinarily represent revenue associated with audio/visual rental and set-up and utility service fees which may comprise a pass-through for electric (e.g., lighting, HVAC). For this analysis, we estimated ancillary and miscellaneous income for St. Marks to approximate $4 per attendee by stabilized operations, or nearly 25 percent of total revenue.

Based upon the revenue assumptions above, Figure 20 below provides a summary of revenue projections revenue (for which food and beverage is a net of cost of goods and labor) during the first three years of operations. The revenue estimates provide a baseline measurement to assess viability once a more formal operating structure is created during subsequent phases of the planning process.

Figure 20: St. Marks Conference Facility Estimated Attendance, Events & Revenue (through stabilization)
Source: Lambert Advisory

Event	Year 1	Year 2	Year 3
Avg. # Events	86	128	160
Avg. Attendance	103	122	140
Total Attendance	*8,858*	*15,616*	*22,400*
Revenue/Attendee			
Space Rental	$6.00	$6.50	$7.00
F&B Commission	$7.00	$7.50	$8.00
Other	$3.50	$4.50	$5.00
Total Rev./Attendee	*$16.50*	*$18.50*	*$20.00*
Total Revenue			
Space Rental	$53,148	$101,504	$156,800
F&B Commission	$62,006	$117,120	$179,200
Other	$31,003	$70,272	$112,000
Total Revenue	$146,157	$288,896	$448,000

Overall, we believe that with the right location and facility design, a conference center in St. Marks will represent a superior venue within the market and will effectively compete for its share of event business. However, as noted throughout, the integration of a supporting hotel may prove critical the financial success of the event facility. The viability of the hotel component requires further investigation. Nonetheless, the addition of a hotel into the development plan may help to position the

St. Marks conference facility as a desirable corporate or social retreat from which to leverage upon the areas unique waterfront location, history and culture. This would be similar in concept to properties such as Steinhatchee Landing Resort (in Steinhatchee, FL) or a Marywood Retreat Center (in Jacksonville, FL).

3d. Recommended Next Steps

The analysis and findings herein set forth an understanding of the market dynamics, design criteria and preliminary estimates of performance for the proposed St. Marks conference center. However, as discussed in various sections of the report, there are several items that must be addressed ranging from site selection and acquisition, to further evaluation of the need (and ability to support) and a more comprehensive development plan of which includes hospitality and/or retail components.

Therefore, in an effort to further the planning process for the development of the St. Marks conference center, we recommend the Waterfronts Florida Partnership consider next step actions, including:

Site Selection. As noted, the conference center would be best served by capitalizing on a location that at the very least provides direct view to the waterfront. Given that the site has yet to be determined, the site selection process will be an integral part of the planning process. Not to mention, critical elements of the design (including issues such as parking) and cost will be contingent upon the location and dimensions of the property.

Further Evaluation of Hospitality Component. It is clear that in order for the proposed conference center to compete effectively in the market, and capture a critical mass of demand including larger events that require multiple day booking, overnight lodging is likely required. With that, determining the size and type of lodging facility becomes an important factor as well. However, given our understanding of the regional lodging market, the ability for the conference center to provide adequate year-round demand to support a hotel development is questionable (without serious subsidy requirements). Therefore, we recommend a hotel feasibility analysis be undertaken to determine the size and type of lodging to be built, as well as understand how the proposed facility may further support the overall conference center, as well as provide an indication of the additional funding that may be needed to support the hotel. Specifically, the study should focus on the opportunity to capitalize on the area's eco-tourism and eco-retreat atmosphere given the waterfront and its appeal, the proximity to Wakulla Springs State Park, and peaceful environment. In addition to the feasibility of hotel development, preliminary investigation into supporting retail that may complement and enhance the broader conference center development plan is advised.

Conceptual Plan and Preliminary Cost Estimation. At this point, it may be premature to engage design and engineering services for the conference center; however, the team may consider moving ahead with preparation of conceptual renderings. In fact, this may be instrumental to garnering support for site selection/acquisition, as well as bolster community support for the project. Additionally, general (preliminary) cost estimates can be prepared based upon the concept to provide the planning team with a better understanding of the capital requirements needed to complete the project.