

# Consideration of Ballot Question for Event Center and Two Rivers Convention Center

---

CITY COUNCIL MEETING

JANUARY 4, 2017

GREG CATON, CITY MANAGER

# Timeline

---

- Discussion in the Community for several years with several feasibility studies
- Council authorized a new feasibility study to be conducted by industry consultant starting in 2015
- Added analysis of Two Rivers Convention Center operations
- Report at Council Meeting in February 2016
- Council and Community trip to evaluate an event center in Boise, Idaho
- Council direction to revisit feasibility of event center in Summer 2016
- Additional work by consultant regarding potential optional downtown site
- Community Focus Group
- December 5<sup>th</sup> Workshop Report by Hunden Strategic Partners (HSP)
- Council direction to draft ballot question

# HSP Feasibility Study

---

- Event and Convention Center
  - Connected to Two Rivers Convention Center
  - New 5,000+ seat event center and arena
  - Improvement and expansion of existing convention center
  - Operational efficiencies with Two Rivers Convention Center
- Regional
  - Market covers a regional geographic area attractive to concert and event promoters
  - Minor league sports teams
  - Larger conferences, corporate events, trainings, and conventions
- Downtown Location
  - Proximity to existing restaurants and hotels
  - Walkable
  - Visitors stay after event

# HSP Feasibility Study (continued)

---

- Summary of 30 Year Economic Impact Event Complex (Event and Convention Center)
  - 401 new jobs (200-240 direct)
  - Net new earnings \$318 million (\$10 million per year)
  - Net new spending \$999 million (\$30 million per year)
  - Additional City Sales Tax at 2.75% is \$10 million (\$300,000 per year)
  - Additional Lodging Tax at 3% is \$5 million (\$150,000 per year)
  - One-time construction impacts on an estimated \$60 million total project
    - New material spending \$25 million
    - New labor spending \$37 million
    - Construction jobs created
- Annual Visitors
  - Day trips 78,000 new day trips to Grand Junction
  - 47% from outside of the Grand Junction area with 16% staying overnight
  - Equates to additional 13,000 rooms

# Financial

---

- Source of revenues
  - Sales tax is the City's major source of revenue for operations and capital
  - City households pay 22% of sales tax
- Comparable Sales Tax Rate
  - Average sales tax rate of 25 comparable cities in Colorado including neighboring communities is 3.3%
  - Fruita and Delta sales tax rates are 3%
  - Montrose sales tax rate is 3.3%
- ¼% sales tax projected to cover debt service and operating subsidy if necessary
  - First full year of revenue is projected at \$4 million (will increase with annual growth of retail sales)
  - Average annual debt service is projected between \$3.5 and \$3.9 million
  - Assumed term is 30 years, debt issuance in 2017
  - Based on projections from Municipal Financial Advisor average coupon rate ranges between 3.48% and 3.99%