

An architectural rendering of a large, modern building with a curved roof. The roof features a prominent archway with the words "FLORIDA GATEWAY CENTER" in green, illuminated letters. The building's facade is a mix of tan, red, and blue. Large windows and glass doors are visible. In the foreground, there is a parking lot with several cars, palm trees, and streetlights. The sky is blue with some clouds.

FLORIDA GATEWAY CENTER

Columbia County Events Center

Planning Committee Report – October 9, 2012



INTRODUCTION





INTRODUCTION

- ▶ The purpose of this report is to provide both elected officials and citizens with the information necessary to make an informed decision on the feasibility of constructing an Events Center for Columbia County. In order to protect the integrity of the information provided; reliable, competent consultants were used to supply data where needed. Where possible, data extracted from current (2012) demographics was used. Also, the use of economic multiples (7x) to determine economic impacts and the "buy-down" of costs with grants and/or outside contributions was avoided. It was the intent of the committee to provide realistic facts pertaining to the cost and financing of the project and to eliminate "assumptions".
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PROJECT HISTORY





PROJECT HISTORY

- ▶ In FY 10/11 County Commissioner Jody DuPree was appointed by the Chair of the Tourist Development Council (TDC) to chair a fact finding committee on the benefits of an Events Center and the enhancement of recreational facilities for tournament play to Columbia County and its tourism efforts. On July 20, 2011, the Committee presented its findings on the Events Center and Sports Tournaments to the TDC.





The Sub-Committee found the following facts related to an Events Center:





Fact No. 1

The ideal situation is to acquire large acreage with interstate frontage.





Interstate Frontage

- ▶ Interstate frontage is critical to successful centers as it creates a presence and an awareness of the facility.
- ▶ Land is less expensive before beginning operations.
- ▶ The acquisition of additional acreage up front prevents the center from becoming land locked and allows for future expansion at a lower cost.





Interstate Frontage continued...

- ▶ A "campus" setting with multiple buildings allows for multiple events to occur simultaneously with modest additional cost.
- ▶ Larger acreage is needed for events such as RV shows. Some facilities supply RV spaces with water/sewer/electric hookups to support events such as dog shows, etc.
- ▶ Parking is a major concern and requires adequate space.





Fact No. 2

Facilities need to be designed for multi-purpose events and not be limited to a conference or convention center.





Design for multi-purpose events

- ▶ Buildings should use free span construction and be designed to allow for future expansion. Buildings should be clustered.
- ▶ Electrical grids should be placed in flooring. This allows flexibility in event planning.
- ▶ High end finishes are not needed for all facilities.





Design for multi-purpose events (cont..)

- ▶ All facilities should have redundancy built into their systems such as HVAC and sound.
 - ▶ If a system fails, the events can continue and the facility will have fewer cancellations.
 - ▶ Systems, like HVAC, should be located outside event space so that maintenance and repairs will not impact events.
 - ▶ Buildings should use separate smaller systems so that spaces can be isolated. The facility could then heat or cool only what space is necessary.
 - ▶ Zone sound systems can be designed for multiple events in one building.





Fact No. 3

These facilities are seldom self supporting and will require financial assistance; however, most events should be structured to cover their cost.





Finances

- ▶ Of the facilities visited, outside funding was used to pay for the facility construction costs. Only operating expenses were paid from usage fees and "bed taxes".
- ▶ The best management only provided 75% to 80% return on operating expenses.
- ▶ The most successful facilities utilized "fairs" to generate a large portion of their annual revenue.





Finances (continued)

- ▶ One day events do not cover costs unless rates are increased. The expenses are in "set up" and "tear down" of one day events.
- ▶ Outdoor only events, such as car shows, are not as profitable for a facility; however, they still benefit the local economy.
- ▶ All facilities should measure the economic impact of each facility event on the community.





Finances (continued)

- ▶ Targeted marketing is more effective than running ads.
- ▶ Marketing staff should measure the results of their advertising campaigns to see what works.
- ▶ Recruiting events that have a good fit for the facility and mission is necessary.
- ▶ Marketing staff should not over book events. If an event occurs too frequently, the event will have a smaller draw.





The Tourist Development Council chose to pursue recreational improvements to enhance sports tournaments only; therefore, the Columbia County Board of County Commissioners appointed a new committee to complete research on the feasibility of an Events Center on October 6, 2011.

The Committee's objective was to examine the feasibility and costs of such a facility in Columbia County.





Researching the Events Center

- ▶ Several different locations were visited and examined.
 - ▶ Committee members visited centers in Hattiesburg, Mississippi; Valdosta, Georgia; Perry, Georgia; and Osceola County, Florida
 - ▶ Other sites in Jacksonville, Lakeland, and Volusia County provided additional information.
- ▶ The Committee was looking for what worked at each facility and what they would change.
 - ▶ Committee members developed a conceptual plan for the types of facilities that would be needed to support an agriculture centered complex and support non-agricultural events and meeting space as well.
 - ▶ The Committee invited board members from Columbia County Resources, Inc. to join and assist in revising the conceptual plans.





THE PROJECT





The Project

- ▶ Based upon the data and facts obtained by the Columbia County Events Center Planning Committee, the desired project would be inclusive of the following:





The Project continued...

- ▶ The site would be a minimum of 200 acres with interstate frontage.
- ▶ The site would have access to public utilities with the ability to create adequate ingress and egress.
- ▶ The building would be multi-purpose in design and contain approximately 250,000 sq ft.
- ▶ The project would require a strong governance plan.
- ▶ The project must be done in cooperation with Columbia County Resources, Inc. (owners and operators of the Columbia County fairgrounds).





The Project continued...

- ▶ A Memorandum of Understanding (MOU) between Columbia County and Columbia County Resources, Inc. is in the process of being finalized by attorneys representing both Columbia County and Columbia County Resources, Inc. Subject to the approval by the CCR Board of Directors and completion of the Events Center Project, the land of Columbia County Resources, Inc. would transfer to Columbia County. This land is then available for sale and/or development and provide both a direct and indirect financial impact.





DIRECT/INDIRECT BENEFITS

(FROM MOU WITH COLUMBIA COUNTY RESOURCES, INC.)





Direct/Indirect Benefits

- ▶ The current Columbia County Resources, Inc. (CCR) campus consists of 82.56 acres. It is proposed that this acreage would be sold. Based upon the fair market value established by the office of the Columbia County Property Appraiser, the land value is \$4,641,212 or \$56,216 per acre. This sale is a direct benefit to the Events Center project. 100% of land sale proceeds can be allocated to the cost of the Events Center.





Direct/Indirect Benefits continued...

- ▶ The indirect benefit from the sale of the Columbia County Resources, Inc. campus results from the development of the land after the sale. The indirect benefit can be measured in both new ad valorem taxes generated and new jobs created. The new ad valorem taxes generated was determined by using an average of the actual Columbia County tax roll for like and similar properties.





Direct/Indirect Benefits continued...

- ▶ Based on the average, the new ad valorem taxes generated would be calculated as follows:

Total property value (target area)	\$157,507,404
Total acreage (target area)	593
Average property value per acre	\$ 265,611

- ▶ $\$265,611$ (average property value within target area per acre) \times 82.56 acres (total acres in Columbia County Resources, Inc. campus) \times 16.8033 (total county millage) = $\$368,477$.



Direct/Indirect Benefits continued...

- ▶ The new jobs created was calculated based upon the assumption that the currently vacant 82.56 acres will eventually be developed into commercial buildings with attendant employees. The following table, which was developed from like and similar properties in Columbia County assumes the location of the following businesses on the property:

	<u>Units</u>	<u>Total Jobs</u>
Merchandise Super Centers	2	1,000
Hotels	3	160
Restaurants	5	600
		<u>1,760</u>



Direct/Indirect Benefits continued...

▶ Columbia County Events Center Project Estimated Jobs Created By Development Of CCR Property

	<u>SUPER CENTER</u>	<u>HOTEL</u>	<u>RESTAURANT</u>	<u>TOTAL</u>
SQUARE FOOTAGE	220,000	45,000	7,500	
ACRES	23	3	3	
EMPLOYEES	500	40	120	
NUMBER PROJECTED	2	4	5	
TOTAL EMPLOYEES	1,000	160	600	1,760
AVERAGE ANNUAL WAGE	\$19,000	\$20,000	\$18,000	
TOTAL ANNUAL WAGES	\$19,000,000	\$3,200,000	\$10,800,000	\$33,000,000
TOTAL ACRES	46	12	15	73
TOTAL SQUARE FEET	440,000	180,000	37,500	\$657,500

▶ It is assumed that a different mix of potential businesses would generate at least the same approximate total jobs and annual wages.



DIRECT/INDIRECT BENEFITS

(COLUMBIA COUNTY EVENTS CENTER)





Direct/Indirect Benefits

- ▶ The benefits of building and operating an events center was determined by utilizing the services of Brian Richard, Ph.D. Dr. Richard is currently Assistant Professor in the Department of Economic and Workforce Development at the University of Southern Mississippi. Dr. Richard prepared a report entitled "Potential Economic Impacts of a Proposed Multipurpose Facility in Columbia County, Florida".





Direct/Indirect Benefits continued...

- ▶ The direct benefit of an Events Center would be the creation of additional tax revenue. In year three (3), the additional sales tax revenue (excluding 1/2 cent sales tax distributions) is estimated to be \$46,562. In year three (3), the additional bed tax revenue (based on 3%) is estimated to be \$25,000.





Direct/Indirect Benefits continued...

- ▶ The indirect benefit of an Events Center is the creation of jobs. The estimated number of new jobs (not Event Center related) is projected to be 79. These 79 new jobs are estimated to generate \$1,587,634 in wage income.





Direct/Indirect Benefits continued...

- ▶ Other indirect benefits of building and operating an events center have been identified as follows:
 - ▶ Will build an identity for Lake City/Columbia County (similar to the impact the National Georgia Fairgrounds has had on Perry, Georgia)
 - ▶ Will provide the local community with a venue to hold events that are too large for community centers.
 - ▶ Will provide the Tourist Development Council with a venue to book shows, conventions and meetings.
 - ▶ Secondary development will occur in the vicinity of the Events Center generating \$4.6 million in annual expenditures (based on the Richard report)





PROJECT REVIEW

(What we have learned to this point)





Project Review

- ▶ An Events Center would create an identity for Lake City/Columbia County while providing a venue to hold large events including, but not limited to shows, conventions and meetings.
- ▶ The Center, as part of its governance plan, would assume ownership and control of the properties currently owned by Columbia County Resources, Inc.





Project Review continued...

- ▶ The known direct benefits of constructing an Events Center include, but are not limited to the following:
 - ▶ Provides approximately \$4.6 million in revenue from the sale of property currently owned by Columbia County Resources, Inc.
 - ▶ Provides an economic impact of approximately \$71,000 in new tax revenue annually to the community through event bookings





Project Review continued...

- ▶ The known indirect benefits of constructing an Events Center include, but are not limited to the following:
 - ▶ \$368,477 in annual estimated ad valorem taxes from the development of properties currently owned by Columbia County Resources, Inc.
 - ▶ 79 new jobs created from the Events Center with total estimated wages of \$1,587,634.
 - ▶ 1,760 new jobs created from the full development of the current Columbia County Resources, Inc. campus with total estimated wages of \$33,000,000.
 - ▶ Would generate secondary development in the vicinity of the Events Center.



PROJECT DESCRIPTION





Project Description

- ▶ The architectural firm of Clemons, Rutherford and Associates was selected to provide a preliminary design for an Events center. The firm will provide a presentation on the project description.





PROJECT COST AND FINANCING





Project Cost and Financing

- ▶ Richard Powell, CPA will provide a review of the project cost including financing options and project operating cost.





Project Cost and Financing continued...

▶ Estimated Capital Costs

LAND COST- 200 ACRES	\$ 4,000,000
SITE DEVELOPMENT	2,500,000
MAIN BUILDING	13,000,000
SECONDARY BUILDINGS	7,300,000
CONNECTING WALKWAYS	480,000
CONTINGENCIES	1,000,000
	<hr/>
	28,280,000
LESS CONTRIBUTION - COL. CO. RESOURCES, INC.	<hr/> <u>(4,600,000)</u>
NET TO BE FINANCED	<hr/> <u>\$ 23,680,000</u>



Project Cost and Financing continued...

▶ FINANCING AT 3.5%

FINANCED AMOUNT

ANNUAL DEBT SERVICE

	<u>30 Yrs</u>	<u>35 Yrs</u>	<u>40 Yrs *</u>
\$23,680,000	\$1,281,346	\$1,178,756	\$1,104,478
24,000,000	1,298,560	1,194,688	1,119,404
25,000,000	1,352,668	1,244,464	1,166,046
28,000,000	1,514,980	1,393,800	1,305,972
30,000,000	1,623,202	1,493,358	1,399,254

*This term would only be possible if funding can be obtained from U.S. Department of Agriculture under its Rural Development loan program



Project Cost and Financing continued...

▶ Debt Service Revenues Analysis

TAXES

TAX ABATED COMPANY	EXEMPTION END	TAXABLE VALUE	2013	2014	2015	2016	2017	2018	2019
TARGET									
REAL PROPERTY	2018	42,390,690	-	-	-	-	-	-	339,761
PERSONAL PROPERTY	2014	41,724,075	-	334,418	334,418	334,418	334,418	334,418	334,418
HUNTER PANELS									
REAL PROPERTY	2015	7,790,573	-	31,220	31,220	62,441	62,441	62,441	62,441
PERSONAL PROPERTY	2010	2,618,521	20,987	20,987	20,987	20,987	20,987	20,987	20,987
NEW MILLENNIUM									
REAL PROPERTY	2016	11,944,473	-	95,735	95,735	95,735	95,735	95,735	95,735
PERSONAL PROPERTY	2011	11,610,597	93,058	93,058	93,058	93,058	93,058	93,058	93,058
			114,045	575,418	575,418	606,639	606,639	606,639	946,400
FAIRGROUNDS PROPERTY									
REAL PROPERTY - COUNTY ONLY	2013	6,600,000	-	53,790	53,790	53,790	53,790	53,790	53,790
TOTALS			\$ 114,045	\$ 629,208	\$ 629,208	\$ 660,429	\$ 660,429	\$ 660,429	\$ 1,000,190

COLUMBIA COUNTY EVENTS CENTER PROJECT

CASH FLOW ANALYSIS

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>TOTAL</u>
BEGINNING CASH	\$ -	\$ 11,054,045	\$ 3,789,496	\$ 4,137	\$ 47,492	\$ 90,137	\$ -
EXPENDITURES							
LAND PURCHASE	\$ 4,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	4,000,000
SITE DEVELOPMENT	2,500,000	-	-	-	-	-	2,500,000
CONSTRUCTION ACTIVITIES	12,000,000	9,780,000	-	-	-	-	21,780,000
PERSONAL SERVICES	-	100,000	530,600	558,236	564,477	581,400	2,334,713
OPERATING EXPENSES	20,000	50,000	1,085,294	1,125,081	1,166,550	1,190,260	4,637,185
OPERATING CAPITAL OUTLAY	-	-	25,000	10,000	25,000	10,000	70,000
DEBT SERVICE- INTEREST	60,000	999,560	866,878	793,748	780,155	766,082	4,266,423
DEBT SERVICE PRINCIPAL	-	359,197	6,371,879	385,009	398,602	412,675	7,927,362
TOTAL EXPENDITURES	18,580,000	11,288,757	8,879,651	2,872,074	2,934,784	2,960,417	47,515,683
REVENUES/ RECEIPTS							
SALE OF LAND	-	2,400,000	2,200,000	-	-	-	4,600,000
LOAN PROCEEDS	6,000,000	-	-	-	-	-	6,000,000
TOURIST DEVELOPMENT TAX- 1 CENT	110,000	215,000	215,000	215,000	215,000	215,000	1,185,000
TAX ABATEMENT FUNDS	114,045	629,208	629,208	660,429	660,429	1,000,190	3,693,509
BOND PROCEEDS	23,200,000	-	-	-	-	-	23,200,000
INTEREST EARNINGS	210,000	130,000	50,000	10,000	2,000	1,000	403,000
EVENT CENTER REVENUES	-	50,000	1,400,084	1,630,000	1,700,000	1,800,000	6,580,084
SUBSIDY FROM COUNTY	-	600,000	600,000	400,000	400,000	-	2,000,000
TOTAL REVENUES/ RECEIPTS	29,634,045	4,024,208	5,094,292	2,915,429	2,977,429	3,016,190	47,661,593
EXCESS REVENUES OVER EXPENDITURES	\$ 11,054,045	\$ (7,264,549)	\$ (3,785,359)	\$ 43,355	\$ 42,645	\$ 55,773	\$ 145,910

NOTES: Event Center revenues and expenses derived from pro-forma report by SMG dated September 18, 2012.



PROJECT OPERATING COST





Project Operating Cost

- ▶ SMG, an entertainment and convention venue management company provided the following projected net operating cost for the proposed Event Center:

YEAR 1	\$ (240,810)
YEAR 2	\$ (58,712)
YEAR 3	\$ 117,576





PROJECT GOVERNANCE





Project Governance

- ▶ The Columbia County Events Center Planning Committee finds the following regarding a governance plan should an Events Center be approved for construction:





Project Governance continued...

- ▶ The Board of County Commissioners would appoint a Columbia County Events Center Board of Directors.
- ▶ The Events Center Board of Directors would be organized as a 501(c)(6) organization.
- ▶ The County would lease the Events Center to the 501(c)(6) organization.
- ▶ The Events Center would operate as an enterprise fund.
- ▶ The County, through the Clerk of Courts, would maintain financial records.



FINAL PROJECT REVIEW





Final Project Review

- ▶ Information and research performed in determining the feasibility of constructing an Events Center for Columbia County has resulted in the following:





Final Project Review continued

- ▶ An Events Center would create an identity for Lake City/Columbia County while providing a venue for shows, conventions and meetings.
- ▶ The Events Center would create direct economic benefits of \$4.6 million from the sale of property currently owned by Columbia County Resources, Inc. and \$71,000 in new tax revenue.
- ▶ The Events Center would create indirect economic benefits of \$368,477 in advalorem taxes from the development of property currently owned by Columbia County Resources, Inc. and 1,839 new jobs.
- ▶ An Events Center would consist of 250,000 sq ft and cost \$28,280,000.



Final Project Review continued

- ▶ The financing plan for the Events Center does not include direct (other than revenue generated from the sale of land) or indirect revenues generated by the facility. The financing plan does not require the levy of additional ad valorem taxes. In addition, the financing plan does not assume the receipt of grants and/or outside contributions.
 - ▶ The financing plan is largely based on the capture of ad valorem taxes that have been or will be generated from economic development projects that benefited from tax abatement.
 - ▶ A strong governance organization is required.
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NEXT STEPS





Next Steps

- ▶ The Columbia County Events Center Planning Committee would like to request that the Board of County Commissioners, at their earliest convenience approve the following next steps in order that the project can proceed to the next phase.





Next Steps

- ▶ Establish an Events Center Board of Directors
- ▶ Prepare a draft governance plan
- ▶ Select a designated engineer/architect for the project
- ▶ Develop a financing plan for the project
- ▶ Begin property negotiations with the various property owners that responded to the Request for Proposals (RFP).
- ▶ Prepare to levy the additional 1% bed tax.



An architectural rendering of the Florida Gateway Center. The building features a large, arched entrance structure with a blue metal truss design. The words "FLORIDA GATEWAY CENTER" are written in a glowing green font across the top of the arch. The main building has a tan and red facade with large windows. In the foreground, there is a parking lot with several cars, a sidewalk with palm trees, and a person walking. The sky is blue with light clouds.

FLORIDA GATEWAY CENTER

Thank you for your time.

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2012