

## MINUTES OF THE SPECIAL MEETING OF THE AMES CITY COUNCIL

AMES, IOWA

MAY 12, 2010

The Ames City Council met in special session at 7:08 p.m. on the 12<sup>th</sup> day of May, 2010, in Room 275 of the Scheman Building, pursuant to law with Temporary Presiding Officer Larson calling the meeting to order in the absence of the Mayor and Mayor ProTem. The following Council members were present: Davis, Goodman, Larson, Orazem, and Wacha. Mayor Campbell and Council Member Mahayni were absent.

**PRESENTATION OF “FLAT SPACE NEEDS STUDY:”** Dan Krieger, President of the Ames Convention & Visitors Bureau, welcomed those present. He stated that the purpose of this meeting was to receive the report from Conventions, Sports & Leisure, International (CSL). CSL was retained by the Ames Convention & Visitors Bureau to conduct a market feasibility study regarding a potential new mixed-used convention and event facility in Ames. That study was sponsored by Iowa State University, the City of Ames, and the Chamber of Commerce.

Mr. Krieger introduced John Kaatz, representative of CSL, who presented the *Market Demand Analysis for a Potential Mixed-Use Convention and Events Center in Ames, IA*. He reported that surveys of planners of state and regional events indicated a moderate to strong level of interest in holding an event in Ames, largely due to its centralized location within the State. However, the current event space available with Ames limits the market's desirability. Lacking is sufficient contiguous event space at existing local facilities. Another factor is the inconvenient space configurations and booking policies of Hilton Coliseum. Ames's relatively low hotel room inventory is a competitive disadvantage as well when looking at similar national and regional facilities.

Julie Weeks, Executive Director of the Ames Convention & Visitors Bureau, gave statistics as to the number of visitors who annually come to Ames and the revenues derived therefrom. She also stated that Ames was the main concert site in Iowa from 1973 until approximately 1985 when other convention centers began to be built. According to Ms. Weeks, the Scheman Building was formerly known as the conference center for the State of Iowa.

Mr. Kaatz gave a summary of the recommended building program elements for a new, multi-purpose convention and events facility in Ames. He said that, based on market demand conditions specific to Ames, the key components would include approximately 30,000 square feet of clear-span exhibit/multi-purpose space and approximately 10,000 square feet of break-out meeting space. In order to maximize the use of the clear-span space and to allow the facility to accommodate a wide range of events, the 30,000 square foot exhibit space should be sub-dividable through the use of movable walls. The 10,000 square foot space should be finished out at a higher level so as to be suitable for holding banquet functions. The proposed facility should be located adjacent to the existing Iowa State Center, allowing the Scheman Building to serve as additional meeting and break-out space for large events. The Scheman Building should be renovated to bring it up to the level of more modern meeting and conference facilities. Potential hotel development will also be an important consideration.

Estimated event characteristics with and without a headquarters hotel were presented by Mr. Kaatz. He noted that the estimates reflected a stabilized year of operations. A headquarters hotel would allow the proposed facility to attract significantly higher levels of out-of-town delegates as compared to a facility with no headquarters hotel.

According to Mr. Kaatz, based primarily on the operating losses incurred by comparable conference and event centers in other markets and on the recommended square footage of a facility in Ames, it could potentially incur annual operating losses of approximately \$380,000/year. He said it was, however, important to note that the expenditures made by event attendees would have significant impacts on the local economy.

Mr. Kaatz summarized the economic impacts, both in revenues and employment, that could be generated in the Ames economy as a result of the ongoing operations of the proposed facility. He said that the estimated level of total annual economic impact generated by a convention/event facility with a headquarters hotel is estimated to total approximately \$6.5 million and support 112 full- and part-time jobs with annual earnings of approximately \$2 million. Without a headquarters hotel, the economic impacts would decrease significantly due to the lower estimated out-of-town attendance levels. The total annual tax impact associated with a new facility with an adjacent headquarters hotel was estimated to be approximately \$379,600. Without a headquarters hotel, it would generate approximately \$198,700 in annual fiscal impacts.

Based on the building program recommendations, Mr. Kaatz said that it was estimated that hard construction costs for the proposed facility could approximate \$22 million. Assuming soft costs equal to 30% of the hard costs, the total project costs (not including land acquisition/infrastructure costs) would be approximately \$29 million. He advised that if a headquarters hotel (with 200 rooms) is included in the project, its cost would be approximately \$25 million. In addition to those costs, ISU Center management has estimated that \$2.5 to \$3 million may be required to complete the needed improvements to the Scheman Building.

Mr. Kaatz listed common methods of funding public assembly facilities. These would include, but not be limited to: tax-increment financing, allocation of existing City and/or County funds, CAT grant and/or other state economic development funds, land contribution from ISU, contributions from a private hotel developer. Mr. Kaatz said that tax-increment financing could represent a potential source of funding for the project, likely in the form of an allocation of property taxes assessed on a headquarters hotel.

Mr. Krieger said he believes that the City Council has to decide if such a facility is something it wants to pursue. He sees the City as taking the lead because it appears that some type of bonding for such a facility would be necessary.

Julie Weeks noted that Ames, in the past 18 months, has lost several groups that previously booked events in the City. Other cities have built convention centers that can serve as “one-stop shops” with connectivity to headquarter hotels. She acknowledged that integrated flat space is the missing element.

**ADJOURNMENT:** The meeting adjourned at 8:20 p.m.

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Diane R. Voss, City Clerk

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Ann H. Campbell, Mayor