

ANN ARBOR CONFERENCE CENTER

Ann Arbor, Michigan

Summary of Benefits - 24 Month Construction and 20 Years After Completion of Construction

	<u>AGGREGATE</u>	
	<u>TOTAL</u>	<u>NPV @</u>
DIRECT BENEFITS		6.25%
A. Construction	\$1.9 M	\$1.8 M
B. Regular Operations	\$72.0 M	\$38.3 M
TOTAL	\$73.9 M	\$40.1 M
INDIRECT BENEFITS		
A. Construction	\$1.0 M	\$0.9 M
B. Regular Operations	\$38.8 M	\$20.8 M
TOTAL	\$39.8 M	\$21.7 M
TOTAL BENEFITS		
A. Construction	\$2.9 M	\$2.7 M
B. Regular Operations	\$110.8 M	\$59.1 M
TOTAL	\$113.7 M	\$61.8 M

SUMMARY
ANN ARBOR CONFERENCE CENTER

 Ann Arbor, Michigan
 Summary of Benefits

24-Month Construction and 20-Year Operations

ECONOMIC BENEFITS
TO THE City of Ann Arbor/STATE OF MICHIGAN over 20 years

All dollar figures in thousands

	<u>AGGREGATE TOTAL</u>	<u>NPV @ 6.25%</u>	<u>AGGREGATE TOTAL</u>	<u>NPV @ 6.25%</u>	<u>AGGREGATE TOTAL</u>	<u>NPV @ 6.25%</u>
	<u>TAX REVENUES</u>		<u>PAYROLL TAX REVENUES</u>		<u>TOTAL TAX REVENUES</u>	
CONSTRUCTION (24-month only)	<u>TOTAL DIRECT</u>		<u>TOTAL DIRECT</u>		<u>TOTAL DIRECT</u>	
A. CONFERENCE CENTER	230	210	117	108	348	319
B. HOTEL	900	822	458	423	1,358	1,245
C. RETAIL	54	49	28	25	82	75
D. RESIDENTIAL	101	93	52	48	153	140
Subtotal Direct Construction	1,286	1,175	655	604	1,941	1,779
REGULAR OPERATIONS						
A. CONFERENCE CENTER	29	16	25	14	54	29
B. HOTEL (incl. Property & Occupancy Tax)	44,119	23,355	25,273	13,553	69,391	36,909
C. RETAIL	2,430	1,326	62	34	2,492	1,360
D. RESIDENTIAL	0	0	79	43	79	43
Subtotal Direct Operations	46,578	24,697	25,438	13,644	72,016	38,341
TOTAL DIRECT IMPACT	\$47,864	\$25,872	\$ 26,093	\$ 14,248	\$ 73,957	\$40,120
CONSTRUCTION (24-month only)	<u>TOTAL INDIRECT</u>		<u>TOTAL INDIRECT</u>		<u>TOTAL INDIRECT</u>	
A. CONFERENCE CENTER	114	104	59	54	173	158
B. HOTEL	445	407	229	212	675	618
C. RETAIL	27	24	14	13	40	37
D. RESIDENTIAL	50	46	26	24	76	70
Subtotal Direct Construction	636	581	328	302	964	884
REGULAR OPERATIONS						
A. CONFERENCE CENTER	23	13	20	11	43	24
B. HOTEL	19,998	10,723	17,199	9,222	37,197	19,945
C. RETAIL	1,517	828	27	15	1,544	843
D. RESIDENTIAL	0	0	37	20	37	20
Subtotal Direct Operations	21,539	11,563	17,283	9,268	38,822	20,831
TOTAL	\$22,175	\$12,145	17,611	9,570	\$39,786	\$21,715

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**ECONOMIC BENEFITS
TO THE City of Ann Arbor/STATE OF MICHIGAN over 20 years**

	<u>AGGREGATE</u> <u>TOTAL</u>	<u>NPV @</u> <u>6.25%</u>	<u>AGGREGATE</u> <u>TOTAL</u>	<u>NPV @</u> <u>6.25%</u>	<u>AGGREGATE</u> <u>TOTAL</u>	<u>NPV @</u> <u>6.25%</u>
	<u>TAX REVENUES</u>		<u>PAYROLL TAX REVENUES</u>		<u>TOTAL TAX REVENUES</u>	
<i>All dollar figures in thousands</i>						
CONSTRUCTION (24-month only)	<u>TOTAL DIRECT AND INDIRECT</u>		<u>TOTAL DIRECT AND INDIRECT</u>		<u>TOTAL DIRECT AND INDIRECT</u>	
A. CONFERENCE CENTER	344	315	176	162	521	477
B. HOTEL	1,345	1,229	688	635	2,033	1,864
C. RETAIL	81	74	41	38	122	112
D. RESIDENTIAL	152	138	77	71	229	210
Subtotal Direct Construction	1,922	1,756	983	907	2,905	2,662
REGULAR OPERATIONS						
A. CONFERENCE CENTER	0	0	45	176	45	176
B. HOTEL	52	29	42,471	22,775	42,524	22,804
C. RETAIL	64,117	34,078	89	49	64,207	34,127
D. RESIDENTIAL	3,947	2,154	116	63	4,063	2,217
Subtotal Direct Operations	68,116	36,261	42,721	23,063	110,838	59,324
TOTAL	\$70,038	\$38,016	\$ 43,704	\$ 23,970	\$113,743	\$61,986
TOTAL City, County and State	\$70,038	\$38,016	\$ 43,704	\$ 23,970	\$113,743	\$61,986

ASSUMPTIONS

ANN ARBOR CONFERENCE CENTER

Ann Arbor, Michigan

Economic Impact Analysis - Project Information

I. DEVELOPMENT COMPONENTS			
CONFERENCE CENTER			
CONFERENCE CENTER - Existing buildings	32,000	USABLE SQ.FT.	
TOTAL GROSS CONF CENTER DEVELOPMENT	32,000	GSF	15.00% of total
Total Construction Cost (Hard Only)	\$7.68	millions	\$240.00 /sq.ft. Approx.
Conference Center - Tenant Improvements	0.00	millions	\$75.00 /sq.ft. Approx.
Construction Period	24	months	
TOTAL HARD COST CONF CENTER	\$7.68	millions	

HOTEL/CONFERENCE CENTER			
HOTEL	125,000	GSF	
TOTAL HOTEL DEVELOPMENT	125,000	GSF	67.75% of TOTAL
Total Construction Cost (hard Only)	\$26.25	millions	210.00 /sq.ft. Approx.
FF&E Hotel	\$3.75	millions	\$25,000 per room
Construction Period	24	months	150 Rooms
Parking	\$0.00	millions	\$11,000 per parking
Construction Period	24	months	0 Spaces
TOTAL HARD COST HOTEL	\$30.00	millions	

RETAIL			
Categories			
1. Grade retail	3,000		
2. Restaurants	5,000		
RETAIL	8,000	GLA	
TOTAL RETAIL DEVELOPMENT	8,000	GSF	4.34% of TOTAL
Total Construction Cost	\$1.20	millions	150.00 /sq.ft. Approx.
Retail Tenant Improvement	\$0.60	millions	75.00 /sq.ft. Approx.
Construction Period	24	months	
Parking	\$0.00	millions	\$11,000 per parking
Construction Period	24	months	Spaces
TOTAL HARD COST RETAIL	\$1.80	millions	

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Economic Impact Analysis - Project Information

RESIDENTIAL/RENTALS			
TOTAL RESIDENTIAL DEVELOPMENT	19,500	GSF	60.94% of TOTAL
Total Construction Cost	\$3.38	millions	165.00 /sq.ft. Approx.
Construction Period	24	months	
Parking	\$0.00	millions	\$11,000 per parking
Construction Period	24	months	0 Spaces
TOTAL HARD COST RESIDENTIAL	\$3.38	millions	

TOTAL PROJECT GROSS	184,500	GSF	148.02% of TOTAL
TOTAL PROJECT HARD COST	\$42.86	millions	

ASSUMPTIONS

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Economic Impact Analysis - Project Information

II. JOB CREATION annual (direct only)

	Area	Total	FT	PT	FT EQUIV	Source
Construction			100.00%	0.00%		Annual Salary
CONFERENCE CENTER	32,000	57	57	0	57	\$33,750
HOTEL	125,000	194	194	0	194	Construction - 2 years
RETAIL	8,000	9	9	0	9	1job/\$ of hard costs
RESIDENTIAL	19,500	0				
Construction Total	184,500	260	260	0	260	\$67,500

Annual Operations (Direct only)

		Total	FT	PT	FT EQUIV	
Permanent CONF CENTER Operation			100.00%	0.00%		1 job/ sq. ft.
Potential New Jobs	32,000	20	20	0	20	1600
Jobs Relocating from within the City	50.00%					
Actual New Jobs to the City - GROWTH	50.00%					
	16,000	10	10	0	10	
CONFERENCE CENTER Subtotal		10	10	0	10	
Permanent HOTEL Operation			100.00%	0.00%		1 job/ sq. ft.
Management		8	8	0	8	1000
Maintenance		5	5	0	5	
Operations & Housekeeping		79	79	0	79	
Food & Beverage		58	58	0	58	
HOTEL Subtotal		150	150	0	150	
Permanent RETAIL Operation			60.00%	40.00%		1 job/ sq. ft.
1. Grade retail	3,000	8	5	3	6	400
2. Restaurants	5,000	20	12	8	16	250
RETAIL Subtotal	8,000	28	17	11	22	
Permanent RESIDENTIAL Operation			100.00%	0.00%		
Payroll						
Potential New Jobs	\$ 22,500	2	2	0	2	
Maintenance	\$ 15,000	3	3	0	3	
RESIDENTIAL Subtotal	19,500	5	5	0	5	

Assumes that two part time jobs (PT) equal one full time job (FT).

260 Total Construction Jobs

187 Total Permanent Jobs

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Economic Impact Analysis - Project Information

III. SALARIES	AVERAGE PER ANNUM
RETAIL - Average	18,750
CONSTRUCTION - Average	33,750
CONFERENCE CENTER - Other	33,750
CONFERENCE CENTER - Executive	52,500
CONFERENCE CENTER - Admin	37,500
CONFERENCE CENTER - Average	42,188
Hotel - Management	33,750
Hotel - Maintenance	24,750
Hotel - Operations and Housekeeping	18,750
Hotel - Food & Beverage	16,500
HOTEL - Average	19,000
RESIDENTIAL - Average	22,500
Annual Rate of Increase in Salary for Permanent Jobs	1.50% PER ANNUM

ASSUMPTIONS

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Economic Impact Analysis - Project Information

XI. SALES TAX REVENUES - CONSTRUCTION/OPERATIONS

	GROSS REVENUES	UNIT	OCCUPANCY	GROWTH	City Tax Rate (14% of state)	State Tax Rate
Construction Materials					0.84%	5.16%
CONF CENTER - Equipment, Tech and Suppl	2,000	per job	100%	1.50%	0.84%	5.16%
HOTEL- Equipment, Tech and Supplies	24.0%	of Room Revenue	100%	1.50%	0.84%	5.16%
HOTEL - Food & Beverage	84%	of Room Revenue			0.84%	5.16%
RESIDENTIAL- Utilities,Repairs,Reserve,Adm	2,790	per unit	100%	1.50%	0.84%	5.16%

XII. USE AND OCCUPANCY TAX

	TAXABLE AMOUNT	Year 1	Rooms	GROWTH	City Tax Rate (14% of state)	State Tax
Available Rooms		150				
Rooms Available Annually		54,750				
Rooms Occupied Annually		30,222				
Average Daily Rate		\$ 179			5.00%	0.00%
HOTEL/CONFERENCE CENTER		\$ 5,418,502		1.50%	0.84%	5.16%

XIII. SALES TAXES ON RETAIL

	TAXABLE AMOUNT P.S.F	SALES PSF	Percentage Subject to Sales Tax	Useable SF	Total Sales	City Tax Rate (14% of state)	State Tax Rate
1. Grade retail	\$225	225	100%	3,000	\$ 675,000	0.84%	5.16%
2. Restaurants	\$60	200	30%	5,000	\$ 1,000,000	0.84%	5.16%

XIII. 20- YEAR ANALYSIS Assumptions

DISCOUNT RATE	6.250%	YEARLY GROWTH unless otherwise	1.50%
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