IMPACT STUDY

Lancaster County Convention Center

LANCASTER, PA

SUBMITTED TO:

Mr. Joshua Nowak
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PREPARED BY:

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December 14, 2021

Mr. Joshua Nowak
Lancaster County Convention Center
25 South Queen Street
Lancaster, Pennsylvania 17603
josh.nowak@aimhosp.com

Re: Lancaster County Convention Center
Lancaster, PA

Dear Mr. Nowak:

Attached you will find our Impact Study of the Lancaster County Convention Center in Lancaster, PA.

We certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

It has been a pleasure working with you. Please let us know if we can provide any additional services.

Sincerely,
HVS Convention, Sports & Entertainment
Facilities Consulting

Thomas Hazinski

Thomas A. Hazinski, MPP
Managing Director

Joseph Hansel

Joseph Hansel
Project Manager

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1. Introduction and Executive Summary

Nature of the Assignment

The Lancaster County Convention Center Authority engaged HVS Convention, Sports & Entertainment Facilities Consulting ("HVS") to conduct an Economic and Fiscal Impact Study of the Lancaster County Convention Center ("LCCC") in Lancaster, PA. The purpose of the study is to estimate the increase in economic spending in from the ongoing operation of the LCCC.

Public investment in the LCCC reflects the significant role that the convention center plays in the state and local economy. The venue provides an essential forum for the exchange of products and information in the Lancaster area and allows for unique events to contribute to the city's culture. Conventions attract out-of-town delegates and exhibitors to Lancaster County. Attendee and exhibitor spending supports hotels, restaurants, retail establishments and many other local businesses. The meeting and group visitors produce room nights in local hotels that supplement corporate and leisure business, smoothing occupancy cycles and supporting demand during low and shoulder seasons. Exhibiting companies provide temporary and permanent jobs to many area residents. Zenkaikon, the annually occurring anime and science-fiction convention, is a notable example of the economic and cultural impact of the LCCC.

The purpose of this study is to update the HVS Economic and Fiscal Impact Study of the LCCC produced in 2018 (the "HVS 2018 Study") which analyzed the impact for the years 2014 through 2017. In this study, the employment and spending impacts of the LCCC on Lancaster and the surrounding area are quantified using event data for the years 2018 through 2020. HVS also quantified the fiscal impacts, or new tax revenue, going to state and local government.

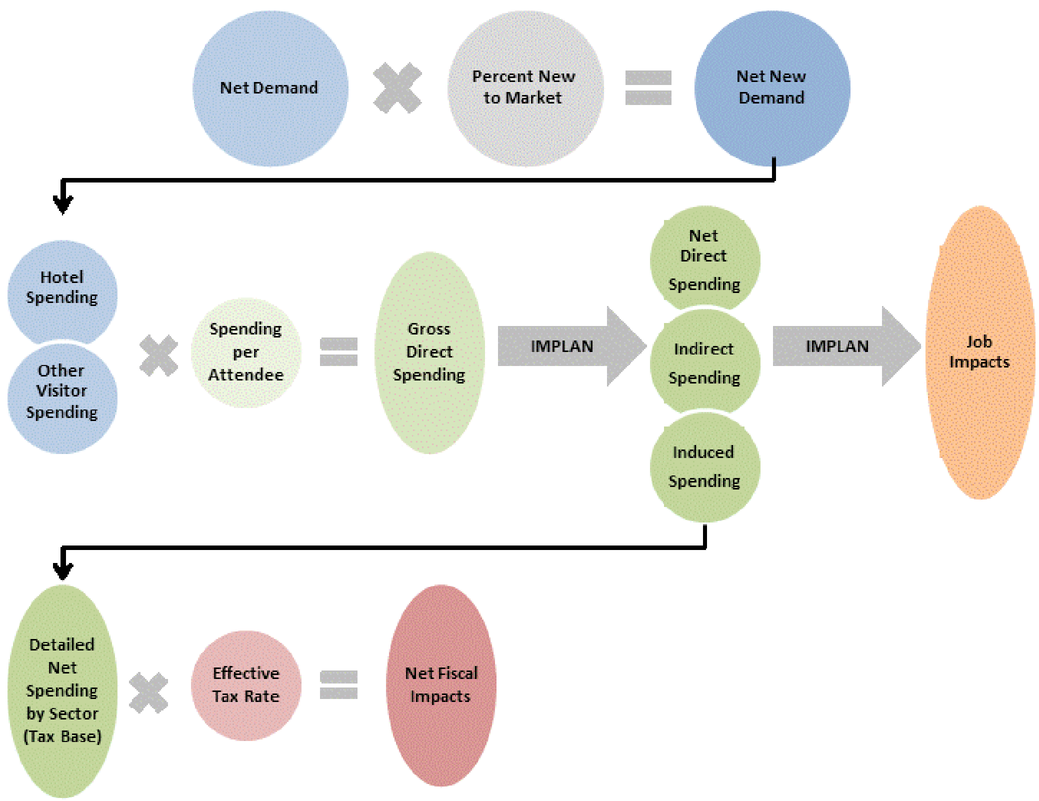
This report was produced during the ongoing COVID-19 pandemic. The impact of the pandemic is addressed throughout and considers market perspectives and information available on or about the effective date of the report. With vaccines widely available, and most travel restrictions lifted, the prevailing market outlook is that the peak impact of the pandemic on the travel industry is behind us. The U.S. economy is recovering, and demand is expected to continue to strengthen; however, the increase in COVID-19 cases during the latter part of 2021 may affect the pace of recovery in 2022. Our market research reflects a general expectation that the U.S. market will recover to 2019 levels by 2023/24; the timing and pace of recovery for individual markets will vary based on market-specific characteristics and conditions. Due to the widespread availability of an effective vaccine, bookings at convention centers across the country continue to improve, though complete recovery of the meeting and group industry is expected to extend through 2022 and beyond. Consumer confidence in the safety of large meetings will dictate the pace of recovery for the meeting & group industry, though complete recovery to pre-pandemic levels of business is expected.

In a conversation with Discover Lancaster, staff from Discover Lancaster projected achieving approximately 70% of the tourism business they realized in 2019 for 2021. Given the COVID-19 pandemic, HVS estimated spending, fiscal, and employment impacts using historical 2020 data compared to a hypothetical year in which the COVID-19 pandemic never occurred.

Economic Impact Methodology

HVS quantified spending, fiscal impacts, and employment that occurred in the City of Lancaster, Lancaster County, and the Commonwealth of Pennsylvania due to the operations of the LCCC. The figure below depicts the study process.

FIGURE 1-1



HVS conducted the following steps:

- Gathered detailed information on historical LCCC events from 2018 to 2020.

- Conducted a survey of local Lancaster merchants to better understand some of the intangible benefits of the LCCC, as well as how they feel the convention center affects their business.

- Quantified historical demand for attendees and exhibitors.

- Estimated the percent of visitors that originate from outside the market area (net new demand).

- Estimated spending per visitor or attendee to estimate gross direct spending or income imported into the market.

- Used an input-output model of the economy (IMPLAN) to generate estimates of total net spending, indirect spending, and induced spending.

- Used IMPLAN to estimate the increase in employment associated with the total net spending.

- Identified sources of net new spending that would generate tax revenues and applied the appropriate effective tax rates generate fiscal impact estimates.

HVS staff collected and analyzed all information contained in this report. HVS sought out reliable sources and deemed information obtained from third parties to be accurate. HVS obtained some spending data from third-party sources under strict confidentiality agreements. Although HVS relied on such data to formulate spending estimates, it is not disclosed in this report.

Event Demand Analysis

The LCCC provided HVS with detailed event data on historical events from 2018 through 2020. HVS supplemented this data with previously provided event data from 2014 through 2017. The following figure shows event and attendance trends for each year by type of event.

FIGURE 1-2
LCCC EVENT SUMMARY

	2014	2015	2016	2017	2018	2019	2020
Events							
Conventions & Conferences	24	31	28	31	32	35	6
Consumer Shows	14	10	9	7	8	8	2
Assemblies	10	6	9	10	10	13	0
Banquets	13	11	13	15	4	9	0
Sports/Competitions	9	11	9	9	11	9	4
Concerts & Entertainment	6	5	4	5	2	5	0
Total	76	74	72	77	67	79	12
Attendances							
Conventions & Conferences	17,646	17,174	19,028	29,770	28,980	30,840	4,990
Consumer Shows	19,872	16,916	15,794	15,768	17,260	14,680	3,150
Assemblies	13,731	13,452	18,650	23,700	17,600	19,250	0
Banquets	12,220	13,476	17,808	11,235	10,130	17,030	0
Sports/Competitions	10,377	18,649	19,059	19,491	20,650	16,640	10,820
Concerts & Entertainment	11,850	10,962	7,727	10,950	3,200	12,800	0
Total	85,695	90,628	98,065	110,914	97,820	111,240	18,960
Occupied Room Nights							
Conventions & Conferences	17,400	30,800	21,900	21,400	22,400	23,800	5,200
Consumer Shows	6,800	4,100	3,900	4,400	5,700	3,600	500
Assemblies	4,700	4,400	7,800	5,700	8,000	9,500	0
Banquets	1,000	1,900	3,600	1,200	2,200	7,300	0
Sports/Competitions	1,600	3,600	3,200	3,600	4,500	3,300	2,200
Concerts & Entertainment	300	500	500	0	300	100	0
Total	31,800	45,300	40,900	36,300	43,100	47,600	7,900
Attendee Days							
Conventions & Conferences	32,950	33,820	36,823	56,204	52,971	52,111	10,692
Consumer Shows	51,676	38,965	35,720	46,305	50,799	38,055	7,462
Assemblies	23,200	20,645	39,179	51,900	31,303	34,140	0
Banquets	14,120	21,150	29,130	11,735	23,461	40,720	0
Sports/Competitions	19,800	31,971	30,599	34,419	35,575	32,187	20,374
Concerts & Entertainment	13,600	16,423	14,367	10,950	7,200	12,800	0
Total	155,346	162,974	185,818	211,513	201,309	210,013	38,528

Source: LCCCA

For the period 2014 through 2017, the annual number of events at the LCCC ranged from 67 to 77 events. Event bookings peaked in 2019 with 79 events. The number of Conventions & Conferences continuously grew from 2016 onward, which offset the declining number of Banquets.

Despite a decline in number of event bookings in 2018, annual attendance remained over 200,000. Total attendance at the LCCC grew by 35% from 2014 to

2019 (the last complete year with data available), though attendance remained relatively flat from 2017 through 2019. Consumer shows and assemblies continue to draw the first and second most attendees per event, respectively.

Spending Impacts

HVS estimated the total spending of event attendees, event organizers, and exhibitors. For overnight event attendees, HVS used the results of a detailed spending survey from the HVS 2018 Study adjusted to 2020 dollars. To adjust historical data to 2020 dollars, HVS used the Consumer Price Index ("CPI") as an index.

To estimate the spending for day trip visitors, HVS used results from the Travel USA study by Longwoods International. This survey is conducted annually with a sample size of approximately 350,000 trips and assesses origin, spending, party size, and primary purpose of the trip. HVS applies parameters from the Corporate Travel Index ("CTI") to account for local spending patterns.

The following figure shows average spending parameters for 2014 through 2020.

FIGURE 1-3
LCCC ATTENDEE SPENDING SUMMARY (IN 2020 DOLLARS)

	2014	2015	2016	2017	2018	2019	2020
Inflation Adjustment Factor	**0.915**	**0.916**	**0.927**	**0.947**	**0.970**	**0.988**	**1.000**
Overnight Visitor Spending							
Hotel Expenses	$87.76	$87.87	$88.98	$90.87	$93.09	$94.78	$95.95
Restaurant meals	31.32	31.35	31.75	32.42	33.22	33.82	34.24
Auto Rental	9.02	9.03	9.14	9.34	9.57	9.74	9.86
Auto Fuel	9.14	9.15	9.26	9.46	9.69	9.87	9.99
Parking	3.41	3.42	3.46	3.54	3.62	3.69	3.73
Public Transportation Fare	0.55	0.55	0.56	0.57	0.58	0.60	0.60
Entertainment and Recreation	1.27	1.27	1.29	1.31	1.35	1.37	1.39
Retail Purchases	6.64	6.65	6.73	6.87	7.04	7.17	7.26
Other	5.77	5.78	5.85	5.97	6.12	6.23	6.31
Total	**$154.88**	**$155.06**	**$157.02**	**$160.36**	**$164.28**	**$167.26**	**$169.32**
Day-Trip Spending							
Transportation at Destination	$44.38	$44.43	$44.99	$45.95	$47.07	$47.92	48.51
Food & Beverage	59.11	59.18	59.92	61.20	62.70	63.83	64.62
Retail	46.66	46.72	47.31	48.31	49.49	50.39	51.01
Recreation	37.84	37.88	38.36	39.18	40.14	40.86	41.37
Total	**$187.98**	**$188.21**	**$190.58**	**$194.64**	**$199.40**	**$203.01**	**$205.51**

Source: HVS and Longwoods International

To estimate exhibitor and event organizer spending, HVS used reports by the Center for Exhibition Industry Research (CEIR) on exhibitor spend metrics, and the annual meetings market survey presented by PCMA that describes annual spending trends by event planners and organizers. The following figure shows assumptions of exhibitor and organizer spending adjusted for inflation.

FIGURE 1-4
LCCC EXHIBITOR AND ORGANIZER SPENDING SUMMARY (IN 2020 DOLLARS)

	2014	2015	2016	2017	2018	2019	2020
Inflation Adjustment Factor	**0.966**	**0.967**	**0.979**	**1.000**	**1.024**	**1.043**	**1.056**
Exhibitor Spending							
Event Catering and Concessions	$21.14	$21.16	$21.43	$21.88	$22.42	$22.83	$23.11
Advertising and Related Services	13.56	13.58	13.75	14.04	14.39	14.65	14.83
Commercial and industrial machinery	7.42	7.43	7.52	7.68	7.87	8.01	8.11
Lodging Costs	6.87	6.88	6.97	7.12	7.29	7.42	7.52
Retail Stores - General Merchandise	5.79	5.80	5.87	6.00	6.14	6.25	6.33
Other amusement and recreation industries	5.48	5.49	5.56	5.68	5.81	5.92	5.99
Transit and ground passenger transportation	3.38	3.38	3.43	3.50	3.58	3.65	3.69
Automotive Equipment Rental and leasing	2.70	2.71	2.74	2.80	2.87	2.92	2.96
Retail Stores - Gasoline Stations	0.83	0.83	0.85	0.86	0.88	0.90	0.91
State and local government passenger transit	0.27	0.27	0.27	0.28	0.29	0.29	0.30
Hotels and motels, including casino hotels	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**$67.45**	**$67.53**	**$68.38**	**$69.84**	**$71.55**	**$72.84**	**$73.74**
Organizer Spending							
Hotels and motels, including casino hotels	$1.03	$1.03	$1.04	$1.06	$1.12	$1.16	$1.17
Hotel Room Rate	1.03	1.03	1.04	1.06	1.12	1.16	1.17
Transit and ground passenger transportation	0.42	0.42	0.43	0.44	0.45	0.45	0.46
Advertising and Related Services	0.24	0.24	0.25	0.25	0.26	0.26	0.27
Other personal services	0.20	0.20	0.20	0.20	0.21	0.21	0.21
Scenic and sightseeing transportation	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Performing Arts Companies	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Spectator Sports Companies	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Museums, Historical Sites, Zoos, and Parks	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Amusement parks, arcades, and gambling industries	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Other amusement and recreation industries	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Automotive Equipment Rental and leasing	0.08	0.08	0.08	0.08	0.08	0.08	0.09
State and local government passenger transit	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Total	**$3.64**	**$3.64**	**$3.69**	**$3.76**	**$3.92**	**$4.02**	**$4.07**

Source: PCMA, CEIR

HVS estimated the gross direct spending of all the LCCC attendees in the past four years. Using the IMPLAN input-output model, HVS estimated the amounts of share of gross spending that occurred in the local economy, ("Net Direct Spending"), associated business spending ("Indirect Spending") and related personal income ("Induced Spending"). HVS also calculated the number of full-time equivalent jobs needed to support the estimated direct, indirect, and induced output.

HVS provided estimates for three jurisdictions: 1) City of Lancaster, 2) Lancaster County, and 3) the Commonwealth of Pennsylvania as shown in the following figure.

FIGURE 1-5
ANNUAL ECONOMIC IMPACT ESTIMATES ($MILLIONS, IN 2020 DOLLARS)

	2018	2019	2020	Total
City of Lancaster				
Direct	$20.1	$21.3	$4.6	$45.9
Indirect	6.1	6.4	1.4	13.9
Induced	6.1	6.4	1.4	14.0
Total	**$32.2**	**$34.1**	**$7.4**	**$73.8**
Lancaster County				
Direct	$14.6	$16.0	$3.0	$33.6
Indirect	4.4	4.9	0.9	10.2
Induced	4.4	4.8	0.9	10.1
Total	**$23.5**	**$25.6**	**$4.9**	**$54.0**
Commonwealth of Pennsylvania				
Direct	$2.5	$3.2	$0.5	$6.3
Indirect	1.0	1.3	0.2	2.5
Induced	1.3	1.6	0.3	3.1
Total	**$4.8**	**$6.1**	**$1.0**	**$11.8**

*Impacts between the City, County, and State are not additive.

The impacts for each jurisdiction (City, County, and Commonwealth) overlap and are not additive. The level of net direct spending varies within each jurisdiction depending on 1) the percentage of visitors that come from outside the geographic area, and 2) the share of direct spending that flows to entities within the jurisdiction. The City of Lancaster's net direct spending is higher than the Commonwealth of Pennsylvania's because a higher percentage of visitors to LCCC come from outside Lancaster than from outside Pennsylvania. Indirect impacts (new business income) and induced impacts (new personal income) occur as the net direct spending reverberates through the economy.

From 2018 to 2020, the LCCC generated over $73.8 million in current-year dollars to the City of Lancaster.

Fiscal Impacts

Net direct, induced, and indirect spending serves as the basis for estimating fiscal impacts. HVS identified eight applicable taxes that would generate new revenue for the City of Lancaster, Lancaster County, and the Commonwealth of Pennsylvania that would generate new revenue. The following figure summarizes the estimated fiscal impact for 2018 through 2020.

FIGURE 1-6
FISCAL IMPACTS (2020 DOLLARS)

	2018	2019	2020	Total
City of Lancaster				
Earned Income Tax	**$107,200**	**$113,400**	**$24,500**	**$245,100**
Lancaster County				
Hotel Room Rental Tax	$169,900	$186,000	$31,900	$387,800
Hotel Excise Tax	$47,900	$52,400	$9,000	$109,300
Total	**$217,800**	**$238,400**	**$40,900**	**$497,100**
Commonwealth of Pennsylvania				
Sales, Use, Hotel Occupancy Tax	$211,600	$260,000	$43,900	$515,500
Individual Income Tax	$48,200	$61,900	$9,600	$119,700
Corporate Income Tax	$17,100	$21,800	$3,600	$42,500
Vehicle Rental Tax	$7,900	$9,600	$1,800	$19,300
Liquid Fuel Tax	$2,800	$5,400	$800	$9,000
Total	**$287,600**	**$358,700**	**$59,700**	**$706,000**

Total Impacts of LCCC Activity

The following figure summarizes the economic, employment, and fiscal impacts to the City, County, and Commonwealth for 2018 through 2020.

FIGURE 1-7
SUMMARY OF IMPACTS (2020 DOLLARS)

	2018	2019	2020	Total
City of Lancaster				
Economic Impact (millions)	$32.2	$34.1	$7.4	$73.8
Fiscal Impact (thousands)	107.2	113.4	24.5	245.1
Full-time Equivalent Jobs	221	237	51	-
Lancaster County				
Economic Impact (millions)	$23.5	$25.6	$4.9	$54.0
Fiscal Impact (thousands)	217.8	238.4	40.9	497.1
Full-time Equivalent Jobs	162	179	34	-
Commonwealth of Pennsylvania				
Economic Impact (millions)	$4.8	$6.1	$1.0	$11.8
Fiscal Impact (thousands)	287.6	358.7	59.7	706.0
Full-time Equivalent Jobs	29	37	6	-

Impact of COVID-19 Pandemic

To estimate the impact of the COVID-19 pandemic on the LCCC, HVS developed a hypothetical 2020 projection under the assumption that the COVID-19 pandemic never occurred. The impact of the COVID-19 pandemic is estimated utilizing the demand projections produced in Section 2 of this report and the methodology described throughout Section 3 of this report.

The following figure presents the losses in economic, fiscal, and employment impacts as a result of the COVID-19 pandemic.

FIGURE 1-8
HISTORICAL VS. HYPOTHETICAL 2020 IMPACTS (2020 DOLLARS)

	Actual	Hypothetical*	Difference (Loss)
City of Lancaster			
Economic Impact (millions)	$7.4	$30.5	($23.1)
Fiscal Impact (thousands)	24.50	101.70	(77.2)
Full-time Equivalent Jobs	51	211	(159)
Lancaster County			
Economic Impact (millions)	$4.9	$25.8	($20.9)
Fiscal Impact (thousands)	40.90	254.00	(213.1)
Full-time Equivalent Jobs	34	179	(145)
Commonwealth of Pennsylvania			
Economic Impact (millions)	$1.0	$4.8	($3.9)
Fiscal Impact (thousands)	59.70	284.40	(224.7)
Full-time Equivalent Jobs	6	29	(23)

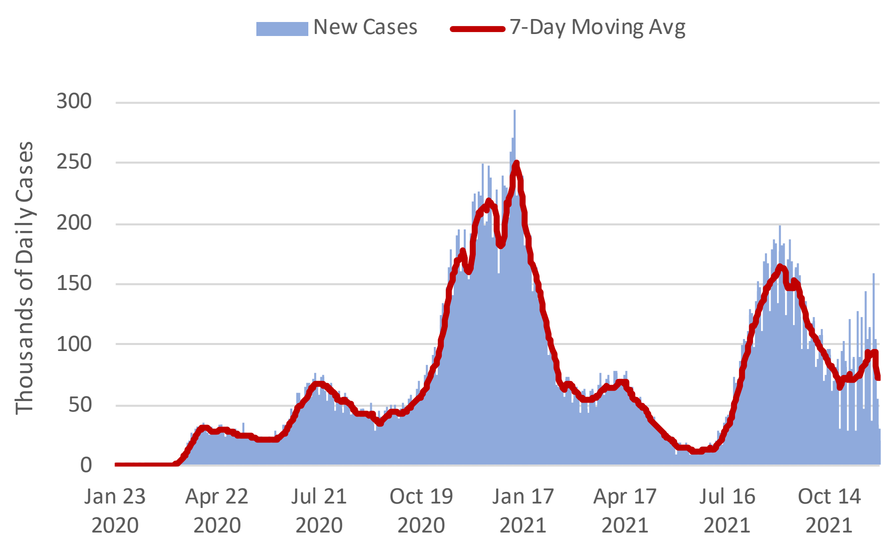
* Hypothetical Scenario without COVID-19 Pandemic

COVID-19 Trends and Economic Implications

In December 2019, a novel coronavirus—SARS-CoV-2 (COVID-19) was first identified in China, which spread throughout the world. The first reported case in the United States occurred in the State of Washington in late January 2020; by mid-March, cases had been identified in all 50 states, with the number of cases increasing exponentially. The World Health Organization (WHO) officially declared COVID-19 a global pandemic on March 11, 2020, and the U.S. declared the outbreak a National Emergency on March 13, 2020.

The following figure shows the number of reported cases of COVID-19 in the United States from January through the first two weeks of October 2021.

FIGURE 1-9
NUMBER OF COVID-19 DAILY REPORTED CASES IN THE USA

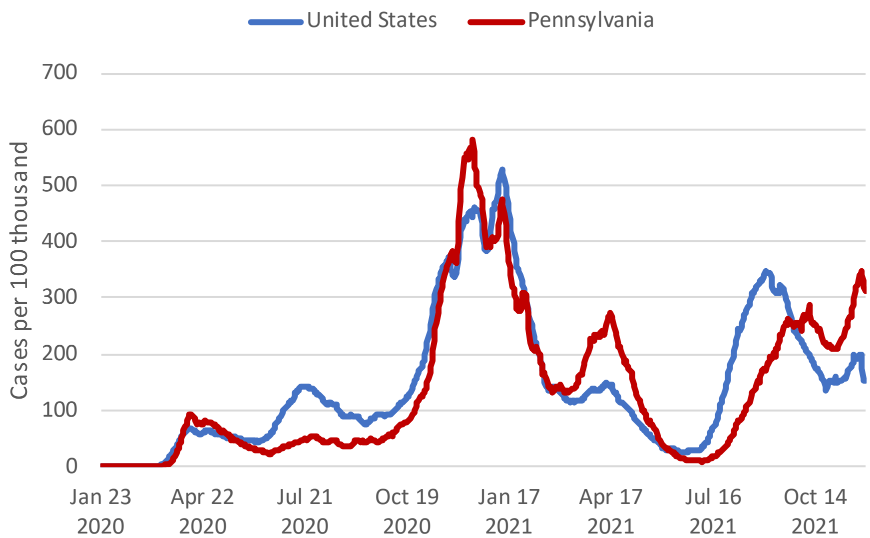


Source: Centers for Disease Control and Prevention

The seven-day moving average of cases peaked in the week of January 11, 2021 prior to the widespread availability of effective vaccines. As the number of cases multiplied in the U.S. and throughout the world, governments implemented lockdowns and social-distancing measures to slow the spread of the virus. In most cases, these measures were effective, and the infection rates slowed substantially through the summer months of 2020. With continued implementation of prevention measures and the introduction of effective vaccines in early 2021, infection rates declined by mid-year to the lowest level since March 2020. But despite increasing vaccination rates, the highly contagious Delta variant of the virus caused a second peak of infections in September 2021, which occurred primarily among unvaccinated populations.

As vaccination rates have varied among the states so have infections rates. The following figure compares the rate of infections per 100,000 persons in the US and Pennsylvania.

FIGURE 1-10
COVID-19 CASES PER 100,000 IN PENNSYLVANIA AND USA



Source: Centers for Disease Control and Prevention

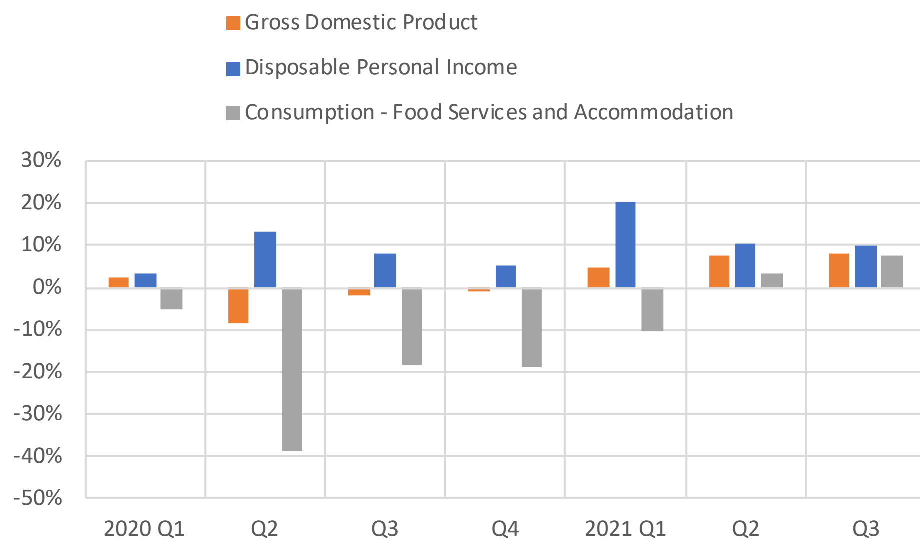
In the early months of the pandemic, the prevalence of COVID-19 cases in Pennsylvania roughly trailed the remainder of the United States. During the fall and winter of 2020, Pennsylvania cases per 100,000 either exceeded or matched that of the United States. Most recently, the number of cases per 100,000 has exceeded the national average. While there is no single cause for this surge, the prevalence of the Delta variant, lessened COVID-related restrictions, lax attitudes toward masking, cold weather, and the unvaccinated population in Pennsylvania have been offered as potential sources of infections.[1] The Omicron variant may further escalate the prevalence of COVID-19.

In the U.S., economic activity declined sharply because of restrictions on business and travel beginning in the second quarter of 2020. The figure below shows the percent change from pre-COVID levels (2019) in Gross Domestic Product ("GDP"),

[1] "If the vaccine works so well, why is COVID-19 surging again in PA?" David Wenner, PennLive, November 30, 2021.
https://www.pennlive.com/coronavirus/2021/11/if-vaccine-works-so-well-why-is-covid-19-surging-again-in-pa.html

Disposable Personal Income, and Consumption of Food Services and Accommodations for the first quarter of 2020 through the third quarter of 2021.

FIGURE 1-11
PERCENT CHANGE FROM 2019 PRE-COVID LEVELS



Source: Bureau of Economic Analysis

GDP contracted dramatically in the second quarter of 2020 but has grown every quarter since then, exceeding 2019 levels in the first quarter of 2021. Throughout this period of economic disruption, Disposable Personal Income grew as consumers pulled back on consumption and increased their savings. Certain sectors of the economy grew while others suffered severely from the decline of consumer spending, none more than Consumption of Food Services and Accommodations, which in the second quarter of 2020 fell by nearly 40% from the same quarter in 2019. While the economy as a whole has recovered by the first quarter of 2021 Consumption of Food Services and Accommodations exceeded pre-COVID levels in the second quarter of 2021.

Significant government support contributed to the economy's rebound. In March 2020, the Federal Reserve pledged to maintain liquidity in debt markets by purchasing as many government and corporate-backed bonds, as necessary. A $900-million aid package was passed in December 2020. In March 2020, the U.S. Congress passed the $2.0-trillion CARES economic-aid package, which provided support to state unemployment systems, credit for small and large businesses, and direct cash payments to low- and middle-income Americans among other items. The $1.9-trillion American Rescue Plan was signed into law in March 2021. The

Biden administration has proposed further economic stimulus in the American Jobs Plan, which would fund $1.2 trillion in infrastructure investment, which was passed in the Senate but is pending approval in the House. A second separate but associated bill would add additional federal spending on health care, education, and climate. Unlike the prior stimulus bills, currently proposed expenditures are to be funded with tax revenue increases rather than with deficit spending.

In September 2021, Federal Reserve Chair Jerome Powell indicated the U.S. central bank could begin reducing asset purchases in November 2021 and complete the process by mid-2022.

In its December 2021 Beige Book publication[2], the Federal Reserve noted the following economic trends:

- Economic growth at a modest to moderate rate, with growth impacted by supply chain disruptions, labor shortages, and uncertainty around the Delta variant of COVID-19.
- Positive growth in consumer spending, though declining in auto sales due to lower inventory and higher pricing.
- Inconsistent growth in travel and tourism activity across the United States, with some areas seeing strengthening leisure travel and others experiencing a decline.
- Outlooks for near-term economic activity remained positive, overall, but some Districts noted increased uncertainty and more cautious optimism than in previous months.
- Demand for workers continues to strengthen, but labor growth is dampened by a low supply of workers. While employment varies by sector, the Federal Reserve identified low labor supply in retail, hospitality, and manufacturing.
- Robust growth in wages. Starting wages are increased for recruitment and wage increases are occurring for retention purposes.
- Most Districts reported significantly elevated prices, fueled by rising demand for goods and raw materials.
- Supply chain issues continue to apply upward price pressures, alongside labor constraints, commodity shortage, prices of steel, electronic components, and freight costs.

[2] "Beige Book," Board of Governors of the Federal Reserve System. https://www.federalreserve.gov/monetarypolicy/beigebook202109-summary.htm

- Expectations for future price growth varied, with some Districts forecasting prices to remain high and others expectation moderation in the next 12 months.

Conclusion

When compared to a hypothetical 2020 without the COVID-19 pandemic, the economic impacts achieved in 2020 show substantial losses. The return-to-activity at the LCCC allows the City of Lancaster, Lancaster County, and the Commonwealth of Pennsylvania to reap the economic and fiscal benefits of normal visitation and tourism to the region.

2. Demand Analysis

History of the Lancaster County Convention Center

In September of 1999, the Lancaster County Convention Center Authority ("LCCCA") was established and charged with developing a convention venue in Lancaster County. The convention center was one of seventeen strategies to revitalize downtown Lancaster. In January of 2000, Lancaster County passed a 3.9% hotel tax to fund the construction and marketing of the convention center. Delayed by lawsuits, construction did not begin until 2006.

The Lancaster County Convention Center ("LCCC") opened in the summer of 2009. Since then, the county-owned facility has held numerous conventions, consumer shows, tradeshows, and assemblies. The LCCC hosts an American Quilters Society QuiltWeek that attracts over 15,000 people per year and the Lancaster Roots and Blues Festival. Since 2013 the LCCC holds the annual Zenkaikon anime and science fiction convention.

The following figure shows the building program for the LCCC. The largest function space in the LCCC is the approximately 46,500-square-foot exhibit hall, capable of hosting over 270 exhibit booths. In terms of adjacent hotel rooms, the 416-room Lancaster Marriott at Penn Square directly connects to the LCCC.

FIGURE 2-1
LCCC BUILDING PROGRAM

Event Space	Total Area (SF)	Capacities			Exhibit Booths (10'x10')
		Theatre	Banquet	Classroom	
Freedom Hall	**46,508**	5,000	4,500	2,007	277
Sub-Divisions					
Hall A	15,553	1,500	1,200	750	74
Hall B	27,784	3,000	2,500	1,200	153
Heritage Ballroom	**9,696**	1,000	1,000	500	50
Sub-Divisions					
Ballroom A	1,298	90	100	60	-
Ballroom B	1,298	90	100	60	-
Ballroom C	4,504	400	300	225	21
Ballroom D	1,298	90	100	60	-
Ballroom E	1,298	90	100	60	-
Commonwealth Ballroom	**8,274**	800	800	400	45
Sub-Divisions					
Salon 1	1,508	90	100	60	-
Salon 2	1,384	90	100	60	-
Salon 3	3,045	300	300	140	15
Salon 4	2,787	225	200	120	15
Meeting Rooms	**4,139**				
Federal Room (2)	1,017	80	75	60	
Independence Room (2)	1,290	90	75	60	
Hickory Room (2)	1,290	90	75	60	
Walnut Room	542	30	30	12	
Conestoga Room (2)	1,290	90	75	60	
Board Rooms (2)	2,470				
TOTAL FUNCTION SPACE	**68,617**				

Source: LCCCA

Impact of COVID-19 Pandemic

In December 2019, a novel coronavirus known as SARS-CoV-2 (COVID-19) was first identified in China, which has since spread throughout the world. The first reported case in the United States occurred in the State of Washington in late January 2020; by mid-March, cases had been identified in all 50 states, and the number of cases was increasing exponentially. The World Health Organization (WHO) officially declared COVID-19 a global pandemic on March 11, 2020, and the U.S. declared the outbreak a National Emergency on March 13, 2020. As the number of cases multiplied in the U.S. and throughout the world, governments implemented lockdowns and social-distancing measures to slow the spread of the virus. In most cases, these measures were effective, and the rates of infection slowed substantially through the summer months. After a spike in late December and early January, the number of new cases declined again. With vaccinations now available for all adults, infection rates continue to decline in most states. As a result, consumer confidence in being able to travel safely in the U.S. is rising; thus, the outlook for recovery of the travel industry has significantly improved.

Throughout Quarters Two through Four 2020—and extending into Quarter One 2021—most convention centers across the United States ceased normal operations. Travel restrictions, capacity limitations on public gatherings, and other public health precautions and government mandates impacted the ability to operate as usual. Due to the widespread availability of an effective vaccine, bookings at convention centers across the country continue to improve, though complete recovery of the meeting and group industry is expected to extend through 2022 and beyond.

The following figure provides a summary of the impact COVID-19 had on bookings at the LCCC, including the number of events, expected room nights, and attendees for events held, cancelled, and rescheduled in 2020. The following figure reflects actual bookings at the LCCC.

FIGURE 2-2
COVID-19 IMPACT ON LCCC BOOKINGS

Type	Events	Room Nights*	Attendees*
Held	12	7,763	38,528
Cancelled	30	16,330	83,659
Rescheduled	31	15,120	71,180
Total	73	39,213	193,367

**Expected*

Source: LCCCA

Of the 61 events impacted by the COVID-19 pandemic, expected room nights and attendance was split approximately evenly between cancelled and rescheduled events. In addition to the 73 events originally planned for 2020, further events may have occurred at the LCCC beyond those identified in the previous figure had sales staff booked events during 2020 to be held in 2020. These events booked in-the-year for-the-year, provide additional sources of demand. The following figure provides historical data from 2014 through 2019 on in-year LCCC bookings.

FIGURE 2-3
IN-YEAR LCCC BOOKINGS

Year	Events	Attendance
2014	10	18,225
2015	10	14,330
2016	12	17,875
2017	14	24,850
2018	10	7,900
2019	16	23,005
Average	12	17,698

Source: LCCCA

When developing projections for a hypothetical scenario without the COVID-19 pandemic, HVS considered the 73 events held, cancelled, or rescheduled at the LCCC for 2020 alongside an estimate of in-year bookings.

Historical Events and Attendance

For the HVS Economic and Fiscal Impact Study of the LCCC produced in 2018, LCCC staff provided HVS with detailed event and attendance data from 2014 through 2017. For this analysis, the LCCCA provided HVS with bookings for 2018 through 2020. Appendix A of this report provides a complete list of events from 2018 to 2020. HVS classified these events based on attendance, function space used, and if overnight rooms were required.

HVS estimated the percentage of overnight room nights per event that occur outside of the Lancaster Marriott at Penn Square. The sum of the Marriott Room Nights and Market Occupied Room Nights reflects the total annual room nights produced by the LCCC.

HVS reclassified event types into standard event categories to allow comparisons with other venues and for the projection of financial operations. HVS classified all events into one of the following categories.

Conventions & Conferences—associations, government, and SMERFE organizations register attendees for multi-day events. Facility set up includes breakout, banquet and exhibit space set-up and may include plenary sessions. Typically, the primary purpose of a convention is information exchange. These events often have a large general assembly meeting that can be set up in a multipurpose ballroom. The source of these events would be primarily state associations with some national groups booking as well. Conventions and conferences attract a high percentage of out-of-town attendees requiring lodging in the local market.

Consumer Shows—public, ticketed events featuring the exhibitions of merchandise for sale or display. Exhibition companies produce consumer shows, as they provide a means of product distribution and advertising. They only require exhibit space set-up. Food and beverage service is limited to concessions.

Assemblies—usually involve a ceremony, a speech, or another similar activity that attracts a crowd of spectators. Produced by any type of organization, assemblies are always public events. Additionally, assemblies only require a plenary set-up. Assembly events at the LCCC typically include graduations, speeches, or religious events.

Banquets—only require a banquet set-up for food and beverage meal service. These events also can be produced by any organizational type, and are either are held privately or require guests to register.

Sports/Competitions—typically require the set-up of a competition area in a large function space. Attendees to sporting events, which are usually organized by sports enterprises, may be public or registered. Some sporting events have both a registered and public aspect to the event over the span of a few days. Sports/Competitions events at the LCCC typically include dance, cheer, and other sporting events.

Social—only require a banquet set-up for food and beverage meal service. These events also can be produced by any organizational type, and are either are held privately or require guests to register.

Concerts & Entertainment—usually a concert or some form of live entertainment, owned and organized by an event promoter for the public. Entertainment events only require production set-up.

The following figure presents a summary of event demand at the LCCC from 2014 to 2020.

FIGURE 2-4
SUMMARY OF DEMAND HISTORY

	2014	2015	2016	2017	2018	2019	2020
Events							
Conventions & Conferences	24	31	28	31	32	35	6
Consumer Shows	14	10	9	7	8	8	2
Assemblies	10	6	9	10	10	13	0
Banquets	13	11	13	15	4	9	0
Sports/Competitions	9	11	9	9	11	9	4
Concerts & Entertainment	6	5	4	5	2	5	0
Total	76	74	72	77	67	79	12
Attendances							
Conventions & Conferences	17,646	17,174	19,028	29,770	28,980	30,840	4,990
Consumer Shows	19,872	16,916	15,794	15,768	17,260	14,680	3,150
Assemblies	13,731	13,452	18,650	23,700	17,600	19,250	0
Banquets	12,220	13,476	17,808	11,235	10,130	17,030	0
Sports/Competitions	10,377	18,649	19,059	19,491	20,650	16,640	10,820
Concerts & Entertainment	11,850	10,962	7,727	10,950	3,200	12,800	0
Total	85,695	90,628	98,065	110,914	97,820	111,240	18,960
Occupied Room Nights							
Conventions & Conferences	17,400	30,800	21,900	21,400	22,400	23,800	5,200
Consumer Shows	6,800	4,100	3,900	4,400	5,700	3,600	500
Assemblies	4,700	4,400	7,800	5,700	8,000	9,500	0
Banquets	1,000	1,900	3,600	1,200	2,200	7,300	0
Sports/Competitions	1,600	3,600	3,200	3,600	4,500	3,300	2,200
Concerts & Entertainment	300	500	500	0	300	100	0
Total	31,800	45,300	40,900	36,300	43,100	47,600	7,900
Attendee Days							
Conventions & Conferences	32,950	33,820	36,823	56,204	52,971	52,111	10,692
Consumer Shows	51,676	38,965	35,720	46,305	50,799	38,055	7,462
Assemblies	23,200	20,645	39,179	51,900	31,303	34,140	0
Banquets	14,120	21,150	29,130	11,735	23,461	40,720	0
Sports/Competitions	19,800	31,971	30,599	34,419	35,575	32,187	20,374
Concerts & Entertainment	13,600	16,423	14,367	10,950	7,200	12,800	0
Total	155,346	162,974	185,818	211,513	201,309	210,013	38,528

Source: LCCCA

For the period 2014 through 2017, the annual number of events at the LCCC ranged from 67 to 77 events. Event bookings peaked in 2019 with 79 events. The number of Conventions & Conferences continuously grew from 2016 onward, which offset the declining number of Banquets.

Despite a decline in number of event bookings in 2018, annual attendance remained at approximately 100,000, while attendee days (number of attendees times their length of stay) remained over 200,000. Total attendee days at the LCCC grew by 35% from 2014 to 2019 (the last complete year with data available), though attendee days remained relatively flat from 2017 through 2019. Consumer shows and assemblies continue to draw the first and second most attendee days per event, respectively.

Event Duration

HVS analyzed the length of events and the amount of time needed for the event organizers to move in and set up. The following figure presents the average length of events and the average amount of time it takes to move into the LCCC from 2018 through 2020, compared to the same average from 2014 to 2017.

FIGURE 2-5
AVERAGE EVENT DURATION AND MOVE IN (DAYS)

Event Type	2018	2019	2020	Average 2014-2017	Average 2018-2020
Average Event Length					
Conventions & Conferences	2.9	2.5	3.5	3.0	3.0
Banquets	1.8	2.1	0.0	1.7	1.3
Consumer Shows	3.4	2.8	3.0	3.6	3.0
Sports/Competitions	2.5	2.8	3.3	2.8	2.9
Assemblies	3.0	2.8	0.0	3.0	1.9
Concerts & Entertainment	2.5	1.0	0.0	1.6	1.2
Average Move In Days					
Conventions & Conferences	1.3	1.1	1.0	0.9	1.1
Banquets	1.0	0.9	0.0	1.1	0.6
Consumer Shows	1.3	1.3	1.0	1.4	1.2
Sports/Competitions	1.1	1.1	1.0	1.0	1.1
Assemblies	1.1	0.8	0.0	1.0	0.6
Concerts & Entertainment	0.5	0.2	0.0	0.3	0.2

Source: LCCCA

Compared to the averages from 2014-2017, almost every event category experienced a decline in average event length and average move in days. Conventions & Conferences and Sports & Competitions experienced a minimal decline and growth, respectively, in event length. Conventions & Conferences saw move in days grow by 17.6% and Sports & Competitions grew by 5.2%.

Room Nights

Our economic impact analysis in Section 3 utilizes estimates of overnight stays due to meeting & group lodging demand in the Lancaster market induced by LCCC events.

The following figure shows the average room nights generated by each type of event held at the LCCC from 2018 through 2020, compared to the same average from 2014 through 2017. The following figure solely reflects room the average for events that required overnight rooms.

FIGURE 2-6
AVERAGE ROOM NIGHTS PER EVENT

Event Type	2018	2019	2020	Average 2014-2017	Average 2018-2020
Conventions & Conferences	357	327	411	377	365
Banquets	439	579	0	223	509
Consumer Shows	379	363	191	381	311
Sports/Competitions	181	148	215	168	181
Assemblies	637	628	0	493	632
Concerts & Entertainment	122	45	0	110	84

AvSources: LCCC

Banquets saw the largest increase in room nights per event—with the average growing by 125% between 2014–2017 to 2018–2020. Assemblies remain the largest per event generator of room nights.

Hypothetical 2020 Projections

To estimate the impact of the COVID-19 pandemic on the LCCC, HVS developed a hypothetical 2020 projection under the assumption that the COVID-19 pandemic never occurred. A comparison of the demand, attendance, and room night projections under this model to actual performance provides an estimate of the impact of the COVID-19 pandemic.

HVS based event demand projections for the Hypothetical 2020 Scenario ("Hypothetical Year") on historical LCCC demand data, industry data and trend reports, and discussions with representatives of the LCCCA. The figure on the following page provides historical data from 2014 through 2019 alongside the Hypothetical Year projections.

FIGURE 2-7
DEMAND HISTORY AND HYPOTHETICAL YEAR PROJECTIONS

	Actual	Hypothetical
Events		
Conventions & Conferences	6	34
Consumer Shows	2	10
Assemblies	0	12
Banquets	0	12
Sports/Competitions	4	10
Concerts & Entertainment	0	5
Total	12	83
Attendees		
Conventions & Conferences	4,050	16,810
Consumer Shows	2,480	13,533
Assemblies	0	14,920
Banquets	0	12,116
Sports/Competitions	6,130	13,223
Concerts & Entertainment	0	5,438
Total	12,660	76,040
Occupied Room Nights		
Conventions & Conferences	5,200	28,000
Consumer Shows	500	5,300
Assemblies	0	8,800
Banquets	0	3,900
Sports/Competitions	2,200	3,400
Concerts & Entertainment	0	400
Total	7,900	49,800
Event Days		
Conventions & Conferences	17	99
Consumer Shows	7	34
Assemblies	0	36
Banquets	0	21
Sports/Competitions	10	25
Concerts & Entertainment	0	13
Total	34	228
Attendee Days		
Conventions & Conferences	10,692	50,999
Consumer Shows	7,462	48,999
Assemblies	0	42,000
Banquets	0	33,600
Sports/Competitions	20,374	32,001
Concerts & Entertainment	0	14,501
Total	38,528	222,100

Source: LCCCA, HVS

As seen in Figure 2-2, the LCCC originally had 73 events either held, canceled, or rescheduled for 2020. Using this value as a base, an estimated ten events would be booked within-the-year for-the-year. As such, the event total in Figure 2-7 shows an estimated event total of 83 events, resulting in over 220,000 attendee days and almost 50,000 room nights generated from LCCC events. Compared to historical event demand, the Hypothetical Year projections for 2020 show the highest event, attendee day, and room night totals.

Compared to the actual event totals for 2020, the Hypothetical Year shows the LCCC losing 71 events, 191 event days, 183,572 attendee days, and 41,900 occupied room nights as a result of the COVID-19 pandemic.

Conclusion

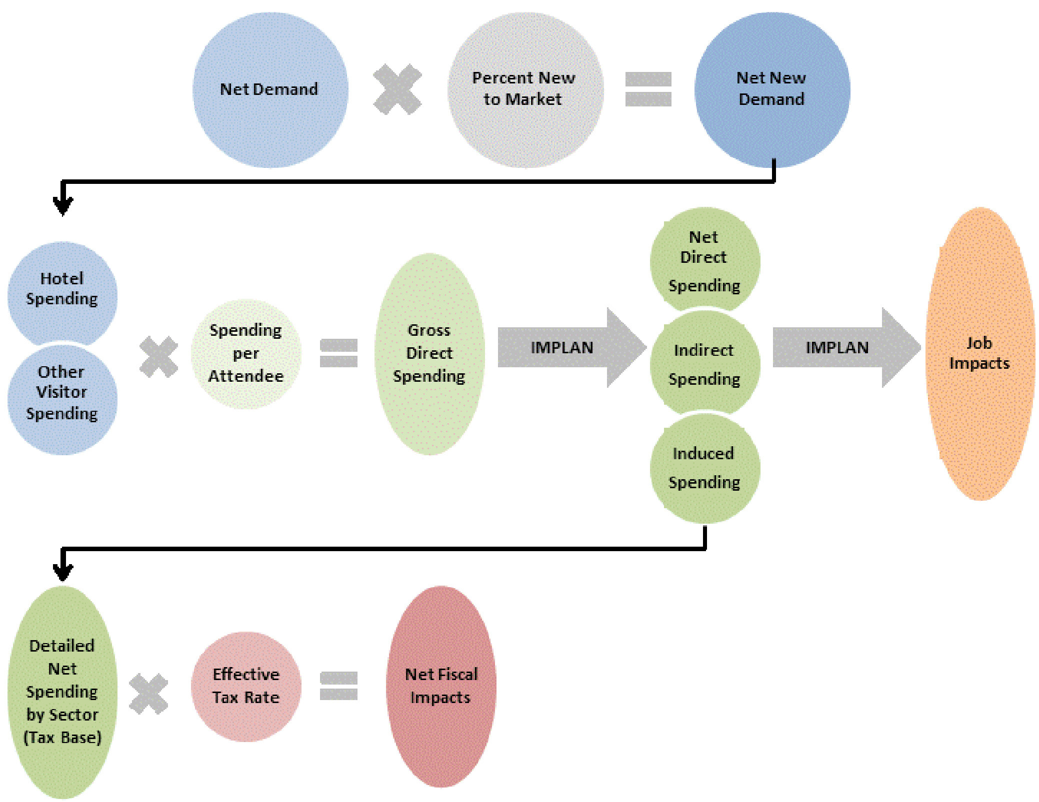
In the period leading up to the onset of the COVID-19 pandemic the LCCC saw attendance grow to consistently to over 200,000 attendee days per year. While event demand varied annually, 2019 saw the highest event total from 2014 onward and the second-highest annual attendee day total. The COVID-19 pandemic significantly disrupted what was expected to be a hallmark year for the LCCC. Based on Hypothetical Year projections, over 70 events, 180,000 attendee days, and 41,900 room nights were lost as a result of the pandemic.

3. Economic Impact

Based on the demand projections presented in this report, HVS identified the new spending that would occur in the local economy due to the ongoing operation of the Lancaster County Convention Center ("LCCC"). HVS estimated the amounts of income and employment that new visitors, event organizers, and exhibitors would generate in the City of Lancaster, Lancaster County, and the Commonwealth of Pennsylvania.

The figure below demonstrates our methodology.

FIGURE 3-1
METHODOLOGY FOR ECONOMIC AND FISCAL IMPACT ANALYSIS



Direct, Indirect, and Induced Spending

Spending falls into three categories:

- **Direct spending** includes the new spending of event attendees and organizers. For example, an attendee's expenditure on a restaurant meal is a direct spending impact. Direct spending includes only new spending that originates from outside Lancaster, the County or the Commonwealth. Spending by attendees who live within the market area is a transfer of income from one sector of the area's economy to another; therefore, this analysis does not count spending by residents as a new economic impact. Net direct spending are the amounts of direct spending that falls into the local economy.
- **Indirect spending** follows from the business spending resulting from the initial direct spending. For example, an event attendee's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that remain within Lancaster, the County, or the Commonwealth count as indirect impacts.
- **Induced spending** represents the change in local consumption due to the personal spending by employees whose incomes change from direct and indirect spending. For example, a waiter at a local restaurant may have more personal income because of an event attendee dining at the restaurant. The amount of the increased income that the waiter spends in the local economy is an induced impact.

To generate direct spending estimates, HVS applied assumptions about the amounts of new spending generated by LCCC events. HVS used the IMPLAN input-output model of the local economy to estimate net direct, indirect, and induced spending. The sum of net direct, indirect, and induced spending estimates make up the total estimated spending impact of LCCC events.

Some refer to indirect and induced impacts as multiplier effects. The relationship between direct spending and the multiplier effects vary based upon the specific size and characteristics of a local area's economy.

Sources of Direct Spending

HVS identified four sources of new direct spending impact:

- **Overnight Guests**: Visitors to the City of Lancaster who require overnight lodging, including convention delegates, meeting attendees, and attendees at other LCCC events. Overnight delegate spending includes the spending on meals, shopping, local transportation, recreation and entertainment, and other goods and services while in town.
- **Daytrip Attendees**: Visitors to the LCCC who do not require paid lodging. In most markets, day-trippers typically spend money on meals, shopping,

local transportation, recreation and entertainment, and other goods and services while in town.

- **Event Organizers**: Individuals, associations, or other organizations that plan, sponsor, organize, and coordinate events that take place at LCCC facilities. In addition to facility spending, event organizers also spend on lodging, meals, local transportation, facility rentals, equipment rentals, and other goods and services required to plan and organize a successful event.
- **Exhibitors**: Individuals or companies that rent exhibition space, typically from event organizers, to display information or products at events. In addition to spending at the facility, exhibitors purchase lodging, meals, local transportation, vendor services, meeting room rentals, equipment rentals, and other goods and services.

Estimation of new spending of each of these sources involves three sets of assumptions: 1) the number of new visitors to the market, 2) the geographic location of their spending, and 3) the amounts typically spent by each of the sources.

New Visitors

HVS estimated the percentage of each visitor type that would come from outside the market rather than from the local area. The spending estimates only include new visitor spending because non-residents import income, whereas residents transfer income already in the market area.

- Overnight Guests—HVS assumes that 95% of overnight guests are new to Lancaster County, meaning they originated from outside of Lancaster County and are non-residents. Some overnight guests may stay with friends and family or outside the market. We determined the new overnight visitation to the Commonwealth of Pennsylvania by determining which events could occur at other venues in the Commonwealth, and which could only occur in Lancaster. The number of overnight guests reflected in the model only reflects to overnight guests for events at the LCCC. Additional overnight visitation related to days added before or after an event are not reflected in this model, though they may produce additional economic impact.
- Day Trips—HVS determined the percentage of new daytrips to the City of Lancaster and Lancaster County by comparing their populations to the one-hour drivetime population. We assume that events draw few day-trip visitors from outside the Commonwealth.
- Exhibitor/Organizer spending on Attendees/Delegates—HVS based the percentage of new exhibitor and organizer spending from the percentage of new attendees.

The product of the visitor forecasts and the percent of demand new to the market yields an estimate of the sources of impact shown in the following table. That is:

Total Overnight Guests X Percent New = New Overnight Stays

Total Day Trips X Percent New = New Day Trips

Total Delegate Days X Percent New = New Delegate Days

The following figure shows the number of new visitors to the LCCC that generate new spending.

FIGURE 3-2
PERCENT NEW VISITORS BY REGION AND EVENT TYPE

Geographic Area/Visitor Type	Overnight Guests	Day Trips	Exhibitor Attendees	Event Attendees
City of Lancaster				
Conventions & Conferences	95%	97%	65%	97%
Consumer Shows	95%	97%	65%	97%
Assemblies	95%	10%	0%	0%
Banquets	95%	10%	0%	0%
Sports/Competitions	95%	97%	0%	97%
Concerts & Entertainment	95%	97%	0%	97%
Lancaster County				
Conventions & Conferences	95%	74%	49%	74%
Consumer Shows	95%	74%	49%	74%
Assemblies	95%	10%	0%	0%
Banquets	95%	10%	0%	0%
Sports/Competitions	95%	74%	0%	0%
Concerts & Entertainment	95%	74%	0%	0%
Commonwealth of Pennsylvania				
Conventions & Conferences	3%	10%	7%	10%
Consumer Shows	35%	10%	7%	10%
Assemblies	0%	5%	0%	0%
Banquets	100%	5%	0%	0%
Sports/Competitions	30%	10%	0%	10%
Concerts & Entertainment	41%	10%	0%	10%

The following figure shows the number of visitors to the LCCC by event type from 2018 through 2020.

FIGURE 3-3
SUMMARY OF VISITATION BY EVENT TYPE

	2018	2019	2020
Overnight Visitors			
Conventions & Conferences	22,400	23,800	5,200
Consumer Shows	5,700	3,600	500
Assemblies	8,000	9,500	0
Banquets	2,200	7,300	0
Sports/Competitions	4,500	3,300	2,200
Concerts & Entertainment	300	100	0
Total	43,100	47,600	7,900
Day-Trip Visitors			
Conventions & Conferences	10,060	11,550	2,350
Consumer Shows	12,430	10,920	2,180
Assemblies	8,320	9,390	0
Banquets	7,660	13,250	0
Sports/Competitions	12,800	9,770	5,330
Concerts & Entertainment	2,600	12,300	0
Total	53,870	67,180	9,860
Attendee Days*			
Conventions & Conferences	52,971	52,111	10,692
Consumer Shows	50,799	38,055	7,462
Assemblies	31,303	34,140	0
Banquets	23,461	40,720	0
Sports/Competitions	35,575	32,187	20,374
Concerts & Entertainment	7,200	12,800	0
Total	201,309	210,013	38,528

*Used to estimate exhibitor and organizer spending

These numbers are then multiplied by the net new percentages shown in Figure 3-2 to get the net new visitation by event type. The following figure summarizes the visitation by type of visitor and geographic region.

FIGURE 3-4
NET NEW VISITATION BY GEOGRAPHIC AREA

	2018	2019	2020
City of Lancaster			
Overnight Visits	40,900	45,200	7,500
Day-trips	38,400	45,500	9,600
Exhibitor Attendee Days	67,100	58,300	11,700
Organizer Attendee Days	142,200	131,200	37,400
Lancaster County			
Overnight Visits	40,900	45,200	7,500
Day-trips	29,500	35,000	7,300
Exhibitor Attendee Days	50,900	44,200	8,900
Organizer Attendee Days	76,400	66,400	13,400
State of Pennsylvania			
Overnight Visits	6,400	10,400	1,000
Day-trips	4,600	5,600	1,000
Exhibitor Attendee Days	6,900	6,000	1,200
Organizer Attendee Days	14,700	13,500	3,900

Spending Parameters

HVS estimated the total spending of event attendees, event organizers, and exhibitors. For overnight event attendees, HVS used the results of a detailed spending survey from the HVS 2018 Study adjusted to 2020 dollars. To adjust historical data to 2020 dollars, HVS used the Consumer Price Index ("CPI") as an index.

To estimate the spending for day trip visitors, HVS used results from the Travel USA study by Longwoods International. This survey is conducted annually with a sample size of approximately 350,000 trips and assesses origin, spending, party size, and primary purpose of the trip. HVS applies parameters from the Corporate Travel Index ("CTI") to account for local spending patterns.

The following figure shows average spending parameters for 2014 through 2020.

FIGURE 3-5
LCCC ATTENDEE SPENDING SUMMARY (IN 2020 DOLLARS)

	2014	2015	2016	2017	2018	2019	2020
Inflation Adjustment Factor	**0.915**	**0.916**	**0.927**	**0.947**	**0.970**	**0.988**	**1.000**
Overnight Visitor Spending							
Hotel Expenses	$87.76	$87.87	$88.98	$90.87	$93.09	$94.78	$95.95
Restaurant meals	31.32	31.35	31.75	32.42	33.22	33.82	34.24
Auto Rental	9.02	9.03	9.14	9.34	9.57	9.74	9.86
Auto Fuel	9.14	9.15	9.26	9.46	9.69	9.87	9.99
Parking	3.41	3.42	3.46	3.54	3.62	3.69	3.73
Public Transportation Fare	0.55	0.55	0.56	0.57	0.58	0.60	0.60
Entertainment and Recreation	1.27	1.27	1.29	1.31	1.35	1.37	1.39
Retail Purchases	6.64	6.65	6.73	6.87	7.04	7.17	7.26
Other	5.77	5.78	5.85	5.97	6.12	6.23	6.31
Total	**$154.88**	**$155.06**	**$157.02**	**$160.36**	**$164.28**	**$167.26**	**$169.32**
Day-Trip Spending							
Transportation at Destination	$44.38	$44.43	$44.99	$45.95	$47.07	$47.92	48.51
Food & Beverage	59.11	59.18	59.92	61.20	62.70	63.83	64.62
Retail	46.66	46.72	47.31	48.31	49.49	50.39	51.01
Recreation	37.84	37.88	38.36	39.18	40.14	40.86	41.37
Total	**$187.98**	**$188.21**	**$190.58**	**$194.64**	**$199.40**	**$203.01**	**$205.51**

Source: HVS and Longwoods International

The following figure shows HVS' assumptions of exhibitor and organizer spending adjusted for inflation.

FIGURE 3-6
EXHIBITIOR AND ORGANIZER SPENDING PARAMETERS

	2014	2015	2016	2017	2018	2019	2020
Inflation Adjustment Factor	**0.966**	**0.967**	**0.979**	**1.000**	**1.024**	**1.043**	**1.056**
Exhibitor Spending							
Event Catering and Concessions	$21.14	$21.16	$21.43	$21.88	$22.42	$22.83	$23.11
Advertising and Related Services	13.56	13.58	13.75	14.04	14.39	14.65	14.83
Commercial and industrial machinery	7.42	7.43	7.52	7.68	7.87	8.01	8.11
Lodging Costs	6.87	6.88	6.97	7.12	7.29	7.42	7.52
Retail Stores - General Merchandise	5.79	5.80	5.87	6.00	6.14	6.25	6.33
Other amusement and recreation industries	5.48	5.49	5.56	5.68	5.81	5.92	5.99
Transit and ground passenger transportation	3.38	3.38	3.43	3.50	3.58	3.65	3.69
Automotive Equipment Rental and leasing	2.70	2.71	2.74	2.80	2.87	2.92	2.96
Retail Stores - Gasoline Stations	0.83	0.83	0.85	0.86	0.88	0.90	0.91
State and local government passenger transit	0.27	0.27	0.27	0.28	0.29	0.29	0.30
Hotels and motels, including casino hotels	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**$67.45**	**$67.53**	**$68.38**	**$69.84**	**$71.55**	**$72.84**	**$73.74**
Organizer Spending							
Hotels and motels, including casino hotels	$1.03	$1.03	$1.04	$1.06	$1.12	$1.16	$1.17
Hotel Room Rate	1.03	1.03	1.04	1.06	1.12	1.16	1.17
Transit and ground passenger transportation	0.42	0.42	0.43	0.44	0.45	0.45	0.46
Advertising and Related Services	0.24	0.24	0.25	0.25	0.26	0.26	0.27
Other personal services	0.20	0.20	0.20	0.20	0.21	0.21	0.21
Scenic and sightseeing transportation	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Performing Arts Companies	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Spectator Sports Companies	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Museums, Historical Sites, Zoos, and Parks	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Amusement parks, arcades, and gambling industries	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Other amusement and recreation industries	0.10	0.10	0.10	0.10	0.10	0.11	0.11
Automotive Equipment Rental and leasing	0.08	0.08	0.08	0.08	0.08	0.08	0.09
State and local government passenger transit	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Total	**$3.64**	**$3.64**	**$3.69**	**$3.76**	**$3.92**	**$4.02**	**$4.07**

Source: PCMA, CEIR

Gross Direct Spending

HVS multiplied the visitation numbers by the appropriate spending parameters to estimate gross direct spending for a stabilized year. The following figure shows gross direct spending from 2018 through 2020.

FIGURE 3-7
GROSS DIRECT SPENDING ($ MILLIONS)

	2018	2019	2020
City of Lancaster			
Overnight Visits	$6.72	$7.56	$1.27
Day-trips	7.66	9.24	1.97
Exhibitor Attendee Days	4.69	4.17	0.85
Organizer Attendee Days	0.54	0.51	0.15
Total	$19.61	$21.48	$4.24
Lancaster County			
Overnight Visits	$6.72	$7.56	$1.27
Day-trips	5.88	7.11	1.50
Exhibitor Attendee Days	3.55	3.16	0.65
Organizer Attendee Days	0.29	0.26	0.05
Total	$16.44	$18.09	$3.47
State of Pennsylvania			
Overnight Visits	$1.05	$1.74	$0.17
Day-trips	0.92	1.14	0.21
Exhibitor Attendee Days	0.48	0.43	0.09
Organizer Attendee Days	0.06	0.05	0.02
Total	$2.51	$3.36	$0.49

IMPLAN Impact Modeling

HVS uses the IMPLAN input-output model to estimate indirect and induced spending and employment impacts. IMPLAN is a nationally recognized model developed at the University of Minnesota and commonly used to estimate economic impacts. An input-output model generally describes the commodities and income that normally flow through the various sectors of a given economy. The indirect and induced spending and employment effects represent the estimated changes in the flow of income, goods, and services caused by the estimated direct spending. The IMPLAN model accounts for the specific characteristics of the local area economy and estimates the share of indirect and induced spending that it would retain.

HVS categorized new direct expenditures into spending categories that we provide inputs into the IMPLAN model. Specifically, the IMPLAN model relies on spending categories defined by the U.S. Census according to the North American Industry Classification System ("NAICS"). Because the spending data from the spending surveys used by HVS do not match the NAICS spending categories, HVS translates the spending categories into the NAICS spending categories that most closely match.

Annual Net Direct Spending

Not all of the gross direct spending counts as an economic impact because some of the spending does not generate income within the market . HVS adjusts gross direct spending to account for income that leaks out of the local economy by estimating retail margins and local purchase parentages. As a result, the realized direct spending ("net direct spending") is lower than the gross direct spending in the market area.

Retail Margins

Spending at retailers creates a smaller economic impact compared to spending in other industries. Retailers add value equal to the margin or price increase of the good above the original price paid to obtain the good. The IMPLAN model is product based, so HVS uses IMPLAN margin numbers to account for the discrepancy between retail purchaser prices and producer prices.

Local Purchase Percentage

To accurately measure spending impacts, HVS counts spending on products and services located in the market area. Some of the direct spending demand in the market area cannot be accommodated. For example, an event organizer may need to buy novelty items for all attendees but find that the market area does not produce these items. This effect occurs for direct, indirect, and induced spending. HVS uses the IMPLAN SAM model values to track the percentage of a good purchased within the market area.

Net Direct, Indirect, and Induced Spending

The relationship between direct spending and the multiplier effects can vary based on the specific size and characteristics of a local area's economy. HVS enters the gross direct spending estimate into the IMPLAN input output model of the local economy to estimate the net direct, indirect, and induced spending. HVS obtained the most recent available data from IMPLAN for .

The following figures present the output of the IMPLAN model—the net new direct, indirect, and induced economic impacts and that are attributable to the ongoing operation of the LCCC. HVS also used IMPLAN to estimate the jobs created based on the direct, indirect, and induced spending estimates.

Annual Net Spending Impacts

The following figure shows the annual net direct, indirect and induced spending generated for the City of Lancaster, Lancaster County, and the Commonwealth of Pennsylvania. Note that the impacts between geographic areas are not additive.

FIGURE 3-8
ANNUAL ECONOMIC IMPACT ESTIMATES ($ MILLIONS, IN 2020 DOLLARS)

	2018	2019	2020	Total
City of Lancaster				
Direct	$20.1	$21.3	$4.6	$45.9
Indirect	6.1	6.4	1.4	13.9
Induced	6.1	6.4	1.4	14.0
Total	**$32.2**	**$34.1**	**$7.4**	**$73.8**
Lancaster County				
Direct	$14.6	$16.0	$3.0	$33.6
Indirect	4.4	4.9	0.9	10.2
Induced	4.4	4.8	0.9	10.1
Total	**$23.5**	**$25.6**	**$4.9**	**$54.0**
Commonwealth of Pennsylvania				
Direct	$2.5	$3.2	$0.5	$6.3
Indirect	1.0	1.3	0.2	2.5
Induced	1.3	1.6	0.3	3.1
Total	**$4.8**	**$6.1**	**$1.0**	**$11.8**

*Impacts between the City, County, and State are not additive.

Employment Impacts

HVS calculated the full-time equivalent jobs supported by the spending in each geographic area. The following figure summarizes the results.

FIGURE 3-9
EMPLOYMENT IMPACTS
NUMBER OF FULL-TIME EQUIVALENT JOBS

	2018	2019	2020	Total
City of Lancaster				
Direct	159	170	37	366
Indirect	30	33	7	71
Induced	32	34	7	73
Total	**221**	**237**	**51**	**510**
Lancaster County				
Direct	117	128	24	269
Indirect	22	25	5	51
Induced	23	25	5	53
Total	**162**	**179**	**34**	**374**
Commonwealth of Pennsylvania				
Direct	19	24	4	47
Indirect	4	5	1	10
Induced	6	8	1	15
Total	**29**	**37**	**6**	**72**

*Jobs between the City, County, and State are not additive.

The number of full-time equivalent jobs supported by the LCCC remained consistent between 2018 and 2019. Despite ceasing regular operations during the year, the LCCC did still support some full-time equivalent jobs during 2020—though the jobs supported only totaled approximately 20% of 2018 and 2019 figures. The employment impacts in the figure above reflect jobs across all sectors of the economy that have increased output because of operating events at the LCCC.

Fiscal Impacts

Fiscal impacts are the public sector share of the economic impacts generated by tax collections on new spending. The previously discussed spending estimates provide a basis for estimating potential tax revenue.

The IMPLAN analysis results in direct, indirect, and induced spending classified into hundreds of detailed spending categories. HVS evaluated each of these spending categories to determine which taxes would apply to each type of spending output. HVS then used the appropriate tax rates to estimate the amount of tax revenue.

HVS applied these nominal tax rates to a detailed breakdown of spending and income categories that result from direct, indirect, and induced spending through operation of the LCCC. HVS then estimated the potential annual revenue from each tax source. The following figure describes each tax included in the analysis.

FIGURE 3-10
TAX DESCRIPTIONS

Tax	Nominal Rate	Base
CITY OF LANCASTER		
Earned Income Tax	1.1%	Lancaster levies a 1.1% personal income tax.
LANCASTER COUNTY		
Hotel Room Rental Tax	3.9%	Hotel and motels in Lancaster County collect the tax. The nominal incidence of the tax falls on the guest. Revenues are divided between Discover Lancaster and the LCCC.
Hotel Excise Tax	1.1%	The excise tax applies to all types of accommodations, including bed & breakfast locations.
STATE OF PENNSYLVANIA		
Sales, Use, and Hotel Occupancy T	6%	The sales and use tax is imposed on the retail sale, consumption, rental or use of personal property, including hotel room revenue.
Individual Income Tax	3.07%	Pennsylvania levies a 3.07% personal income tax.
Corporate Net Income Tax	9.99%	Corporations pay 9.99% on federal taxable income.

The following figure summarizes the fiscal impact to the City, County, and Commonwealth based on the tax rates above. For the Corporate Net Income Tax, HVS analyzed the ratio of Individual Income Tax revenues to Corporate Net Income Tax Revenues.

FIGURE 3-11
FISCAL IMPACT (IN 2020 DOLLARS)

	2018	2019	2020	Total
City of Lancaster				
Earned Income Tax	**$107,200**	**$113,400**	**$24,500**	**$245,100**
Lancaster County				
Hotel Room Rental Tax	$169,900	$186,000	$31,900	$387,800
Hotel Excise Tax	$47,900	$52,400	$9,000	$109,300
Total	**$217,800**	**$238,400**	**$40,900**	**$497,100**
Commonwealth of Pennsylvania				
Sales, Use, Hotel Occupancy Tax	$211,600	$260,000	$43,900	$515,500
Individual Income Tax	$48,200	$61,900	$9,600	$119,700
Corporate Income Tax	$17,100	$21,800	$3,600	$42,500
Vehicle Rental Tax	$7,900	$9,600	$1,800	$19,300
Liquid Fuel Tax	$2,800	$5,400	$800	$9,000
Total	**$287,600**	**$358,700**	**$59,700**	**$706,000**

The following figure summarizes recurring annual economic and fiscal impacts produced by the LCCC from 2018 through 2020.

FIGURE 3-12
SUMMARY OF ECONOMIC AND FISCAL IMPACTS

	2018	2019	2020	Total
City of Lancaster				
Economic Impact (millions)	$32.2	$34.1	$7.4	$73.8
Fiscal Impact (thousands)	107.2	113.4	24.5	245.1
Full-time Equivalent Jobs	221	237	51	-
Lancaster County				
Economic Impact (millions)	$23.5	$25.6	$4.9	$54.0
Fiscal Impact (thousands)	217.8	238.4	40.9	497.1
Full-time Equivalent Jobs	162	179	34	-
Commonwealth of Pennsylvania				
Economic Impact (millions)	$4.8	$6.1	$1.0	$11.8
Fiscal Impact (thousands)	287.6	358.7	59.7	706.0
Full-time Equivalent Jobs	29	37	6	-

These economic and fiscal impact estimates are subject to the assumptions described throughout the report. Numerous assumptions about the circumstances of visitor spending and lodging form the basis for these estimates. Although we consider these assumptions reasonable, actual events and circumstances could have differed from the assumptions in this report, and some of those differences may be material.

Hypothetical 2020 Projections

To estimate the impact of the COVID-19 pandemic on the LCCC, HVS developed a hypothetical 2020 projection under the assumption that the COVID-19 pandemic never occurred. The impact of the COVID-19 pandemic is estimated utilizing the demand projections produced in Section 2 of this report and the methodology described throughout this section.

Gross Direct Spending Comparison

The following figures present the historical data for 2018 and 2019 alongside hypothetical projections for 2020 and are followed by a direct comparison of the actual and hypothetical 2020 outcomes for each metric.

FIGURE 3-13
2020 GROSS DIRECT SPENDING COMPARION (MILLIONS)

	Actual	Hypothetical	Difference (Loss)
City of Lancaster			
Overnight Visits	$1.27	$8.01	($6.74)
Day-trips	1.97	8.14	(6.17)
Exhibitor Attendee Days	0.85	6.09	(5.24)
Organizer Attendee Days	0.15	0.47	(0.32)
Total	$4.24	$22.71	($18.47)
Lancaster County			
Overnight Visits	$1.27	$8.01	($6.74)
Day-trips	1.50	6.29	(4.79)
Exhibitor Attendee Days	0.65	4.62	(3.97)
Organizer Attendee Days	0.05	0.24	(0.19)
Total	$3.47	$19.16	($15.69)
Commonwealth of Pennsylvania			
Overnight Visits	$0.17	$1.34	($1.17)
Day-trips	0.21	1.03	(0.82)
Exhibitor Attendee Days	0.09	0.63	(0.54)
Organizer Attendee Days	0.02	0.05	(0.03)
Total	$0.49	$3.05	($2.56)

In calendar year 2020, the City of Lancaster lost approximately $18.5 million of direct spending because of the COVID-19-induced closure of the LCCC. The U.S. economy is recovering, and demand is expected to continue to strengthen; however, the increase in COVID-19 cases during the latter part of 2021 may affect the pace of recovery in 2022. This may result in direct spending losses, compared to pre-pandemic levels, in 2021, 2022, and beyond.

Economic Impact Comparison

The following compares the actual and hypothetical 2020 economic impact for the City, County and Commonwealth.

FIGURE 3-14
ANNUAL ECONOMIC IMPACT COMPARISON (MILLIONS OF 2020 DOLLARS)

	Actual	Hypothetical	Difference (Loss)
City of Lancaster			
Direct	$4.59	$18.96	($14.37)
Indirect	1.39	5.77	(4.38)
Induced	1.40	5.74	(4.34)
Total	$7.38	$30.46	($23.08)
Lancaster County			
Direct	$3.04	$16.07	($13.03)
Indirect	0.93	4.90	(3.98)
Induced	0.92	4.84	(3.92)
Total	$4.89	$25.81	($20.92)
Commonwealth of Pennsylvania			
Direct	$0.51	$2.56	($2.05)
Indirect	0.20	1.00	(0.80)
Induced	0.25	1.26	(1.01)
Total	$0.96	$4.82	($3.86)

The City of Lancaster lost an estimated $23 million of total economic impact due to the COVID-19-induced closure of the LCCC.

Employment Impact Comparison

The following figure compares the actual and hypothetical 2020 employment outcomes for the City, County and the Commonwealth.

FIGURE 3-15
EMPLOYMENT IMPACTS COMPARISON
NUMBER OF FULL-TIME EQUIVALENT JOBS

	Actual	Hypothetical	Difference (Loss)
City of Lancaster			
Direct	37	152	(115)
Indirect	7	29	(22)
Induced	7	30	(23)
Total	51	211	(159)
Lancaster County			
Direct	24	129	(105)
Indirect	5	24	(20)
Induced	5	26	(21)
Total	34	179	(145)
Commonwealth of Pennsylvania			
Direct	4	19	(15)
Indirect	1	4	(3)
Induced	1	6	(5)
Total	6	29	(23)

In the City of Lancaster approximately 160 jobs were unsupported due to the COVID-19 induced closure of the LCCC.

Fiscal Impact Comparison

The following figures present the historical data for 2018 and 2019 alongside hypothetical projections for 2020 and are followed by a direct comparison of the actual and hypothetical 2020 outcomes for each metric.

FIGURE 3-16
FISCAL IMPACT (IN 2020 DOLLARS)

	2018	2019	2020	Total
City of Lancaster				
Earned Income Tax	**$107,200**	**$113,400**	**$101,700**	**$322,300**
Lancaster County				
Hotel Room Rental Tax	$169,900	$186,000	$198,100	$554,000
Hotel Excise Tax	$47,900	$52,400	$55,900	$156,200
Total	**$217,800**	**$238,400**	**$254,000**	**$710,200**
Commonwealth of Pennsylvania				
Sales, Use, Hotel Occupancy Tax	$211,600	$260,000	$204,800	$676,400
Individual Income Tax	$48,200	$61,900	$49,000	$159,100
Corporate Income Tax	$17,100	$21,800	$18,400	$57,300
Vehicle Rental Tax	$7,900	$9,600	$6,900	$24,400
Liquid Fuel Tax	$2,800	$5,400	$5,300	$13,500
Total	**$287,600**	**$358,700**	**$284,400**	**$930,700**

FIGURE 3-17
FISCAL IMPACT COMPARISON

	Actual	Hypothetical	Difference (Loss)
City of Lancaster			
Earned Income Tax	$24,500	$101,700	$ (77,200)
Total	$24,500	$101,700	$ (77,200)
Lancaster County			
Hotel Room Rental Tax	$31,900	$198,100	$ (166,200)
Hotel Excise Tax	9,000	55,900	(46,900)
Total	$40,900	$254,000	$ (213,100)
Commonwealth of Pennsylvania			
Sales, Use, Hotel Occupancy Tax	$43,900	$204,800	$ (160,900)
Individual Income Tax	9,600	49,000	(39,400)
Corporate Income Tax	3,600	18,400	(14,800)
Vehicle Rental Tax	1,800	6,900	(5,100)
Liquid Fuel Tax	800	5,300	(4,500)
Total	$59,700	$284,400	$ (224,700)

In the City of Lancaster, approximately $77,000 in earned income tax revenue was not produced due to the COVID-19-induced closure of the LCCC. Lancaster County lost approximately $210,000, and the Commonwealth of Pennsylvania lost approximately $225,000 in total tax revenue during the COVID-19 pandemic.

Conclusion

When compared to a hypothetical 2020 without the COVID-19 pandemic, the economic impacts achieved in 2020 show substantial losses. The return-to-activity at the LCCC allows the City of Lancaster, Lancaster County, and the Commonwealth of Pennsylvania to reap the economic and fiscal benefits of normal visitation and tourism to the region.

4. Intangible Benefits and Impacts on Local Business

Overview

Prior to the onset of the COVID-19 pandemic, the Lancaster County Convention Center ("LCCC") introduced many new events to the local area and produced significant economic growth. During the pandemic, the halting of normal business at the LCCC depressed visitation to Lancaster and the surrounding community. To evaluate the impact on residents and local businesses, HVS designed and conducted a survey of Lancaster merchants.

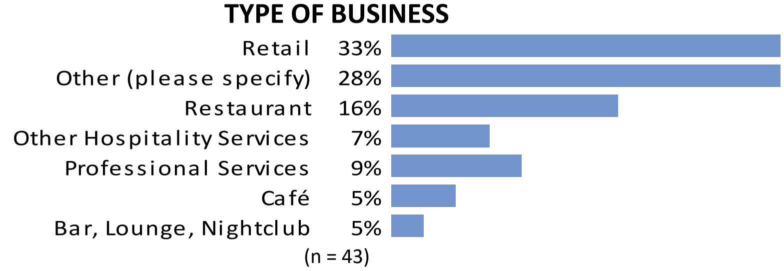
With the assistance of the Lancaster City Alliance, the survey was distributed to approximately 800 representatives of merchants who manage and/or own businesses in Downtown Lancaster. The survey was targeted at merchants operating businesses in retail, hospitality, and other sectors providing goods and services to visitors to Lancaster. Relative to restaurants/bars and retail, industries such as consulting, real estate, service-based businesses, and cultural groups and institutions traditionally see little impact from convention activity.

HVS received 51 responses, of which 32 were complete with all questions answered, and 19 were partial with some questions left unanswered. The following summary of responses highlights key results.

Survey Respondents

To indicate whether this group of respondents represents a cross section of business owners in Lancaster, HVS asked respondents what kind of business they operate. The following figure shows the results.

FIGURE 4-1
TYPE OF BUSINESS



Respondents who answered "Other-Write In" comprised of personal trainers, art galleries, tour companies, fitness, salons & spas, among others.

HVS asked respondents what year their business opened. The LCCC opened in 2009 as part of a plan to spur redevelopment in downtown Lancaster. The Commonwealth of Pennsylvania established a 130-acre City Revitalization and

Improvement Zone ("CRIZ") in Downtown Lancaster to encourage business development. The CRIZ continues to allow Lancaster to revitalize its downtown area beyond economic development spurred by the LCCC. In 2016, CRIZ revenues were used for debt service associated with the expansion of the Lancaster Marriott at Penn Square.[1]

46% of the sample opened before 2009—the year the LCCC opened—and 56% opened after 2009. Six respondents in the sample opened in 2019 or later.

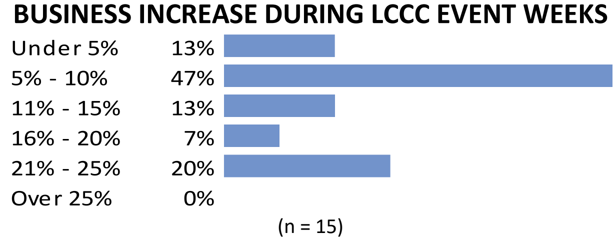
Impacts on Business Activity

Focusing on how the LCCC has affected businesses in downtown Lancaster, HVS asked respondents in the sample if they are aware of when the LCCC hosts events. 81% of respondents are aware of when the LCCC hosts events.

Of those respondents answering yes to the previous question, HVS asked if they felt the LCCC events have an effect on the level of visitation to their business. Fifty-six percent of respondents felt LCCC events impact visitation.

Of those respondents that feel LCCC events have an effect on visitation, HVS asked them to estimate how much business increases during a week when an event occurs at the LCCC compared to weeks when no events take place.

FIGURE 4-2
BUSINESS INCREASE DURING LCCC EVENT WEEKS



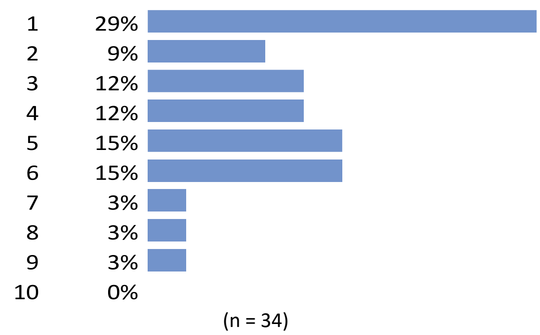
The most frequent response was that business grew by between 5-10%. From the analysis of the open-ended questions in the survey, businesses responding that they see little to no impact on business likely reflects proximity to the LCCC, as opposed to business type.

HVS asked respondents to rate how essential activity from the LCCC is to the profitability of their business, on a scale of one to ten with one meaning not essential and ten meaning incredibly essential.

[1] "CRIZ authority approves financing Marriott expansion costs," Lancaster Online, Dan Nephin, July 26, 2016. https://lancasteronline.com/news/local/criz-authority-approves-financing-marriott-expansion-costs/article_27a06e3a-5381-11e6-82c3-9b0f534621fe.html

The distribution of responses is shown in the following figure.

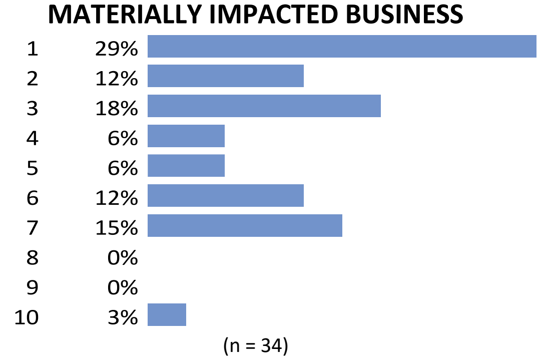
FIGURE 4-3
LCCC ACTIVITY ESSENTIAL TO BUSINESS PROFITABILITY



Of the businesses in the sample, 38% identified the LCCC as somewhat or very essential for the profitability of their business.

Additionally, given the COVID-19 pandemic's impact on LCCC business, HVS asked respondents to rate how the lack of activity at the LCCC materially impacted their business on a scale of one to ten with one meaning no impact and ten meaning an extremely high level of impact. The distribution of responses is shown in the following figure.

FIGURE 4-4
COVID-19 IMPACT ON LCCC BUSINESS
MATERIALLY IMPACTED BUSINESS



Thirty-five percent of respondents indicated that the lack of events at the LCCC either somewhat or very materially impacted their business.

LCCC Intangible Benefits

In an unaided answer, HVS asked respondents to describe their thoughts on the impact of the LCCC on their business and on downtown Lancaster. Given the size of the sample, HVS coded the open-ended responses and example responses below.

The LCCC brings tourism and spending to Downtown Lancaster

- “We see a small increase in activity with events at the convention center. Our main focus at the convention center is Zenkaikon, which is typically our best sales weekend of the year.”
- “A rising tide raises all boats. Though the direct impact is minimal to my business, it has helped downtown as a whole.”
- “It helps bring guests to the city.”
- “The LCCC draws in visitors who see the city and what it has to offer.”
- “It most certainly brings people looking for places to dine and be entertained.”
- “Brings people to downtown and introduces them to what is here. Not sure what they do to promote independent downtown business but my hope is that they do as much as possible to increase awareness and potentially plant the seed for some convention goers to return to Lancaster for Vacations and visits.”
- “The Convention Center has had a great impact on Downtown Lancaster. It has spurred the growth of a flourishing downtown area.”
- “LCCC adds to a bustling & lively downtown ~ absolutely happy to have this event space here in Lancaster City.”
- “It wasn't the Conventions but Tourism of day trippers and weekend visitors that severely impacted my business.”
- “I love what the Convention center has brought to downtown Lancaster!”
- “Conventions/events clearly bring people to center city and naturally those people will filter into businesses. I do think overall the convention center is a positive influence on Downtown and its economy.”
- “It has brought people to the City who otherwise would not have visited, and therefore it is a major positive impact on Downtown and beyond.”
- “I like the tourism aspect and bringing new people to our city to experience the downtown.”

The LCCC impacts surrounding businesses

- "I do believe [the LCCC] has had positive impact on restaurant, coffee shops and lower priced retailers close to it."
- "Because our business is located between 3 & 4 blocks north of the LCCC, we generally don't see a lot of foot traffic from specific events. That being said, surely we see *some* activity & as such, are glad to have the LCCC."
- "I think it is extremely important to my business and the business community in general. Visitors to our city always trickles down to us."
- "We are a vacation rental business and occasionally host guests who come to Lancaster for conferences at LCCC."
- "It's great when convention-goers make their way through my doors, but it's not essential for the business's successes."
- "My market stand does better with Convention center business. The store is a little too far we will get about a quarter of the business that's a Market Stand does."
- "Long term facility viability is critical to my business."
- "I would imagine restaurants see a much bigger impact."
- "Even though I do not see direct impact - I do believe the center is good for the overall health of a vibrant downtown."
- "Has good potential for the immediate surrounding businesses."
- "It certainly helps businesses within walking distance. We are not within walking distance so not as much impact."
- "It's been better than having an empty huge building. It's great to have that space for evening events which do not affect retail business."

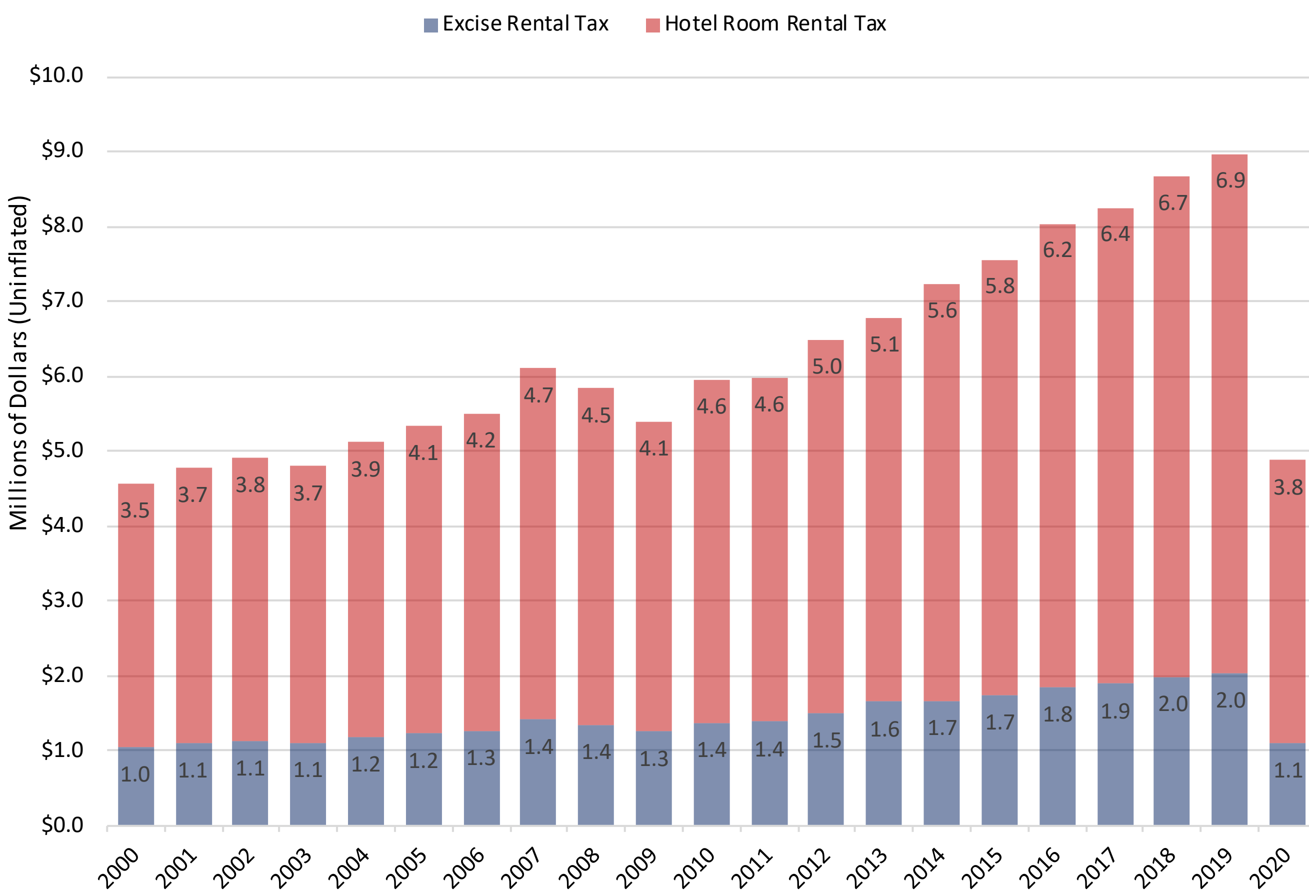
Areas for Improvement

- "They should have a map with participating businesses that would encourage visitors to walk further than the square and visitors could also use and show participating businesses for a discount."
- "I wish there were more collaboration between the center and the retail community."

Lodging Tax Collections

To see how the LCCC has affected the lodging industry in Lancaster, HVS analyzed historical Hotel Room Rental Tax and Excise Rental Tax collections. The Lancaster County Convention Center Authority ("LCCCA") provided HVS with historical collections data from Lancaster County Treasurer Reports. See the following figure.

FIGURE 4-5
HOTEL RENTAL TAX REVENUES



Source: Lancaster County Treasurer

From 2000 to 2009, Lancaster County hotel room rental taxes grew at a compound annual growth rate of 2.0%. But, from 2009 to 2019, during the time in which the LCCC has been open, the compound annual growth rate has been 5.0%. As was experienced across the United States, lodging tax collections in 2020 suffered due to the COVID-19 pandemic. From 2019 to 2020, lodging tax collections in Lancaster fell by 46%.

While some of this decline may be associated with the lack of events at the LCCC, all lodging tax collections cannot be attributed to the LCCC. Regardless, convention events serve as a notable reason that visitors travel to the County.

Conclusions

The LCCC provides significant benefit to the local economy. The impacts of the LCCC extend beyond its doors and flow into the surrounding community by driving tourism, spending, and increasing business across Downtown Lancaster. Outside of direct spending impacts, many local merchants believe that the LCCC has increased foot traffic and enhanced the business environment in downtown Lancaster.

5. Statement of Assumptions and Limiting Conditions

1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature.
3. We have not considered the presence of potentially hazardous materials on the proposed site, such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyls, pesticides, or lead-based paints.
4. All information, financial operating statements, estimates, and opinions obtained from parties not employed by HVS are assumed to be true and correct. We can assume no liability resulting from misinformation.
5. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
6. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
7. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
8. We take no responsibility for any events or circumstances that take place after the date of our report.
9. The quality of a facility's on-site management has a direct effect on a facility's economic performance. The demand and financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
10. The impact analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease due to market volatility and economic forces outside the control of the facility's management.
11. We do not warrant that our estimates will be attained, but they have been developed based on information obtained during our market research and are intended to reflect reasonable expectations.

12. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.

13. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.

14. Although this analysis employs various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.

15. HVS, is not a municipal advisor and HVS is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities. The reader is advised that any actual issuance of debt would be done under the advice of its bond counsel and financial advisors. Financial advisor would provide advice concerning the specific structure, timing, expected interest cost, and risk associated with any government loan or bond issue. Potential investors should not rely on representations made in this report with respect to the issuance of municipal debt.

16. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during this assignment are rendered by the staff of this organization, as employees, rather than as individuals.

17. This report is set forth as an impact study of the subject facility; this is not an appraisal report.

6. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. HVS is not a municipal advisor and is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities;
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report;

Thomas Hazinski
Managing Director

Joseph Hansel
Project Manager