STAR BOND REVENUE STUDY
SALINA, KANSAS

November 19, 2018

City of Salina

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Purpose of this Report

Private and civic interests in the city of Salina, Kansas, are proposing several Downtown development projects aimed at revitalizing the city's historic commercial center. While Downtown Salina has retained its role as the city's center of employment, arts, and culture, most of its retail and dining businesses closed or relocated beginning in the 1980s with growth that continues to this day in the broad geographic corridor defined by South 9th Street and Interstate 135. Shopping malls and "big box" retailers compete with Downtown's specialty retailers, many of whom occupy historic commercial buildings dating from the late nineteenth and early twentieth centuries. Consequently, Downtown is not as vibrant as it once was or as it can become again.

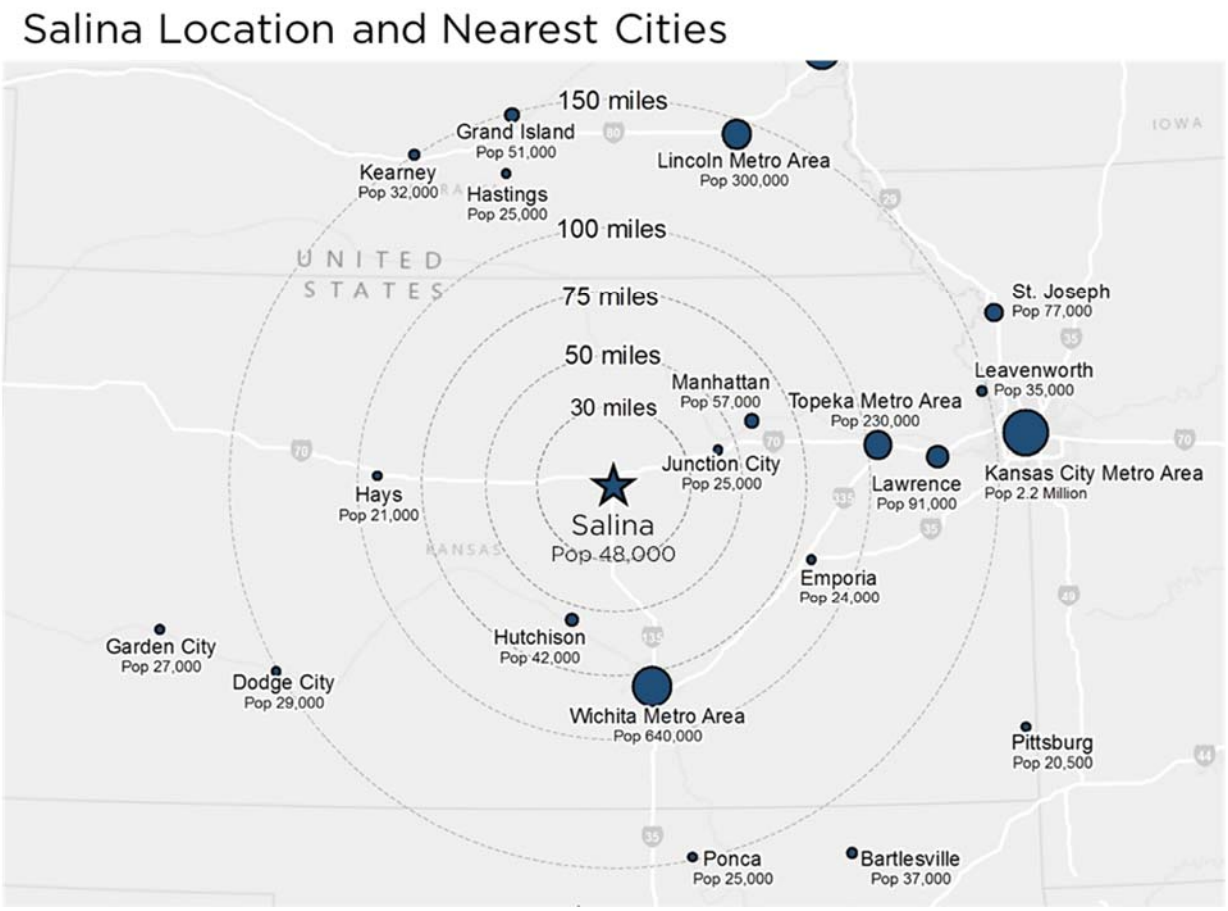
Still, public and civic investments over the years have enabled Downtown to maintain much of its unique character and charm. As early as the 1980s, substantial streetscape and public realm upgrades were constructed, with much of that investment still obvious in 2016. More recent investments in arts, cultural, educational, and health care facilities have triggered renewed interest in more diverse Downtown economic and housing development. As a result, a group of local business leaders convened in 2014 to create the *Downtown Salina Revitalization Project*, a comprehensive development plan designed to redefine and rejuvenate the economy, culture, aesthetics, and vibrancy of Downtown Salina. To facilitate development, the group created a single development entity, *Salina 2020*, in order to more efficiently and effectively negotiate the terms of the development plan. Salina 2020 serves as a liaison between the City of Salina and the component developers of the various proposed projects involved in facets of the redevelopment plan.

That plan forms the basis for the tax revenue projections of this report. The *Revitalization Plan* has a capital budget of approximately $100 million consisting of several discrete projects plus streetscape and public realm improvements on Santa Fe Street, Downtown's "main street." Some of the financing for the plan is being pursued through the State of Kansas' STAR (Sales Tax Revenue) Bond program which allows qualifying projects to use certain "net new" state and local sales taxes generated by economic growth within the Downtown STAR Bond District to pay for capital improvements.

The present study was commissioned by the City of Salina to make projections of potential incremental sales tax revenues that would likely be generated because of the various Downtown investments noted

herein. With those revenue projections, the City and its financial advisers will be able to determine the size of a potential bond issue to raise up-front funding to support the planned projects and streetscape improvements. Bond buyers would be reimbursed over time using proceeds from eligible sales tax revenues.

STAR bonds are an instrument that "provide[s] Kansas municipalities the opportunity to issue bonds in order to finance the development of major commercial, entertainment and tourism areas and use the sales tax revenue generated by the development to pay off the bonds."[1] A proposed project "must be capable of being characterized as a statewide and regional destination, and include a high quality innovation entertainment and tourism attraction, containing unique features which will increase tourism, generate significant positive and diverse economic and fiscal impacts and be capable of sustainable development over time."[2]



The map above shows Salina in relation to other cities and towns within 150 miles. These communities contain populations that can be attracted to the new facilities in Salina even though some have compet-

[1] Kansas Department of Commerce. *Guidance to STAR Bond Applicants*. Accessed October 1, 2016 from www.kansascommerce.com/DocumentView.aspx?DID=75

[2] Kansas Department of Commerce. *Guidance to STAR Bond Applicants*. Accessed October 1, 2016 from www.kansascommerce.com/DocumentView.aspx?DID=75

itive or complementary facilities as proposed in the *Revitalization Plan*. This radius area, is a rough outline of a primary market area for Downtown Salina. Major population centers within 100 miles include Wichita, Manhattan, Hutchison, and Junction City within Kansas. Major population centers also within Kansas but more than 100 miles away include Topeka and Lawrence. The Kansas portion of the Kansas City metropolitan area is also within 150 miles. The closest large cities located in other states are Lincoln, Nebraska, and the Missouri side of the Kansas City metro area.

Downtown Salina STAR Bond District Projects: Feasibility Analysis and Revenue Projections

Several projects are currently under way or proposed in Downtown Salina STAR Bond District—these projects are displayed on the map at the bottom of the page. The anchor projects are those developed or proposed by the Master Developer, Salina 2020, and its partners and are intended to increase tourism to the city. These visitors are expected to generate sales tax revenue as they shop, dine, and pay entrance fees at district destinations. The redevelopment projects are also anticipated to support existing businesses in the district and support additional redevelopment that will reduce vacancies in existing downtown buildings or take the form of in-fill development.

The City of Salina is a key partner to this effort. It completed the construction of the $13.1 million Salina Fieldhouse in July 2017, recently started the first phase of a $12.4 million downtown streetscape project, and is in the design phase of the approved Smoky Hill River Renewal Project. The latter will add shared-use paths and other recreational amenities to downtown, and will restore the river so that a six-mile section, most of which is in the district, will be navigable for recreational use (i.e., kayaking and related activities). The Smoky Hill project is not part of the STAR Bond Project Plan, but will add an important recreational amenity to the district that will support the other projects.

Details about project anchors are included on the following page.

Anchors & Other Projects within the STAR Bond District

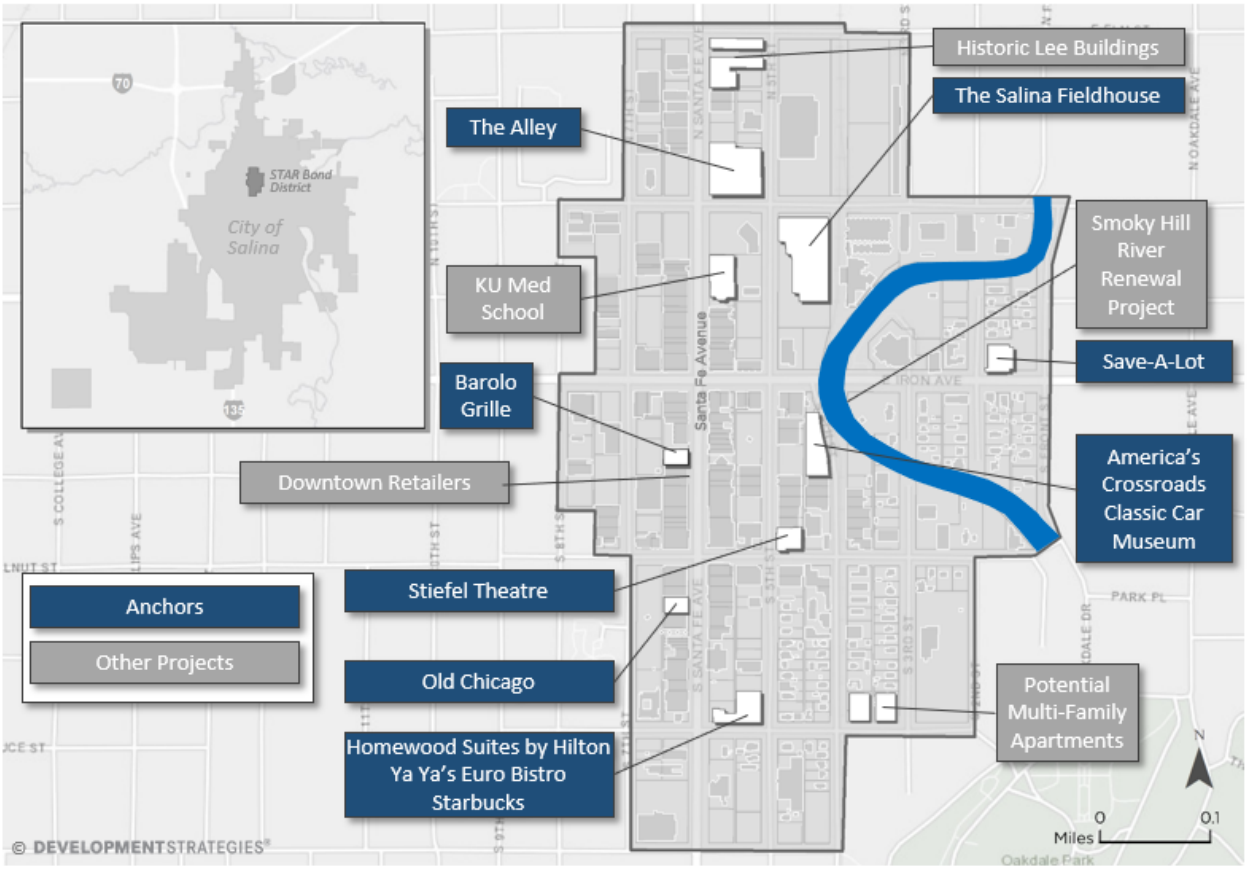


Table 1

Project Summary: Salina STAR Bond District		
Project Anchors / Primary Revenue and Tourism Generators		
The Salina Fieldhouse	Description:	Multi-purpose sports arena that can accommodate youth soccer, volleyball, softball, basketball, gymnastics, and other sports. It was designed to attract youth sports, and related, tournaments.
	Status:	Opened July 2017
	Square Footage:	67,000
	Cost:	$13.1 Million
The Alley	Description:	Family recreation center with standard and boutique bowling lanes, game room/arcade, laser tag, virtual reality gaming room, and restaurant (AJ's Sports Grill). The developer has similar facilities in Wichita and Hutchinson.
	Status:	Scheduled opening on July 8, 2019
	Square Footage:	42,120
	Cost:	$8.3 Million
Homewood Suites by Hilton	Description:	113-Room suite hotel with 5,500 SF restaurant (Ya Ya's Euro Bistro), 1,650 SF Starbucks, 2,400 SF conference room, two 350 SF board rooms, a hospitality suite, and a 5,000 SF private courtyard. It will be the only suite hotel in Salina.
	Status:	Broke ground in March 2018; Scheduled opening in December 2019
	Square Footage:	133,000
	Cost:	$25.1 Million, including Ya Ya's and Starbucks buildout
Old Chicago	Description:	Franchised location of Old Chicago Pizzeria. Operators have other Old Chicago locations in Garden City and other cities.
	Status:	Under construction; Scheduled opening in December 17, 2018
	Square Footage:	8,648
	Cost:	$3.2 Million
Barolo Grille	Description:	Barolo Grille is a new concept by local restaurateur that will serve steak and seafood with average tickets of $13 for lunch and $32 for dinner. It will have a full-service outdoor patio, full bar, and meeting room
	Status:	Demolition complete; Scheduled opening on May 15, 2019
	Square Footage:	5,221
	Cost:	$1.2 Million
Save-A-Lot	Description:	Save-a-lot grocery store
	Status:	Opened in June 2015
	Square Footage:	15,000
	Cost:	$500k
Stiefel Theatre	Description:	The 1930s art deco performance space that hosts performing arts shows will undergo a $2.2 million renovation to improve the lobby, artist space, restrooms, and sound system to enhance the experience for the performers and patrons.
	Status:	Existing facility; Renovations planned to be complete in January 2021
	Square Footage:	N/A
	Cost:	$2.2 Million
America's Crossroads Classic Car Museum	Description:	Exhibition space dedicated to restored antique and vintage cars, automotive history, technology, and design.
	Status:	Existing warehouse to be renovated; Anticipated opening in mid-2022
	Square Footage:	31,000
	Cost:	$5.8 Million

Table 2

Other Downtown Projects	
Downtown Streetscape	The City of Salina recently began construction on the Santa Fe Avenue streetscape, which is part of its agreement with Salina 2020 to improve the overall aesthetics and pedestrian environment downtown. This should support businesses, increase foot traffic, and enhance property values.
KU Medical School	On June 11, 2018, the 40,251 square foot Salina Health Education Center (138 N. Santa Fe) opened as the new home to both the KU School of Medicine-Salina and the KU School of Nursing-Salina. On that date, all School of Medicine and School of Nursing operations began in the new facility and are fully operational. The total project cost was $8.12 million and the facility was created to address a critical shortage of physicians and nurses in rural areas. The facility plans to increase enrollment from 22 nursing students in Fall 2018 to 48 students in three to four years. There will be eight full-time medical students in the first year, in addition to various rotations from medical students in KU Schools of Medicine, which has 840 medical students enrolled in Fall 2018.
Downtown Retailers	District retailers and restaurants will benefit from the new activity generators proposed by Salina 2020 and from the extensive public realm improvements. It is expected that the development underway and planned by Salina 2020, the City of Salina, and others will stabilize the Downtown market, and new users will fill vacant storefronts.
Lee Building / Potential Multi-Family	Salina 2020 and other developers are examining the potential for market-rate multi-family development Downtown, including the redevelopment of the Lee Building. These projects are in preliminary planning stages.
Smoky Hill River Renewal	The Smoky Hill River Renewal project will modify dams and culverts, remove sediment, and restore the river channel. There will be a riverwalk and hardscaped channel downtown, multi-use trail, and the river will be able to be used for recreational purposes, such as kayaking. This project will link multiple parks and community amenities and bring more people downtown. It is not part of the STAR Bond projects, but will support ongoing redevelopment efforts.

Project Schedule

Table 3 summarizes the opening dates of the project components as of November 2018.

Table 3

Salina STAR Bond Project Timeline	
Component	Open Date
Stiefel*	January 2021
Save-a-Lot	June 1, 2015
Salina Fieldhouse	July 1, 2017
Old Chicago	December 17, 2018
Barolo Grille	May 15,2019
The Alley	July 8, 2019
Homewood Suites	December 1, 2019
Ya Ya's	December 1, 2019
Starbucks	December 1, 2019
Crossroads Car Museum	Mid-2022

**The Stiefel Theater will remain open during renovations*

Eligible Taxes for STAR Bond Debt Service

The following taxes are sources for revenue that can be used to pay STAR Bond debt service.

- Local Option Sales Taxes: **1.25 percent** through October 1, 2036, then reducing to 0.5 percent if the special sales tax of 0.75 percent is not renewed. The revenue model assumes that the sunset will occur.
- County Option Sales Tax: 1.0 percent, of which **0.6027 percent** is distributed to the City of Salina and committed to repay STAR Bonds.
- State Sales Tax: **6.5 percent.**
- Transient Guest Tax: 6.7 percent, minus a 2.0 percent administrative fee, for a net of **6.566 percent.**

Thus, a total sales tax rate of 8.3527 percent and a transient guest tax rate of 6.566 percent are used in the revenue model to estimate revenues that will be available for STAR Bond debt service.

Annual Growth and Inflation

A critical aspect to projecting future revenues is calculating a reasonable annual growth rate. To do so, annual growth rates for inflation and the Consumer Price Index (CPI) were researched for the past 7-year, 10-year, 20-year, and 30-year periods, as summarized in Table 4.

Table 4

U.S. Inflation and Consumer Price Index Trends - Average Annual Growth Rates

Description	Period	Inflation	CPI
7-Year	2011-2017	1.7%	1.4%
10-Year	2008-2017	1.7%	1.5%
20-year	1998-2017	2.1%	2.2%
30-Year	1988-2017	2.6%	3.9%

Source: U.S. Bureau of Labor Statistics.

The 7-year period was included to examine trends after the economy began to improve following the Great Recession. The 10-year period, from 2008 to 2017, includes the effects of the Great Recession. Because of this, the annual growth rate for both inflation and CPI were below the 20-year and 30-year averages, which include multiple, yet less severe, recessions.

Gross retail sales data for the City of Salina was obtained from the Kansas Department of Revenue for 2007 to 2018. For comparison purposes, taxable retail sales in Salina grew by an annual rate or 1.3 percent from 2008 to 2017. As with the inflation and CPI data, this includes the effects of the Great Recession. The rate is higher for the 7-year post-recession period of 2011-2018—retail sales increased at an average annual rate of 2.0 percent in Salina during that period, outpacing inflation and CPI growth.

The Kansas DOR also provided data for July 2017 through June 2018 (Fiscal Year 2018) for the STAR Bond District to compare to the baseline data. Sales in the district for this period totaled approximately $24.48 million, compared to the base year sales of $23.19 million. Sales in the District increased by an average of 1.82 percent per year between the base year and the most recent fiscal year.

The U.S. Federal Reserve publishes inflation forecasts from the Society of Professional Forecasters. As of 3rd Quarter 2018, the average annual inflation rate for the next 10 years was forecasted at 2.2 percent.

Based on this data, an annual inflation rate of up to 2.0 percent is considered reasonable, and balances recent sales performance in Salina with 20-year national trends, as well as 10-year forecasts. Therefore, the average annual inflation rate used in this analysis is 2.0 percent, with the exception of Save-a-Lot. This user, which opened in July 2015, showed 0.7 percent sales growth since opening. Therefore, a more conservative growth rate of 0.7 percent is used only for that component.

Other Key Assumptions

The revenue projections presented in this study are subject to the following additional key assumptions:

- The basis for the STAR Bond program is that a bond is issued based on the projected incremental gain in sales tax revenues over an established base amount in the defined STAR Bond District. This gain is attributed to the development of new revenue generators in the district that are part of a project or development plan.
- Revenues in the Salina STAR Bond District for the base period of June 1, 2014 through May 31, 2015 were $1,774,474 according to the Kansas Department of Revenue. This results in imputable taxable sales for that period of $23,187,369. There were 132 establishments paying qualified taxes during the base period.
- The FY 2018 revenue (July 1, 2017 through June 30, 2018) for the district totaled $2,051,988 and gross retail sales totaled $24,476,659.[3]
- The 20-year STAR Bond project period is December 1, 2018 through December 1, 2038.
- No net new tax revenues will be available for STAR Bond debt service from 2018. Some components of the project are anticipated to be operational in December 2018; however, taxes will not be fully collected in 2018 and are not likely to exceed the base amount such that new increment will be generated in 2018.
- Tax collections and distributions to the city typically lag sales revenues by 30 to 60 days. For this reason, potential tax revenues in the final year of the STAR Bond period—2038—are excluded for the final two months because it is unlikely those funds will be available for debt repayment before the bond is retired.
- The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.

[3] Revenues increased at a higher rate than sales because of the increase in the local option sales tax from 0.9% in 2015 to the current rate of 1.25% and the increase in the state sales tax rate from 6.15% to 6.5%.

Visitation Generator: The Salina Fieldhouse

Context and Overview

The Salina Fieldhouse is located at the southeast corner of Fifth and Ash Streets. It contains 67,000 square feet of athletic competition space, a welcoming area, offices, concessions, patron seating, and team rooms. The facility can accommodate up to six hardwood basketball courts and eight hardwood volleyball courts. A turf field with batting cages and pitching tunnels is also available. The Fieldhouse is designed to host local and regional sports tournaments that draw from a large, multi-state market area. It also hosts local league tournaments and practices, and is available for public use when events are not planned.

The Fieldhouse will not generate significant new taxable revenue and is *not considered a revenue-generator* for the purposes of STAR Bond repayment; however, it will host tournaments that will bring out-of-town residents to Salina, many of whom will stay overnight in area hotels and spend money at local restaurants, shops, and other establishments. The primary impact of the Fieldhouse is to attract spending from visitors and much of this spending will occur in the STAR Bond District.

The following projections relating to the Fieldhouse are intended to illustrate the visitation impact of the facility. Projections are made regarding spending and what proportion of that spending will be captured Downtown; however, these projections are not included as an independent line item in the revenue model. This is in order to avoid double-counting revenues because projections for the other components include spending from all sources, including visitors to the Fieldhouse.

Salina Fieldhouse opened in July 2017 and the City of Salina Parks and Recreation Department, which operates the facility, provided operating data for July 2017 through July 2018.

Key observations are summarized below:

- The facility hosted **16 external tournaments**, which are hosted at the facility but operated by an external organization.
- The facility hosted more than **4,700 participants and 14,000 spectators**, or 18,700 attendees during that period, or an average of more than 1,400 attendees per month.
- A total of 482 teams participated in the external tournaments—405, or 84 percent, of which were out-of-town teams.
- Travis Scheele, the Recreation Superintendent for the Salina Fieldhouse, indicated that there will be at least two additional external tournaments in the next season.

- The out-of-town teams will have the greatest impact in terms of hotel room nights and retail sales in the STAR Bond District and Salina.

The Fieldhouse also hosted 18 local tournaments and other activities operated by the Parks and Recreation Department. While these events are important to the community, they do not drive out-of-area visitation and are not analyzed in this report.

The Fieldhouse provides space for many types of sports activities at a time when youth participation in team sports is at an all-time high.[4] Estimates from the Sports and Fitness Industry Association show that 56 percent of children ages 6 to 12 participate in formal team sports**.** This expansion has been mirrored by a growth in youth sports tourism, in which teams travel to sports facilities in other cities in order to compete in organized tournaments with a wider range of other athletes. In fact, youth sports tourism is the fastest-growing segment in travel.[5]

The National Association of Sports Commissions estimates that approximately $10.74 billion in spending was generated by sport event tourism in 2016, a 30 percent increase since 2012.[6] A great deal of the economic impact of sports-based tourism comes from the spillover effects generated by visitors, especially overnight visitors, who make use of destination accommodations, retail stores, restaurants, and entertainment facilities, especially those catering to families and children. Indeed, a stated goal of the Salina Fieldhouse is to "establish itself as a regional tournament and event destination and create positive economic impact by driving visits, hotel room nights, and direct spending from non-local athletes and their families."[7]

Competitive Supply

There are five facilities within 125 miles of Salina that host youth basketball and volleyball tournaments that are ostensibly comparable to the proposed Salina Fieldhouse. There are a number of arenas—larger facilities that can accommodate larger tournaments and more spectators, in the broader region, but these typically do not compete with facilities like the Fieldhouse.

The map on the following page summarizes the locations of the Salina Fieldhouse and similar facilities.

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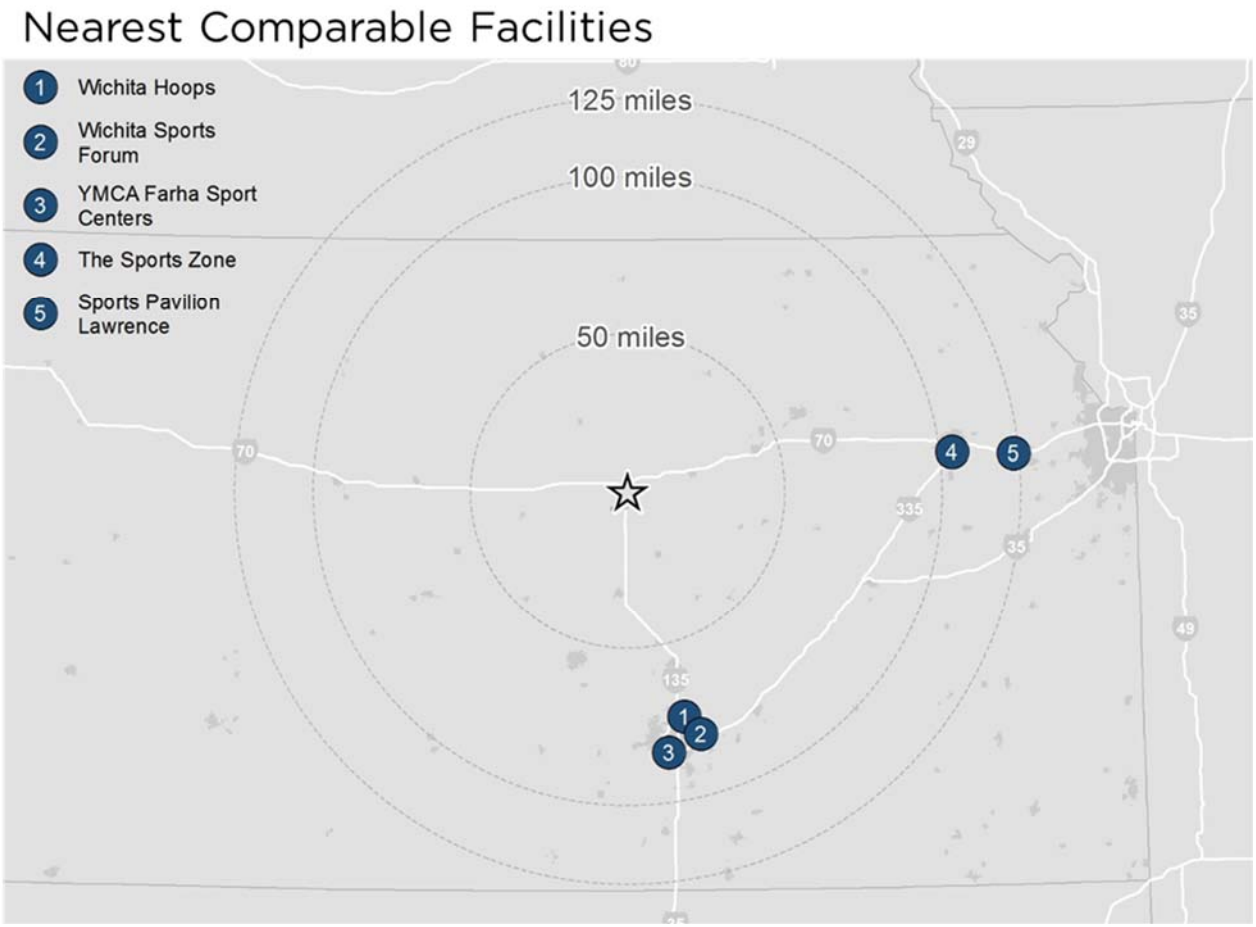
[4] Traverse City Area Chamber of Commerce. *Game On! The Impact of Youth Sports on a Regional Economy*. September 18, 2012. Accessed September 30, 2016 at http://tcchamber.org/wp-content/uploads/2012/10/YouthSportsReport.pdf.

[5] Koba, Mark. Spending Big on Kids' Sports? You Are Not Alone. *CNBC Online*. January 13, 2014. Accessed September 30 at http://www.cnbc.com/2014/01/13/youth-sports-is-a-7-billion-industryand-growing.html

[6] National Association of Sports Commissions. *Sport Tourism: A State of the Industry Report.* April 2017. Accessed September 30, 2016 at https://www.sportscommissions.org/Portals/sportscommissions/Documents/Reports/ST_report_4_9_17.pdf.

[7] Sports Facilities Advisory, LLC. *Feasibility Summary Report for the Salina Field House*. January 2016.



Market Demand

The Salina Fieldhouse hosts a mix of local and non-local sports activities—this report focuses on non-local (external) tournaments because those activities attract a significant number of visitors from outside of Salina. The Fieldhouse will not generate significant amounts of on-site sales—it is an attraction for Salina that will lead to spending by visitors at Downtown retailers, restaurants, entertainment centers, and the hotel. It is important to project the number of local and non-local visitors that will go to Salina because of the Fieldhouse and quantity their potential spending that will be captured in the STAR Bond District.

Projected numbers of local and non-local visitors were estimated based on:

- The year one performance of the Fieldhouse,
- Data from Salina Chamber of Commerce about visitor spending,
- Data from the Kansas Tourism Office regarding visitor spending in Saline County,
- Prior work by Sports Facility Advisory/Sports Facility Management (SFA/SFM),[8] a strategic and master planning consulting firm specializing in the development and management of sports and recreational facilities, and

[8] Sports Facility Advisory/Sports Facility Management (SFA/SFM). *Feasibility Summary Report: Salina Field House*. January 2016.

- Qualitative and quantitative data collected by Development Strategies from managers of similar facilities to confirm or adjust key assumptions.

Two types of visitors to the Salina Fieldhouse are considered:

> ***Local event participants***: Individuals and families using the Fieldhouse for the purpose of local league games, basketball/volleyball academies, practice, open gym, and other year-round athletic programming.
>
> ***Non-local event visitors***: Teams and their guests visiting the Fieldhouse to participate in tournaments and other formal events typically lasting two to three days.

An increase in **local visitors** to Downtown Salina as a result of Fieldhouse events is not expected to have a large overall impact on sales tax revenue within the STAR Bonds district. Local visitors are likely to patronize businesses and restaurants based on the attractiveness of those particular destinations. These consumers are also familiar with other retail and restaurant offerings in Salina, so they are less likely to spend as much time and money Downtown. A small amount of spillover demand for retail and restaurants should be expected by increasing the amount of Downtown activity—Downtown merchants will need to compete for these customers on the strength of their offerings to attract patrons who might otherwise go elsewhere in Salina.

Non-local visitors, are expected to have a much greater impact on Downtown sales tax revenue generation. The convenience of Downtown Salina attractions will lead to a considerable portion of spending taking place within the STAR Bond district. They bring "new money" into Salina because they are not from the local area, they are bringing dollars into the community—and spending power into the Downtown area—from outside of the city and outside of Downtown.

The following table summarizes performance data for the Fieldhouse from July 2017 through August 2018. The facility hosted 16 external tournaments. External tournaments bring in non-local teams and attract the most overnight visitors. Approximately 84 percent of external tournament teams were non-local.

Table 5

SALINA FIELDHOUSE: JULY 2017-JULY 2018 PERFORMANCE

Source: City of Salina Parks and Recreation Department

	# Tournaments	#Teams	Local Teams	Non-Local Teams	Teams per Tournament	Participants	Spectators	Total Attendance
External Tournaments	16	482	77	405	30	39,131	46,224	85,355
Average per Month	*1.23*	*37*	*6*	*31*		*3,010*	*3,556*	*6,566*

Initial facility usage estimates were developed by the Salina Parks and Recreation Department and SFA/SFM as part of the Salina Fieldhouse *Feasibility Summary Report* released in January 2016. These estimates are considered for future performance and are evaluated against the performance of the comparable facilities researched by Development Strategies.

Tournaments, teams per tournament, and visitors per team (e.g., athletes, coaches, family members) are based on a number of factors, including area demographics, supply of competitive facilities, demand for tournament-hosting facilities, and SFA/SFM's experience with the facilities that they manage.

The estimate of the number of tournaments that the facility will be able to host is intended to guide operations for the first five years and is, therefore, treated as both an estimate and a provisional business plan.[9]

The following table summarizes the projected number of tournaments and teams from the *Feasibility Summary Report*, for its first five years of operations.

Table 6

BASELINE ASSUMPTIONS for SALINA FIELDHOUSE TOURNAMENTS
Source: Sports Facility Advisory/Sports Facility Management

	Year One (2017-2018)	Year Two (2018-2019)	Year Three (2019-2020)	Year Four (2020-2021)	Year Five (2021-2022)
Number of Tournaments	18	21	23	24	26
Number of Teams per Tournament	37	40	42	44	46
Total Number of Teams at All Tournaments	**666**	**840**	**966**	**1,056**	**1,196**

A survey of comparable facilities indicated that similar facilities in Kansas are hosting between 10 and 45 weekend tournaments per year, with a low of 30 teams per tournament and a high of 250 teams per tournament. In the 12.5 months of operations, the Fieldhouse hosted 34 tournaments with between 5 and 65 teams, and 21 teams on average.

According to SFA/SFM, about 32 percent of teams attending tournaments at the Salina Fieldhouse would be local (originating in Salina) while the remaining 68 percent will be non-local (originating outside of Salina).[10]

Overall, the Fieldhouse hosted two fewer tournaments than what was projected in the *Feasibility Summary Report*. The facility hosted a total of 405 non-local teams, which is 10 percent fewer non-local teams than the feasibility report projected—453 non-local teams.

Table 7

Estimates of Non-Local Teams Participating in Events at Facilities Comparable to the Salina Fieldhouse

Name	Percent non-local teams
The Salina Fieldhouse *Subject*	68% proj. / 84% Year 1 actual
Wichita Hoops *Wichita, KS*	As high as 95%
Wichita Sports Forum *Wichita, KS*	20% (Heart of America Tournament) 60% (JVA Tournament) 10% - 25% (Basketball Tournaments)
YMCA Farha Sports Centers *Wichita & Andover, KS*	0% - 30%
Sport Zone *Topeka, KS*	About 50%
Lawrence Sports Pavilion at Rock Chalk Park *Lawrence, KS*	About 80%

[9] Conversation with Steve Hardesty from the Parks & Recreation Department, October 20, 2016.

[10] Sports Facility Advisory/Sports Facility Management (SFA/SFM). *Feasibility Summary Report: Salina Field House*. January 2016.

Approximately 84 percent of teams participating in external tournaments during the first year of operations were non-local, exceeding SFA/SFM projections.

The management of the Fieldhouse is working to expand the number of external tournaments that will be hosted at the facility and two additional external tournaments are scheduled for the next season. This will serve to increase the number of non-local teams.

The table below gives teams per tournament broken out into non-local and local teams.

Table 8

Share of Local and Non-Local Teams Projected to Participate in Events at the Salina Fieldhouse, First Five Years

	Year One Actual (2017-2018)	Year One Projection (2017-2018)	Year Two Projection (2018-2019)	Year Three Projection (2019-2020)	Year Four Projection (2020-2021)	Year Five Projection (2021-2022)
Total Number of Teams at External Tournaments	**482**	**666**	**840**	**966**	**1,056**	**1,196**
Non-Local Teams *(68 Percent)*	405 (84 percent)	453	571	657	718	813
Local Teams *(32 Percent)*	77 (16 percent)	213	269	309	338	383

External tournament hosts the first year of operations included MAYB Basketball (5 tournaments), Sacred Heart Holiday Classic Basketball (1 tournament), Extreme Gymnastics (1 tournament), SVHE Basketball (1 tournament), World Class Basketball (1 tournament), Heart of America Volleyball (3 tournaments), ASA BU Softball (1 tournament, USSSA Basketball (1 tournament), and Youth Soccer (1 tournament).

According to Chris Cotton, Director of City of Salina Parks and Recreation, the Salina Field House has also been visited by a number of organizations that operate external tournaments, including USSSA Basketball, which booked two additional tournaments for the upcoming year, MAYB Basketball, and Heart of America Volleyball.

The facility recently joined Youth Futsal Association of America and is one of two facilities in the Midwest with Futsal lines painted on its courts. Two gymnastics tournaments are scheduled for the upcoming year, and staff is working to add the Fieldhouse as a regional tournament location for USA Table Tennis.

STAR Bond-Eligible Tax Revenue Implications

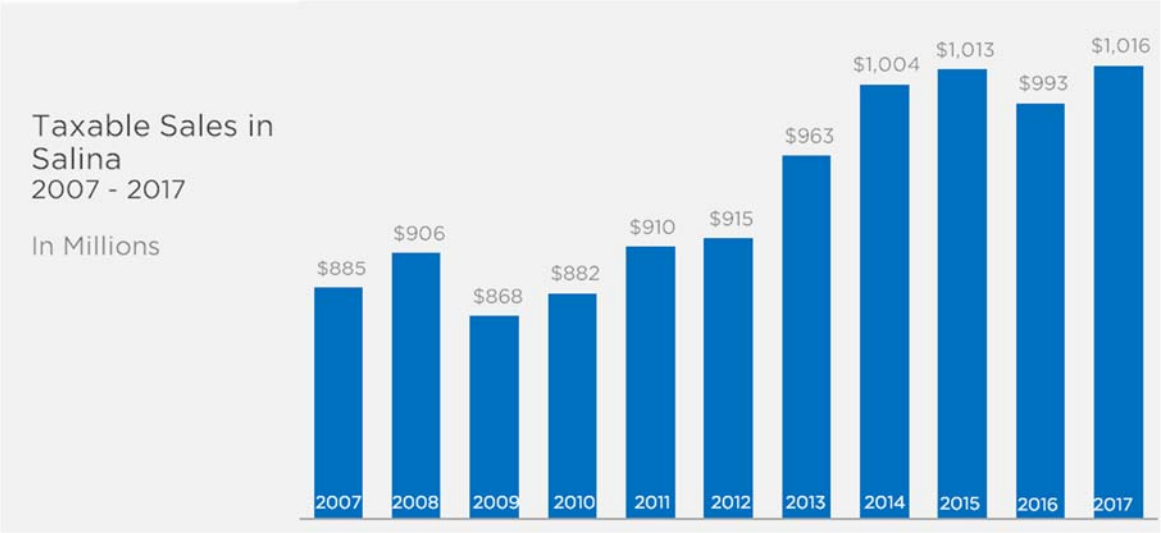
The preceding estimates of local and non-local teams can be used to project visitation to Salina generated by Salina Fieldhouse. The Fieldhouse attracted approximately 44,900 non-local visitors during its first year of operations and is projected to attract between 50,000 and 84,500 annually as more external tournaments are programmed.

Non-local visitors to the Fieldhouse are projected to spend an average of nearly $4.5 million at Salina hotels, restaurants, retailers, and other establishments annually over the next five years. Assuming a capture rate of 20 percent, $900,000 in taxable sales would be captured at businesses in the STAR Bond District. These sales would be generated by visitors, not by the Fieldhouse itself. Therefore, sales attributed to the other project components are accounted for in the revenue projections for each of those components.

Sales Tax Generators

Component #1: Existing Downtown Retailers

Taxable sales in the city from all sources increased from $885 million in 2007 to more than $1.0 billion in 2017, a nearly 15 percent gain. This equates to increase of 1.4 percent each year. This increase is primarily attributed to inflation—when sales are adjusted for inflation, the trend is effectively flat, meaning that taxable sales were effectively the same in 2017 as they were in 2007. This period includes the substantial impacts of the Great Recession, and generally follows national trends.

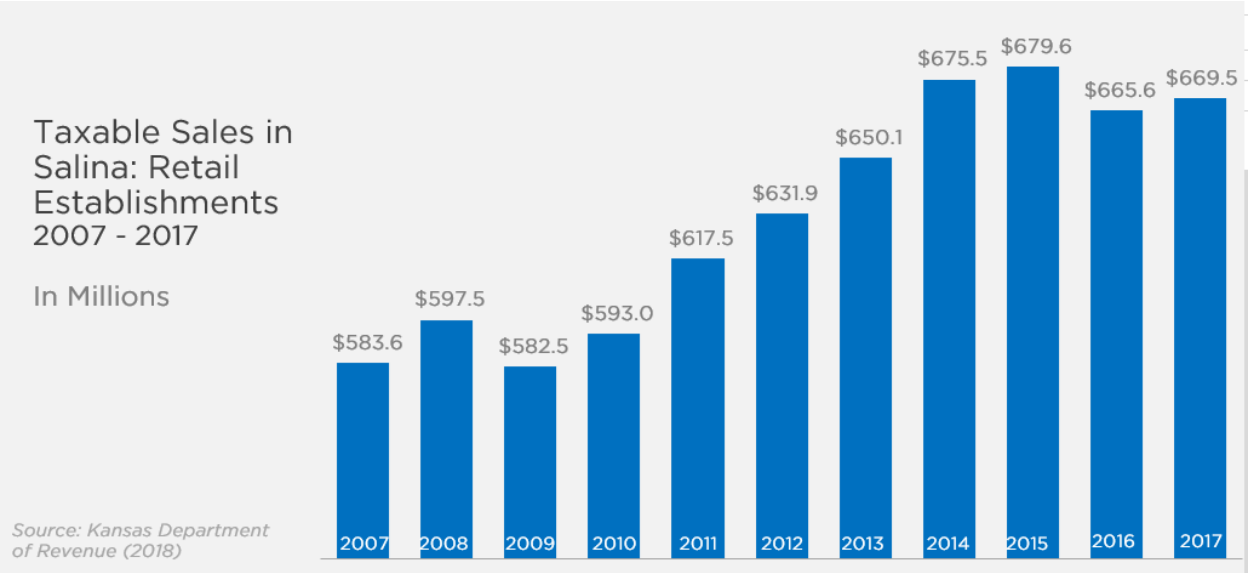


Taxable sales at **retail establishments**[11]**,** which make up about 60 to 70 percent of all taxable sales in the city of Salina, are more responsive to macroeconomic conditions than taxable sales in general. In Salina, taxable retail sales increased from $583.6 million in 2007 to $669.5 million in 2017, an average annual increase of 1.54 percent. Retail sales dipped slightly in 2016 due to the challenges facing the agricultural and oil and gas sectors in Kansas.

The revenue projections assume a 2.0 percent annual growth rate based on long-term trends in the U.S., as well as projections by the Federal Reserve.

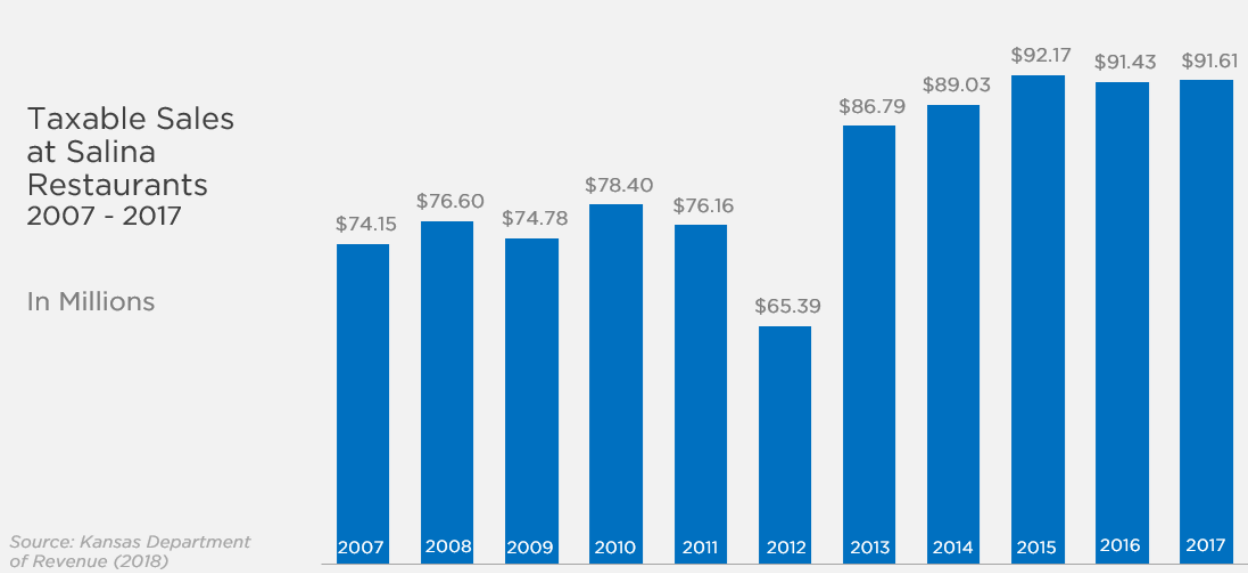
[11] This refers to retail trade establishments based on NAICS codes (44 to 45), which includes motor vehicle and parts dealers, furniture and home furnishing stores, electronics and appliance stores, building material and garden equipment stores, food and beverage stores, health and personal care stores, gas stations, clothing stores, sporting goods and musical instrument stores, general merchandise stores, nonstore retailers, and miscellaneous stores.

If adjusted for inflation, taxable retail sales in Salina actually decreased slightly from 2007 to 2017; however, sales in 2016 and 2017 are, again, impacted by microeconomic conditions.



Dining

Overall within Salina, taxable sales at restaurants and retailers have been trending upward. **Taxable sales at Salina restaurants** fluctuated between $74.2 and $92.2 million dollars between 2007 and 2017, as shown below, with one outlier year in 2012, when taxable sales were particularly low ($67.5 million). Unlike retail and accommodations, the restaurant sector was largely unaffected by the recession (2012 notwithstanding) and grew over time as the economy improved.



The number of restaurant establishments increased from 116 in 2007 to 131 places in 2017. Spending at restaurants has been relatively steady for several years—indicating that growth could be limited by a lack of diverse restaurant and dining options. Esri's *Retail Marketplace Report* indicates that Salina is a regional draw for restaurant spending and that there is a $41 million gap in the seven-county region—area residents are spending money on dining that could be captured in the region, most likely in Salina. The projected sales at Old Chicago, Ya Ya's, and Barolo Grille total just over $8 million—these restaurants would have to capture 20 percent of the restaurant spending that is currently spent outside of the region, which is a reasonable capture rate.

Estimating Downtown's Retail and Dining Tax Revenues

The predominant land use within the Downtown Salina STAR Bond District, which consists of approximately 170 acres (0.3 square mile) is commercial. Many of these spaces occupy one- and two-story buildings along Santa Fe Street, downtown Salina's "main street" and original shopping district. According to an inventory prepared by Get on Track, LLC, last updated in April 2016,[12] there are 972,593 square feet of first floor commercial space within the STAR Bond district, of which 470,827 square feet, or 48 percent, is dedicated to retail or food and beverage uses. Of the retail and dining/drinking space, 295,514 square feet are occupied by businesses generating taxable sales, 28,120 square feet are occupied by businesses that are not generating taxable sales, and 147,193 square feet are vacant (a vacancy rate among retail space of over 30 percent).

Development Strategies verified or updated the Get on Track estimates of square feet per business using property tax public records and geographic information systems (GIS) software with aerial photography. A dataset was created that combined aggregated taxable sales data and business square footage for 62 downtown businesses for which both data points (sales and square feet) were available. Of the 295,514 occupied and taxable square feet identified in the Get on Track inventory, 206,269 square feet were accounted for in this smaller matched inventory. Collectively, these 62 business locations generated annual sales of $88.40 per square foot during the STAR Bond district base period of June 1, 2014 to June 1, 2015.

As discussed on page 7, taxable sales in the STAR Bond district increased from approximately $23.19 million during the base period to $24.48 million in FY 2018, an annual gain of 1.82 percent. The estimates for existing retailers presented in the table on the following page exclude sales from Save-a-Lot and Stiefel theater because those components are included as stand-alone projects. There were 132 establishments paying qualified taxes in the base year and 119 establishments in FY 2018.

The stabilized sales for 2019 are based on the FY 2018 data--$20,737,884 when Save-a-Lot and Stiefel are excluded—inflated by 2.0% to $21,152,642.

It is important to note that sales revenue from the Stiefel Theater is excluded in this section and is included in the discussion of that project component.

New revenues will be produced in two ways from existing retailers and related businesses:

1. Incremental gains attributable to inflation, and

[12] Get on Track LLC is a management consulting firm based in Manhattan, Kansas that prepared a separate downtown floor area inventory for Salina 2020.

2. Incremental gains attributable to reduced vacancy and the overall stabilization of the Downtown market from the current 30 percent vacancy rate to an approximate 15 percent vacancy rate, taking into consideration project components that will reduce vacancy. Specifically, there is approximately 295,500 square feet of retail space in the STAR Bond District. It is estimated that the vacancy rate will be reduced by approximately 1.0 to 2.0 percent each year until the market is stabilized, or about 3,000 to 10,000 square feet of vacant square footage absorbed each year. This is based on the general experience of similar downtown districts that receive substantial new investment—the stabilization period is approximately 10 to 12 years.

Table 6 summarizes the calculations.

Table 6

Summary of Incremental Sales Tax Gains from Existing Retail Space[1]
2.0% Annual Inflation Assumed

	Taxable Sales From Existing Space[2]	Potential Taxable Potential from Filled Vacancies	Total Potential Taxable Sales from Existing Space	Retail Sales Tax[3]	Potential Sales Tax Revenues from Existing Space
2018	$ 1,932,281	$ -	$ 1,932,281	8.353%	$ -
2019	$ 21,152,642	$ -	$ 21,152,642	8.353%	$ 1,766,817
2020	$ 21,575,695	$ 616,448	$ 22,192,143	8.353%	$ 1,853,643
2021	$ 22,007,209	$ 1,257,555	$ 23,264,764	8.353%	$ 1,943,236
2022	$ 22,447,353	$ 1,924,059	$ 24,371,412	8.353%	$ 2,035,671
2023	$ 22,896,300	$ 2,616,720	$ 25,513,020	8.353%	$ 2,131,026
2024	$ 23,354,226	$ 3,336,318	$ 26,690,544	8.353%	$ 2,229,381
2025	$ 23,821,311	$ 4,083,653	$ 27,904,964	8.353%	$ 2,330,818
2026	$ 24,297,737	$ 4,512,437	$ 28,810,174	8.353%	$ 2,406,427
2027	$ 24,783,692	$ 4,956,738	$ 29,740,430	8.353%	$ 2,484,129
2028	$ 25,279,365	$ 5,417,007	$ 30,696,372	8.353%	$ 2,563,976
2029	$ 25,784,953	$ 5,893,703	$ 31,678,656	8.353%	$ 2,646,023
2030	$ 26,300,652	$ 6,387,301	$ 32,687,953	8.353%	$ 2,730,327
2031	$ 26,826,665	$ 6,515,047	$ 33,341,712	8.353%	$ 2,784,933
2032	$ 27,363,198	$ 6,645,348	$ 34,008,546	8.353%	$ 2,840,632
2033	$ 27,910,462	$ 6,778,255	$ 34,688,717	8.353%	$ 2,897,444
2034	$ 28,468,671	$ 6,913,820	$ 35,382,492	8.353%	$ 2,955,393
2035	$ 29,038,045	$ 7,052,097	$ 36,090,141	8.353%	$ 3,014,501
2036	$ 29,618,806	$ 7,193,139	$ 36,811,944	8.165%	$ 3,005,769
2037	$ 30,211,182	$ 7,337,001	$ 37,548,183	7.603%	$ 2,854,676
2038	$ 28,247,455	$ 6,860,096	$ 35,107,551	7.603%	$ 2,183,827
	$ 513,317,899	$ 96,296,743	$ 609,614,643		$ 49,658,649

[1] *The STAR Bond repayment period will begin in December 2018 and end on December 1, 2038. Thus, partial years are calculated for 2018 and 2038. While taxable sales will occur in 2018, the tax collections will not be available in 2018 and sales tax revenues are not anticipated to exceed the base in 2018. Therefore, sales are projected for 2018, but sales tax revenues are not.*

[2] *Existing sales reflect FY 2018 (July 2017 through June 2018) amount ($20,737,884), inflated by 2.0%. This does not include Stiefel Theater or Save-a-Lot, which are accounted for separately.*

[3] *The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.*

Component #2: Save-a-Lot

The 15,000 square foot Save-a-Lot discount grocery store opened in June of 2015. Sales at the store have been relatively consistent, although specific sales tax collections are confidential. The most recent trailing 12-month accounting is used as the basis for the 2019 amount after accounting for inflation.

Sales increased less than one percent from the initial 12-month period to the most recent trailing 12-month period, so a lower annual inflation rate of 0.7 percent per year is used for Save-a-Lot.

Table 7

Save-A-Lot: Projected Taxable Sales and Sales Taxes Generated to Support STAR Bonds[1]
0.7 Percent Annual Inflation Assumed

	Total Sales Eligible for STAR Bond Repayment[2]	Retail Sales Tax[3]	Sales Tax Revenue for STAR Bond Repayment[4]
2018	$ 181,600	8.353%	$ -
2019	$ 2,285,890	8.353%	$ 190,934
2020	$ 2,301,891	8.353%	$ 192,270
2021	$ 2,318,004	8.353%	$ 193,616
2022	$ 2,334,230	8.353%	$ 194,971
2023	$ 2,350,570	8.353%	$ 196,336
2024	$ 2,367,024	8.353%	$ 197,710
2025	$ 2,383,593	8.353%	$ 199,094
2026	$ 2,400,278	8.353%	$ 200,488
2027	$ 2,417,080	8.353%	$ 201,891
2028	$ 2,434,000	8.353%	$ 203,305
2029	$ 2,451,038	8.353%	$ 204,728
2030	$ 2,468,195	8.353%	$ 206,161
2031	$ 2,485,473	8.353%	$ 207,604
2032	$ 2,502,871	8.353%	$ 209,057
2033	$ 2,520,391	8.353%	$ 210,521
2034	$ 2,538,034	8.353%	$ 211,994
2035	$ 2,555,800	8.353%	$ 213,478
2036	$ 2,573,691	8.165%	$ 210,147
2037	$ 2,591,706	7.603%	$ 197,040
2038	$ 2,392,361	7.603%	$ 148,814
	$ 48,853,722		$ 3,990,160

[1] *Save-a-lot opened in June 2015 and actual trailing 12-month sales are used as the 2018 total sales figure and inflated for 2019. Average monthly sales have not increased much since the store opened, so a more modest annual inflation rate of 0.7% per year is used for Save-a-Lot.*

[2] *The STAR Bond repayment period will begin in December 2018 and end on December 1, 2038. Thus, partial years are calculated for 2018 and 2038. While taxable sales will likely occur in 2018 the tax collections will not be available in 2018 and sales tax revenues are not anticipated to exceed the base in 2018. Therefore,sales are projected for 2018, but sales tax revenues are not.*

[3] *The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.*

[4] *Sales Tax collections typically take 30 to 60 days to be reimbursed to local or county governments. Therefore, reimbursements for all sources are excluded for October and November 2038 and the end of the repayment term is December 1, 2038.*

Component #3: Stiefel Theatre

The Stiefel Theatre for the Performing Arts is one of Downtown Salina's existing, iconic, and very successful cultural attractions. The ornate 1930s art deco theater seats 1,287 people and has hosted concerts, dance performances, comedy shows, and other events since its reo-pening in 2003. The venue also includes space that can accommodate meetings, conferences, and parties.

As part of the Downtown Salina Revitalization Project, private donors are anticipated to fund an estimated $2.2 million to:

- Renovate an existing restroom and add a new one to increase capacity,
- Renovate and reconfigure the Watson Room, which is a gathering space before shows, and sometimes used for small shows according to the operator,
- Renovate the Green Room to improve the pre- and post-show experience for performers,
- Create an artist apartment above the Green Room,
- Renovate the ticket office,
- Upgrade the dressing rooms,
- Upgrade the second floor bar,
- Improve signage,
- Replicate historic spire tower lighting,
- Install a new sound system in the auditorium,
- Upgrade stage rigging, lighting, and flooring,
- Paint the auditorium and upgrade the back-stage closet, and
- Hire a consultant to create a new marketing plan.

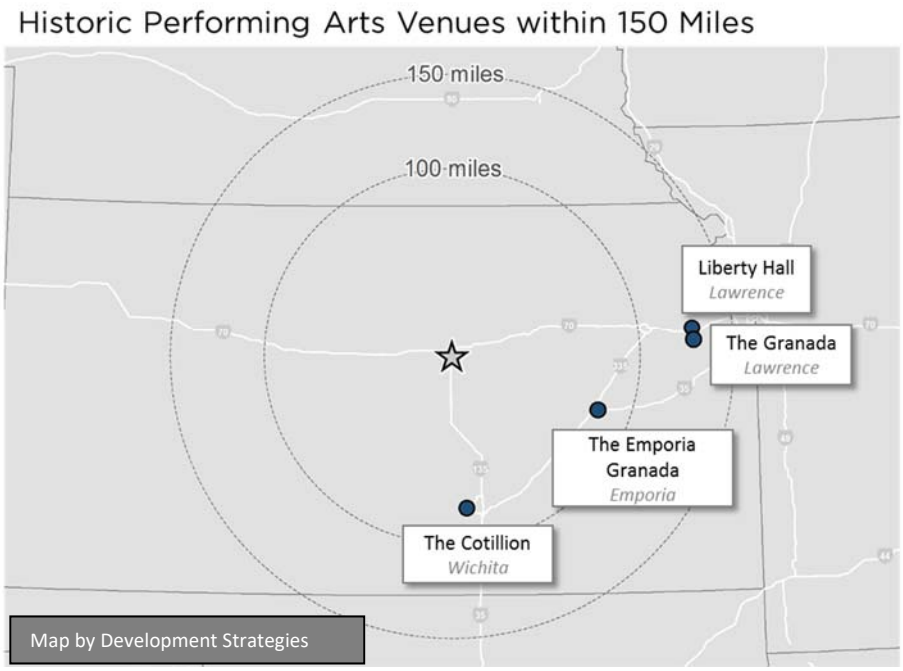
The development plan changed slightly over time—the venue was going to add performance space to the basement but eliminated that from their plan based on patron and artist feedback.

These improvements are intended to enhance the experience of patrons and artists, as well as improve operating efficiency. Many of the improvements are planned in response to complaints by patrons and artists, while others will bring the facilities up to modern standards. The improvements are anticipated to increase food and beverage sales and modestly increase the number of performances, and therefore, attendance.

Competitive Supply

Within 150 miles of Salina, there are four historic theaters of a somewhat similar size to the Stiefel Thea-tre that host national touring acts and other performing arts.

- The closest theater is The Cotillion in Wichita (81 miles from Salina), a 2,000 seat, 28,500 square foot theater built in 1960 that hosts concerts, dances, and stage shows.
- In Emporia (84 miles from Salina), the Emporia Granada is a 1,400-seat former movie theater dating from 1929 that today hosts music arts, movie screenings, and other performances.



- Liberty Hall in Lawrence (about 129 miles from Salina) is a historic theater dating from 1911 that today consists of a concert hall with a capacity of 1,050, as well as a movie theater and coffeehouse.
- The Granada Theatre, also in Lawrence, is a historic movie theater dating from 1928 with 800 seats that hosts musical performances.

The Stiefel faces competition from these venues but has been highly successful in attracting performers and spectators from a large catchment area that includes larger cities such as Wichita and Topeka.

Demand

According to Jane Gates, the Executive Director of the Stiefel Theater, demand at the theater is strong and continuing to grow. The theater hosts between 40 and 50 events per year, or about 75 nights of performances annually. Approximately 20 percent of all ticket sales originate from outside of Kansas and 45 percent originate outside of the Salina area—approximately 55 percent are local, and 45 percent are non-local.

Ticket sales revenues varied during this period from $1.7 million to $1.8 million and are on pace to exceed $1.9 million in 2018. Ticket revenue can vary considerably from show to show depending on the artist and average ticket price. For instance, attendance decreased over the period noted above, but ticket revenues should increase slightly.

Ticket sales are not the only source of revenue for Stiefel Theater—food and beverage sales during events are also taxable. Sales for Kansas DOR FY 2018 totaled nearly $2 million, which is used as the basis for the projections in this analysis.

Another important consideration is that a portion of the patrons for each show receive complementary tickets—approximately 15 to 20 percent of the tickets distributed or sold from 2015 to 2018 were "comp" tickets.

Various historic performance metrics are summarized below:

Table 8

Stiefel Theater: Historic Performance Metrics

Year	Ticket Revenue	Tickets Distributed (Sold + Comp)	Shows	Revenue per Ticket	Revenue Per Show	Tickets Per Show	% Comp Tickets
2016	$1,833,855	42,466	50	$43	$36,677	849	20%
2017	$1,698,419	39,849	53	$43	$32,046	752	21%
2018 YTD	$1,450,847	29,612	35	$49	$41,453	846	16%
Averages				$45	$36,725	816	

Source: Stiefel Theater

The proposed improvements *should* improve operations, ticket sales, and the number of performances. Although the theater is not increasing capacity, it will be more marketable as a venue and will present a more enjoyable atmosphere for patrons and artists. The addition of restaurants and other activities downtown that were previously unavailable should also support improved performance at the theater.

The scale of increased patronage is difficult to project because there are few competitive precedents. For the purposes of this study, it is estimated that the improvements will result in at least 10 net new performances per year, with approximately two new shows added the first three years following completion and one additional show each of the four subsequent years.

Therefore, patronage is projected to grow gradually by 1,640 patrons per year between 2021 through 2023 and by 820 patrons per year from 2024 through 2027. This represents an approximately 15 to 20 percent increase in patronage. The estimate of 820 patrons per show is based on the historic average. An average ticket price of $45 is used in this analysis based on the historic data.

Local and Non-Local Spending

According to *The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the City of Salina, Kansas*,[13] non-local visitors to nonprofit arts and culture activities spend an average of $40.89 per person on meals, refreshments, souvenirs, gifts, ground transportation, and miscellaneous expenses, while local visitors spent an average of $22.72 per person (both these figures exclude direct admissions payments to the facilities themselves).[14]

The amount of taxable sales potentially generated by annual visitors to the Stiefel Theatre is shown below. Like other downtown attractions, it can be assumed that a certain amount of taxable revenue can be captured downtown with sufficient attractions and marketing efforts. For example, estimating a capture rate of 20 percent gives potential annual taxable sales for Downtown Merchants of $50,700 from net new Stiefel Theater patrons alone in 2026 and thereafter.

Table 9

Potential Annual Taxable Sales Generated by Net New Stiefel Theater Patrons While Visiting Salina

	Total Number of Visitors (2025 Projections)	Spending Per Person	Total Taxable Sales
Non-Local Visitors (45%)	3,690	$40.89	$150,884
Local Visitors (55%)	4,510	$22.72	$102,467
Total (Net New Only)	**8,200**	**$33.05**	**$253,351**

[13] Americans for the Arts. *The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the City of Salina, Kansas*. 2007. Accessed November 1, 2016 at http://maps.artsusa.org/aepiii/Reports/SalinaKS_OnePageSummary.pdf.

[14] Adjusted from FY 2005 values to 2018 values using the Bureau of Labor Statistics CPI Inflation Calculator http://data.bls.gov/cgi-bin/cpicalc.pl

Sales Tax Implications

As an existing attraction, only incremental growth in revenue at the Stiefel Theatre is capturable for STAR Bond repayment. As noted above, the projections assume an average ticket price of $45 and average attendance of 820 patrons per show.

Table 10

Stiefel Theater: Projected Taxable Sales and Sales Taxes Generated to Support STAR Bonds[1]
2.0% Annual Inflation Assumed

Net New Visitors		Total Taxable Ticket Sales[2]	Retail Sales Tax[3]	Sales Tax Revenue for STAR Bond Repayment[4]
	2018	$163,967	8.353%	$0
	2019	$2,006,958	8.353%	$167,635
	2020	$2,047,097	8.353%	$170,988
1,640	2021	$2,166,356	8.353%	$180,949
3,280	2022	$2,277,400	8.353%	$190,224
4,920	2023	$2,393,796	8.353%	$199,947
5,740	2024	$2,474,144	8.353%	$206,658
6,560	2025	$2,555,360	8.353%	$213,442
7,380	2026	$2,637,464	8.353%	$220,299
8,200	2027	$2,690,213	8.353%	$224,705
	2028	$2,744,017	8.353%	$229,200
	2029	$2,798,898	8.353%	$233,784
	2030	$2,854,876	8.353%	$238,459
	2031	$2,911,973	8.353%	$243,228
	2032	$2,970,213	8.353%	$248,093
	2033	$3,029,617	8.353%	$253,055
	2034	$3,090,209	8.353%	$258,116
	2035	$3,152,013	8.353%	$263,278
	2036	$3,215,054	8.165%	$262,516
	2037	$3,279,355	7.603%	$249,319
	2038	$3,066,197	7.603%	$190,729
		$54,525,174		$4,444,624

[1] *The renovations to the theater are anticipated to be complete by 2021, so no new revenue is projected until that year.*

[2] *The STAR Bond repayment period will begin in December 2018 and end on December 1, 2038. Thus, partial years are calculated for 2018 and 2038. While taxable sales will likely occur in 2018 the tax collections will not be available in 2018 and sales tax revenues are not anticipated to exceed the base in 2018. Therefore,sales are projected for 2018, but sales tax revenues are not.*

[3] *The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.*

[4] *Sales Tax collections typically take 30 to 60 days to be reimbursed to local or county governments. Therefore, reimbursements for these sources are excluded for October and November 2038 and the end of the repayment term is December 1, 2038.*

Component #4: Old Chicago

The 8,648-square foot historic 1903 office building at 214 South Santa Fe Street is being converted into an Old Chicago Pizza & Taproom. Old Chicago is a casual dining restaurant that specializes in deep-dish pizza and craft beer. Restaurants usually occupy about 5,000 to 7,000 square feet with a 1,200-square foot patio. A typical restaurant derives 62 percent of its revenue from food sales and the remaining 38 percent from beverage sales.[15] The Salina Old Chicago restaurant will occupy about 9,000 square feet, with an outdoor patio. The restaurant will also feature a 975-square foot meeting room with seating for 64.[16] The initial sales estimates for this Old Chicago Pizza & Taproom location is $3,500,000 per year, or $405 per square foot, with the restaurant set to open in December 2018. This restaurant will activate a space that is currently vacant and provide additional dining options for Downtown Salina visitors.

For comparison, the average Applebee's restaurant generates $417 per square foot in sales. The average Chili's Grill & Bar generates $415 per square foot, and Outback Steakhouse averages $540 per square foot in sales.[17] The operator of Old Chicago provided three years of sales figures for their Garden City location. The figures are confidential, but average sales at that restaurant, which is 6,700 square feet, are higher on a per square foot basis than what is proposed in Salina. Sales are similar on a gross annual basis.

Considering this information, the proposed sales estimates for Old Chicago are reasonable and used in the projections, which are summarized in Table 11.

Table 11

Old Chicago: Projected Taxable Sales and Sales Taxes Generated to Support STAR Bonds[1]

2.0 Percent Annual Inflation Assumed

	Total Taxable Sales Eligible for STAR Bond Repayment[2]	Retail Sales Tax[3]	Sales Tax Revenue for STAR Bond Repayment[4]
2018	$ 131,720	8.353%	$ -
2019	$ 3,500,000	8.353%	$ 292,345
2020	$ 3,570,000	8.353%	$ 298,191
2021	$ 3,641,400	8.353%	$ 304,155
2022	$ 3,714,228	8.353%	$ 310,238
2023	$ 3,788,513	8.353%	$ 316,443
2024	$ 3,864,283	8.353%	$ 322,772
2025	$ 3,941,568	8.353%	$ 329,227
2026	$ 4,020,400	8.353%	$ 335,812
2027	$ 4,100,808	8.353%	$ 342,528
2028	$ 4,182,824	8.353%	$ 349,379
2029	$ 4,266,480	8.353%	$ 356,366
2030	$ 4,351,810	8.353%	$ 363,494
2031	$ 4,438,846	8.353%	$ 370,764
2032	$ 4,527,623	8.353%	$ 378,179
2033	$ 4,618,176	8.353%	$ 385,742
2034	$ 4,710,539	8.353%	$ 393,457
2035	$ 4,804,750	8.353%	$ 401,326
2036	$ 4,900,845	8.165%	$ 400,164
2037	$ 4,998,862	7.603%	$ 380,048
2038	$ 4,673,936	7.603%	$ 290,737
	$ 84,747,611		$ 6,921,368

[1] *Old Chicago is projected to open on December 17, 2018, so partial sales from that month are included in 2018. Initial year sales are projected at $3,500,000, so 45.2% of one month's sales ($131,720) are included.*

[2] *The STAR Bond repayment period will begin in December 2018 and end on December 1, 2038. Thus, partial years are calculated for 2018 and 2038. While taxable sales will likely occur in 2018 the tax collections will not be available in 2018 and sales tax revenues are not anticipated to exceed the base in 2018. Therefore,sales are projected for 2018, but sales tax revenues are not.*

[3] *The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.*

[4] *Sales Tax collections typically take 30 to 60 days to be reimbursed to local or county governments. Therefore, reimbursements for these sources are excluded for October and November 2038 and the end of the repayment term is December 1, 2038.*

[15] Old Chicago Pizza & Taproom. "Take a Closer Look at Our Key Stats." Date unknown. Accessed October 25, 2016 from http://ocfranchising.com/take-a-closer-look-at-our-key-stats/.

[16] Salina Old Chicago Preliminary Plan. Dated October 21, 2016. Updates by Salina 2020 provided in September 2018.

[17] eMarketer Retail

Component #5: Barolo Grille

Barolo Grille is a steak, sushi, and seafood concept that will be operated by local restauranteurs. It will contain 5,221 square feet and is projected to open in May 15, 2019, with construction beginning on December 15, 2018. It will be located at 120 S. Santa Fe Avenue. The developer projects first stabilized year (2020) sales of $1,560,000, or $299 per square foot. This estimate is below the other restaurants discussed on the previous pages and is below restaurant chains that are considered comparable. For these reasons, the revenue estimates are considered reasonable.

Table 12

Barolo Grille: Projected Taxable Sales and Sales Taxes Generated to Support STAR Bonds[1]
2.0 Percent Annual Inflation Assumed

	Total Sales Eligible for STAR Bond Repayment	Retail Sales Tax[3]	Sales Tax Revenue for STAR Bond Repayment[4]
2018	$ -	8.353%	$ -
2019	$ 983,014	8.353%	$ 82,108
2020	$ 1,560,000	8.353%	$ 130,302
2021	$ 1,591,200	8.353%	$ 132,908
2022	$ 1,623,024	8.353%	$ 135,566
2023	$ 1,655,484	8.353%	$ 138,278
2024	$ 1,688,594	8.353%	$ 141,043
2025	$ 1,722,366	8.353%	$ 143,864
2026	$ 1,756,813	8.353%	$ 146,741
2027	$ 1,791,950	8.353%	$ 149,676
2028	$ 1,827,789	8.353%	$ 152,670
2029	$ 1,864,344	8.353%	$ 155,723
2030	$ 1,901,631	8.353%	$ 158,838
2031	$ 1,939,664	8.353%	$ 162,014
2032	$ 1,978,457	8.353%	$ 165,255
2033	$ 2,018,026	8.353%	$ 168,560
2034	$ 2,058,387	8.353%	$ 171,931
2035	$ 2,099,555	8.353%	$ 175,369
2036	$ 2,141,546	8.165%	$ 174,861
2037	$ 2,184,377	7.603%	$ 166,072
2038	$ 2,042,392	7.603%	$ 127,045
	$ 36,428,613		$ 2,978,824

[1] *Barolo Grille is projected to open on May 15, 2019, so sales projections for that year assume 230 days of operations (63% of the year)*

[2] *The STAR Bond repayment period will begin in December 2018 and end on December 1, 2038. Thus, partial years are calculated for 2018 and 2038. While taxable sales will likely occur in 2018 the tax collections will not be available in 2018 and sales tax revenues are not anticipated to exceed the base in 2018. Therefore,sales are projected for 2018, but sales tax revenues are not.*

[3] *The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.*

[4] *Sales Tax collections typically take 30 to 60 days to be reimbursed to local or county governments. Therefore, reimbursements for these sources are excluded for October and November 2038 and the end of the repayment term is December 1, 2038.*

Component #6: The Alley

Context and Overview

The Alley will be located close to the Salina Fieldhouse on the northeast corner of Ash Street and Santa Fe Street. The 42,140 square foot venue will consist of:

- 20 standard bowling lanes,
- Eight lanes for boutique bowling
- A game room and video arcade (5,400 square feet),
- Laser tag (2,154 square feet),
- Virtual reality room (300 square feet), and
- AJ's Sports Grill (4,500 square feet)

The facility will have enough lanes to be qualified to host sanctioned bowling tournaments.

The Alley is considered a family entertainment center (FEC). FECs are for-profit leisure centers marketed towards families with children of all ages. FECs typically range from 15,000 to 200,000 square feet and can either be outdoor or indoor facilities that include a wide range of activities for children such as arcade games, laser tag, miniature golf, go-karts, indoor playgrounds, and bowling. FECs are also sometimes referred to as family amusement centers, play zones, family fun centers, or fun centers. The FEC industry began to organize itself around 1990 when FECs were mainly outdoor miniature golf centers. Today, the FEC industry is growing and encompasses many new and different types of facilities such as children's entertainment centers, adult entertainment centers, and true family entertainment centers.

- Children's entertainment centers (CEC) are designed specifically for children, while parents are considered a secondary market.
- Conversely, adult entertainment centers (AEC) are designed primarily for adults only and combine video games, virtual reality, billiards, bowling, golf simulators, and a restaurant and bar. Dave & Buster's is an example of an AEC.
- True family entertainment centers (TFEC) are designed for both children and adults and often include bowling alleys, skating centers, golf driving ranges, arcades and game rooms, laser tag, sport facilities, and restaurants and bars. There are, broadly, two types of TFECs:
    - Multi-attraction indoor centers include combinations of soft-contained play units, arcade games, children's rides, birthday party facilities, bumper cars, simulator rides, indoor batting cages, sports games, and laser tag.
    - Outdoor fun centers often include go-karts, miniature golf, batting cages, and bumper boats, along with a clubhouse with a concession stand, games, and birthday facilities. Overall, TFECs generally have activities for children of all age ranges as well as for adults. The Alley would be considered a TFEC, as it will include a wide range of activities for both children and adults.

The Alley will be operated by Boulevard One, Inc. (a/k/a Joma Bowling Company), which owns and operates The Alley in Wichita and Hutchinson, as discussed below.

Competitive Supply

Within fifty miles of Salina, there are several family recreational opportunities, but none that provide the unique combination of bowling, an arcade, laser tag, concessions, meeting space, and full-service bar and restaurant that would be provided by The Alley. Jumpin' Joes Family Fun Center, an indoor/outdoor center, is about three miles southwest of Downtown Salina, and offers laser tag, go-karts, mini golf, arcade, an indoor jungle gym, and concession stand. Jumpin' Joes does not offer bowling, but there is one other bowling facility in Salina and an additional five bowling alleys within a fifty-mile radius.

Within 100 miles, there are two other The Alley locations operated by Joma Bowling Company. The first, The Alley of Wichita (81 miles from Salina), opened in 2004, and the second, The Alley of Hutchison (63 miles from Salina), opened in 2015. These two locations of The Alley offer nearly the same amenities as proposed for the Salina location, with a combination of bowling, laser tag, arcade games, and a sports bar and grill. The Salina facility, however, would be sized as roughly in between the sizes of the Wichita (largest) and Hutchison (smallest) complexes.

Wichita, Kansas (from Google Images)

There are three additional facilities that offer similar combinations of family-friendly activities within 100 miles, though none are focused on bowling to the same extent.

- Widgets Family Entertainment Center opened in Manhattan, Kansas, in 2017, with laser tag, indoor and foam ball playgrounds, miniature bowling, arcade games, and a restaurant. Like The Alley, Widgets is designed to appeal to children as well as their parents.
- Within Wichita, there are two other facilities that offer diverse activities targeted to families under the same roof.

Hutchison, Kansas (from Google Images)

- All Star Sports (West) offers miniature golf, a driving range, a snack bar, go karts, bumper boats, video arcade, climbing wall, laser tag, batting cages, and bowlingo (a bowling game).
- All Star Adventures (East) is billed as "Wichita's Only Amusement Park," and offers several indoor and outdoor activities, including amusement rides (summers only), go-karts, miniature golf, bumper boats and cars, an arcade, and bowlingo.

For obvious reasons, the two other The Alley locations are the most comparable facilities to that proposed for Salina. Given the owner's interest in building a third location in Salina, it can be assumed that cannibalizing competition from the other two centers is not a significant hindrance to the potential profitability of all three facilities. Although a facility with somewhat comparable attractions exists within Salina, the offerings at The Alley will be more comprehensive and geared toward a wider audience. Per an agreement with Kansas Department of Revenue, and adjustment is applied to the revenue projections to account for the Alley's impact on existing local facilities. The Alley's proximity to the new Salina Fieldhouse will also generate demand from families who are in town for Fieldhouse events.

Table 13

Nearest Comparable Family Entertainment Centers
The Alley of Salina

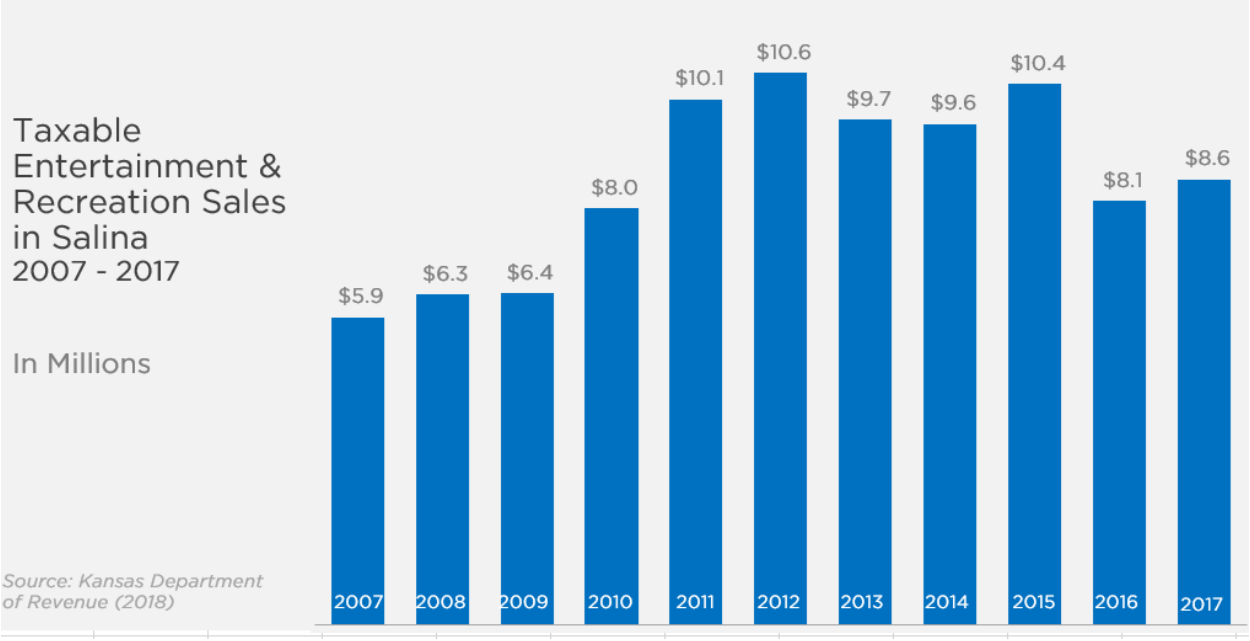
Facility	Activities	Location	Distance
Subject			
The Alley	24 standard bowling lanes and an eight-lane boutique specialty bowling facility, a game room, a video arcade, laser tag, virtual reality, a concession stand, and a full-service bar and restaurant	Salina	--
Direct Competition Within 100 Miles			
Jumpin' Joe's Family Fun Center	Go-karts, arcade, mini-golf, laser tag & other games	Salina	2½ miles
The Alley of Hutchinson	20 standard bowling lanes, eight boutique lanes, cosmic bowling, bumper cars, billiards, laser tag, arcade, meeting room, AJ's full service sports bar and grill	Hutchinson	54 miles
Widgets Family Entertainment Center (Spring 2017)	Laser tag, indoor playground, mini bowl (a few bowling lanes with miniature balls and pins), ballocity arena (indoor playground with blasters, vacuums, cannons, and buckets that propel, throw raise, vacuum, and dump soft foam balls), arcade games, and restaurant	Manhattan	63 miles
All Star Sports West	Miniature golf, driving range, snack bar, go karts, bumper boats, batting cages, bowlingo (bowling game), laser tag, climbing wall, video and redemption arcade	Wichita	77 miles
All Star Adventures East	Miniature golf, driving range, snack bar, go karts, bumper boats, batting cages, bumper cars, bowlingo (bowling game), various carnival rides, mostly all outdoors	Wichita	81 miles
The Alley Wichita	60,000 square foot facility offering 32 standard bowling lanes, 8 dedicated cosmic bowling lanes, go karts, arcade, billiards, corporate meeting rooms, and sports bar and grill	Wichita	81 miles

Table 14

Non-Competitive Entertainment Facilities Within 50 Miles			
Starlight Skate	Roller skating rink	Salina	3¼ miles
Green Acres Bowl / Tornado Alley	Bowling, bar and restaurant	Abilene	22 miles
Starlite Lanes	Bowling	McPherson	33 miles
Coach and Four Bowling Lanes	Bowling	Ellsworth	34 miles
Junction City Bowl	Bowling	Junction City	44 miles
Putt-A-Round Miniature Golf	Outdoor mini golf	Junction City	40 miles
Fox Hole Paintball	Paintball and airsoft	Grandview Plaza	47 miles
Sher-Bowl Lanes	Bowling	Marion	47 miles

Demand

Entertainment is an $8 to $11 million industry within Salina. This spending category is made up of two subcategories: "Performing Arts, Spectator Sports, and Related Industries" and "Amusement, Gambling, and Recreation Industries."[18] In recent years, approximately 42 percent of entertainment spending in Salina was for the former subcategory, while the remaining 58 percent took place in the latter subcategory. Though spending in this category was flat during the Great Recession (about $7 million per year), it has substantially increased since 2009, fluctuating between $8.0 million in 2010 to a high of $10.6 million in 2012. The number of establishments in this industry grew from 41 establishments in 2007 to 54 establishments in 2017.



[18] Kansas Department of Revenue. Taxable Sales by North American Industrial Classification (NAICS) Code. 2007 – 2018 (Partial Year).

Joma Bowling Company operates the two existing The Alley locations, as well as five total bowling centers, according to Catherine DeSocio, president of Joma. Market demand at existing The Alley locations is strong. The Wichita location (http://thealleywichita.com/), which opened in 2004, has weekly patronage averaging between 3,000 and 3,500 people, or about 156,000 to 182,000 visits per year. The Hutchison location, which opened in 2015, averages about 2,000 people per week or 104,000 visits per year. Demand at the Salina location is projected to fall between demand at the existing locations at 130,000 and 156,000 visits per year.

Nearby attractions, such as the Salina Fieldhouse and the Stiefel Theatre, are expected to generate customer traffic, as is the new Downtown hotel. According to Ms. DeSocio, The Alley in Wichita benefits from the adjacent Warren Theater, Residence Inn, and SpringHill Suites, which provide a steady source of visitors interested in dining or entertainment at The Alley. Additionally, the co-location of the two entertainment facilities and two hotels within the Plazzio, a 350,000-square foot dining and entertainment center, is seen as a factor in attracting the outparcel restaurants built between 2005 and the present at this location.[19]

According to Ms. DeSocio, the average visitor to The Alley stays for three hours. During the week, nearly all of The Alley patrons originate from within a 30-mile catchment area. Weekdays account for approximately 20 percent of total revenue, and generally consist of corporate events, family events such as birthday parties, and league bowling. Weekends account for the remaining 80 percent of total revenue and draw patrons in from much greater distances. Ms. DeSocio estimated that approximately half of weekend patrons come from locations within 30 miles of the facility, while the other half come from locations further afield.

Combining weekdays and weekends, approximately 60 percent of visitors to The Alley come from within 30 miles, while about 40 percent originate from locations more than 30 miles away.[20] For the Alley in Salina, this would equate to approximately 85,800 annual visits from patrons coming from 30 miles away or less and 57,200 visits coming from more than 30 miles away. The exact breakdown will vary due to the effect of nearby attractions, but it is expected that The Alley will be both a primary and secondary destination within the STAR Bond district.

The table to the right summarizes the project components of The Alley, as well as revenue projections. The revenue projections are based on performance of those components at the Hutchinson and Wichita The Alley locations.

Table 15

The Alley: Project Components

Revenue Generator	Square Footage	Revenue/ SF	Total Revenue
Bowling & Common Area	29,786	$50	$1,489,300
Restaurant	4,500	$300	$1,350,000
Games	5,400	$110	$594,000
Virtual Reality Room	300	$667	$200,000
Laser Tag	2,154	$75	$161,550
Totals	**42,140**	**$90.05**	**$3,794,850**

[19] Phone conversation with Catherine DeSocio, President, JOMA Bowling Company. November 7, 2016. Updated by email in January 2017 and September 2018.
[20] See 43.

The Alley is generally positioned between a typical bowling alley and the Dave and Busters concept. Bowling alleys, depending on the features they have (i.e., just bowling, concessions, games, a restaurant, etc.) typically have sales ranging from $35 to $60 per square foot. Dave and Busters reported sales of $270 per square foot in 2017, according to eMarketer Retail. The Alley would be expected to have lower sales than a Dave and Busters because of the higher proportion of common area and low-revenue-producing space (on a per square foot basis) is occupied by the bowling lanes.

The estimated first year revenue at The Alley is $3,794,850, which is rounded to $3,800,000. Assuming 143,000 annual visits, that equates to $26.57 per visitor.

Sales Tax Implications

According to the Kansas Department of Revenue, all sales by businesses classified as "bowling centers," such as The Alley, are taxable. Therefore, it is assumed that the totality of the $3,800,000 in revenue will generate STAR Bond-eligible revenue.

Though a small amount of "spillover spending" is likely to exist as a result of The Alley—patrons coming Downtown for the primary purpose of going to The Alley but also spending at other retailers or dining off site—this particular spillover potential was not separately estimated for the purposes of this revenue study and is instead accounted for in overall Downtown ret ail growth.

Table 16 summarizes the projected revenues that will be generated by The Alley and assumes a 2.0 percent annual inflation rate.

Table 16

The Alley: Projected Taxable Sales and Sales Taxes Generated to Support STAR Bonds[1]

2.0 Percent Annual Inflation Assumed

	Total Taxable Sales Eligible for STAR Bond Repayment[2]	Retail Sales Tax[3]	Sales Tax Revenue for STAR Bond Repayment[4]
2018	$ -	8.353%	$ -
2019	$ 1,806,800	8.353%	$ 150,917
2020	$ 3,800,000	8.353%	$ 317,403
2021	$ 3,876,000	8.353%	$ 323,751
2022	$ 3,953,520	8.353%	$ 330,226
2023	$ 4,032,590	8.353%	$ 336,830
2024	$ 4,113,242	8.353%	$ 343,567
2025	$ 4,195,507	8.353%	$ 350,438
2026	$ 4,279,417	8.353%	$ 357,447
2027	$ 4,365,006	8.353%	$ 364,596
2028	$ 4,452,306	8.353%	$ 371,888
2029	$ 4,541,352	8.353%	$ 379,325
2030	$ 4,632,179	8.353%	$ 386,912
2031	$ 4,724,822	8.353%	$ 394,650
2032	$ 4,819,319	8.353%	$ 402,543
2033	$ 4,915,705	8.353%	$ 410,594
2034	$ 5,014,019	8.353%	$ 418,806
2035	$ 5,114,300	8.353%	$ 427,182
2036	$ 5,216,586	8.165%	$ 425,945
2037	$ 5,320,917	7.603%	$ 404,533
2038	$ 4,975,058	7.603%	$ 309,468
	$ 88,148,645		$ 7,207,020

[1] *The Alley is projected to open on July 8, 2019, so 2019 is a partial year, assuming 176 days of operations.*

[2] *The STAR Bond repayment period will begin in December 2018 and end on December 1, 2038. Thus, partial years are calculated for 2018 and 2038. While taxable sales will likely occur in 2018, the tax collections will not be available in 2018 and sales tax revenues are not anticipated to exceed the base in 2018. Therefore,sales are projected for 2018, but sales tax revenues are not.*

[3] *The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.*

[4] *Sales Tax collections typically take 30 to 60 days to be reimbursed to local or county governments. Therefore, reimbursements for these sources are excluded for October and November 2038 and the end of the repayment term is December 1, 2038.*

Component #7: Homewood Suites by Hilton

The 113-room Homewood Suites by Hilton is currently under construction and is anticipated to be completed in August 2019. This hotel and conference space would be located at the intersection of 5th Street and Mulberry Street. This will be the first contemporary hotel located within Downtown Salina and will support planned development by providing accommodations within convenient walking distance of the new attractions while also serving the Downtown business community and the Salina Health Center. The hotel will include 2,400 square feet of on-site meeting and conference space and a 5,500-square foot restaurant.[21] It is expected that the new hotel will partially redirect demand now being satisfied by hotels already serving the Salina market, as well as new demand generated by the revitalization project.

Context and Supply

At present, the city of Salina offers a healthy range of hotel and motel accommodations targeted to a wide range of different consumers and budgets. The offerings include a turn-of-the-century bed and breakfast, inexpensive vintage motels west of Downtown, and three clusters of 2- and 3-star chain hotels located at Salina's main interstate interchanges. The greatest number of hotel rooms is found at the I-135 and Schilling Road interchange, about 3.5 miles south of Downtown Salina. This area has also seen the most recent building activity, with a 115-room Holiday Inn completed in 2015[22] and the 97-room Hilton Garden Inn that opened in September 2017, which will also include 16,100 square feet of convention-type meeting space.[23]

As of August 2018, there were 2,216 hotel rooms at 34 properties in Salina, including chain and non-chain properties.[24]

[21] Phone conversation with Don Boos, Director of Development, Blue Beacon International, Inc. October 28, 2016. Updates provided by Salina 2020 by email and phone conversation in September 2018.

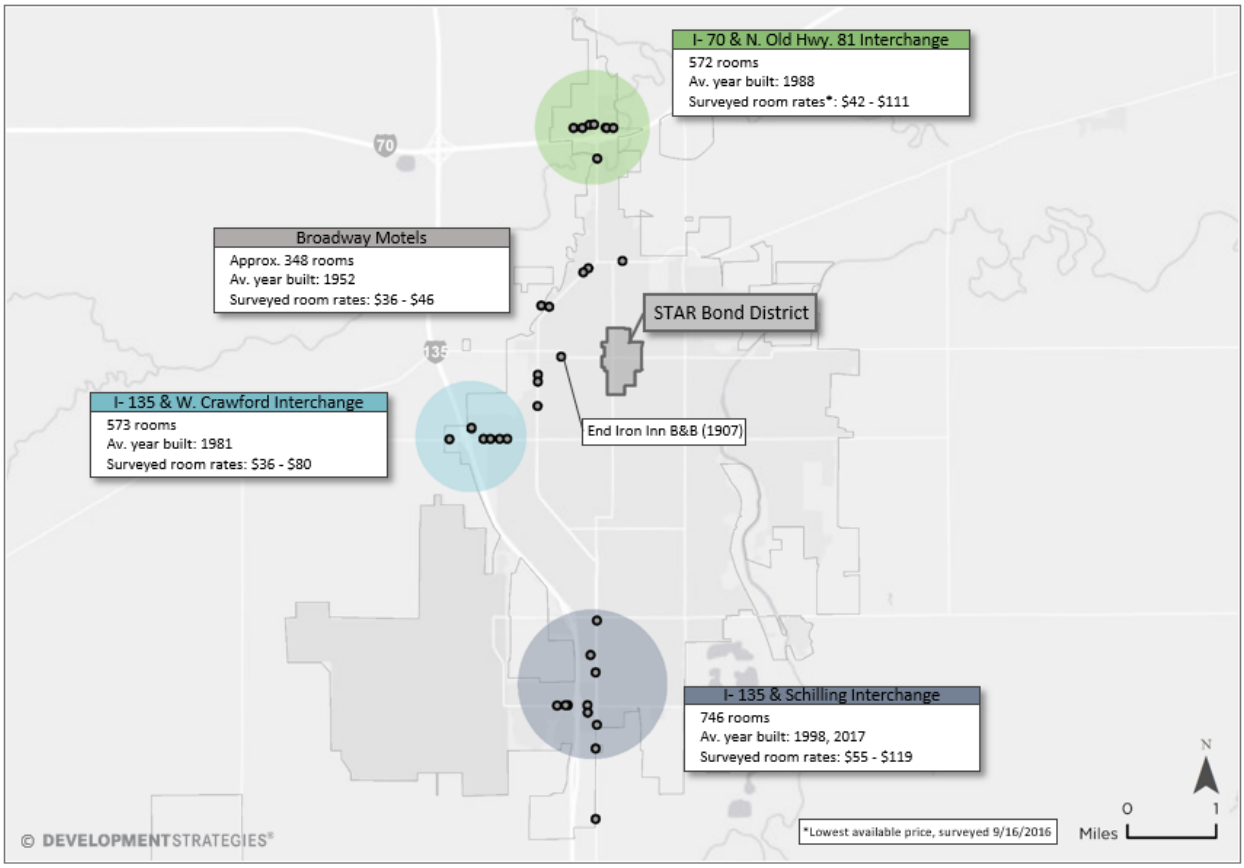
[22] Horan, Tim. "Holiday Inn Set to Open Next Week." *Salina Journal*. April 11, 2015. Accessed September 14, 2016 from http://www.salina.com/news/holiday-inn-set-to-open-next-week.

[23] Strand, Mike. "Ground Broken in Salina for New Hilton." *Salina Journal*. October 9, 2015. Accessed September 14, 2016 from http://www.salina.com/news/ground-broken-in-salina-for-new-hilton.

[24] Salina Hotel Room Inventory by Development Strategies. Data collected September 2018.

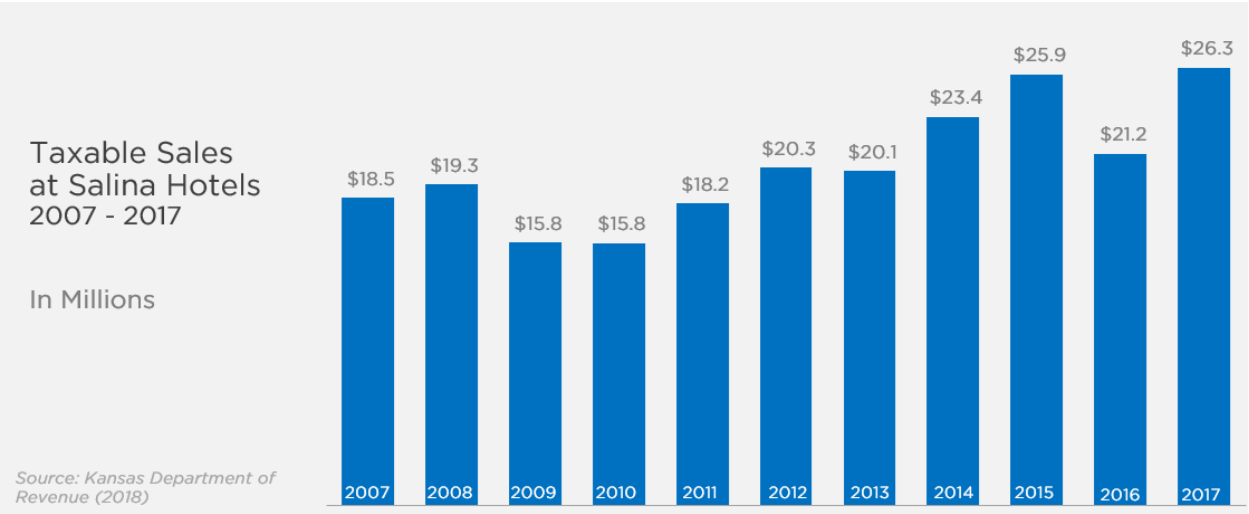
The map below illustrates the location of each hotel as well as the major motel and hotel clusters. Each of the three hotel clusters is situated at a major interstate interchange and offers a variety of amenities targeted to visitors. The I-70 and North Old Highway 81 interchange is home to a handful of franchise restaurants (IHOP, McDonald's, Subway) and interstate-serving travel centers. The I-135 and West Crawford interchange is the site of a small number of local and chain restaurants. The I-135 and Schilling interchange has the greatest number of amenities and is the most attractive from a visitor perspective, with Walmart and Target stores in addition to a number of franchise restaurants, such as the Olive Garden, Applebee's, and Buffalo Wild Wings.

Salina Hotel Supply



Demand

Data from the Kansas Department of Revenue creates a trendline of taxable sales generated at Salina hotels over the past nine years. Like other sectors, the Salina hospitality industry was affected by the recent Great Recession, with a 17.9 percent reduction in taxable sales from 2008 to 2009. Taxable sales at hotels trended upward after 2010 and peaked in 2017, with gross sales of more than $26 million. As with retail sales, taxable sales at Salina Hotels decreased in 2016.



The Salina Area Chamber of Commerce estimates that Salina currently hosts at least 580,000 overnight stays in hotels each year. Hotel guests are typically broken into three market segments based on the purpose of their stay in order to analyze demand: business travel, leisure/tourism, meetings and groups (conference or meeting attendance). A fourth segment, extended-stay (more than five nights), is also sometimes considered when it is of sufficient significance.[25] Different factors drive demand for each of these segments:

- **Business Travel (Commercial)** Not surprisingly, business travel is driven by business activity. Demand for business accommodations is strongest during the week (Monday through Thursday nights) and normally remains constant throughout the year. In Salina, commercial hotel demand generators include Salina's largest private employers: Schwan Global Supply Chain, Salina Regional Health Center Exide Technologies, Great Plains Manufacturing, and Philips Lighting. Government activity also drives commercial hotel segment demand, though this is more relevant in capital cities and is not expected to generate extensive demand in Salina. Corporations often choose hotels to house business guests based on location, hotel amenities, or negotiated corporate contracts. The Downtown location and amenities of the new Homewood Suites by Hilton will appeal to corporations and business travelers as one of the newest and best-quality hotels in Salina, so it is expected to benefit from existing and new business travel demand.

[25] D'Antonio, Stefania. Market Segmentation: Identifying Where Hotel Demand Comes From. HVS Global Hospitality. September 25, 2013. Accessed September 14, 2016 from https://www.hvs.com/article/6583/market-segmentation-identifying-where-hotel-demand-comes/.

- **Leisure/Tourism** Leisure travelers consist of individuals and families who are traveling for the purpose of sightseeing, engaging in tourist activities, or visiting friends and/or family, and includes guests on their way to other destinations. Leisure travel demand is strongest during the summer and holidays, with typical peak demand on Friday and Saturday nights—which tends to complement the Sunday-Thursday peak demand in business travel. Individuals and families often choose hotels for leisure travel based on cost (this consumer segment is the most price-sensitive), hotel amenities, neighborhood amenities, and location. Guests stopping over as part of a journey to a different destination may preferentially select hotels located convenient to interstate highways and restaurants.

  Two key drivers of leisure hotel demand in Salina are its visitor attractions and its location as a stopover point for guests traveling elsewhere. The increase in visitor attractions as a result of the *Revitalization Plan* in Downtown Salina is expected to attract approximately 214,100 new unique visits each year, with about 41,400 room-nights generated by non-local visitors to the Salina Fieldhouse alone in its third year of operations. Over the next 20 years, it is expected that vehicle miles traveled will grow slowly, at an annual rate of 0.81 percent.[26] Therefore, the number of vehicles passing through Salina on the interstates will grow slightly over time, leading to a slow increase in the number of stopover guests.

- **Meetings and Groups** Meetings are a major driver of travel activity in the United States and result in a large number of room stays. This segment encompasses visitors traveling for the purpose of participating in meetings, conferences, conventions, seminars, and trade shows. The two major types of demand segments in this category are corporate groups and SMERFE (social, military, ethnic, religious, fraternal, and educational) groups. Corporate groups tend to meet during the business week, while SMERFE groups tend to meet on weekends. Generally speaking, SMERFE groups are more cost-conscious and corporate groups generate more spending on food and beverage within the hotel. Not surprisingly, the presence of meeting facilities drives demand for this segment, whether it is space provided by the hotel or by a nearby convention center. In Salina, major efforts to attract more convention traffic are underway. The first is the recently-completed renovations at the Bicentennial Center, a $13.1 million upgrade of the 18,000-square foot multi-purpose facility. The second is the construction of 16,700 square feet of new convention space within the Hilton Garden Inn. According to the Chamber of Commerce, these two facilities will be instrumental in attracting more convention travel to Salina.

Looking at the drivers of hotel demand in Salina listed above, the city should continue to experience growth in the number of overnight guests. It is reasonable to assume that the new hotel will be attractive to business travelers, and it is also reasonable to assume that visitors participating in activities Downtown will want to stay in a hotel convenient to their purposes provided it is within their budgets.

Sales and Transient Tax Implications

Data obtained from Smith Travel Research indicates the following:

- The average occupancy rate in 2017 was 55.0 percent, a 6.4 percent increase over 2016.
- The average daily rate (ADR) in 2017 was $76.29, a 3.4 percent increase over 2016.

[26] Federal Highway Administration. *FHWA Forecasts of Vehicle Miles Traveled (VMT): Spring 2016*. May 2, 2016. Accessed October 24, 2016 from http://www.fhwa.dot.gov/policyinformation/tables/vmt/vmt_forecast_sum.pdf.

- Average occupancy is slightly lower in 2018 through July, but the ADR increased over the 2017 average.
- Hotel room demand increased by 8.0 percent in 2017 and the July YTD figure for 2018 shows a 4.6 percent increase over the prior year.
- Hotel revenues are also up—they increased to $33 million in 2017, an 11.7 percent increase over 2016. The 2018 July YTD number is 5.9 percent above that of 2017.

These statistics indicate that the Salina market continues to improve despite the addition of new product. The Homewood Suites hotel will provide a product that is unavailable in the market—a suite hotel that will accommodate families traveling for Fieldhouse events as well.

Data provided by Smith Travel Research for Holiday Inn & Suites, Hilton Garden Inn, Courtyard by Marriott, and Hampton Inn, the most competitive hotels in Salina, show stronger metrics compared to the market as a whole:

- Trailing 12 months through July 2018: 73.3 percent average occupancy and $106.76 ADR.
- YTD performance indicates an increase in average occupancy (77.1 percent) and ADR ($108.08).

Another important consideration is the overall performance of Homewood Suites by Hilton. According to Hilton Worldwide Holdings' Second Quarter 2018 report, Homewood Suites:

- Had an average occupancy rate of 84.6 percent and an ADR or $143.66 system-wide (445 locations) for 2nd Quarter 2018.
- Had an average occupancy rate of 81.0 percent and an ADR of $140.48 system-wide for the first six months of 2018.

For comparison, Hilton Garden Inn had an average Occupancy of 76.2 percent and an ADR of $133.52, and Hampton Inn had an average occupancy of 74.1 percent and an ADR of $123.42 for the first half of 2018.

The Developer of the Downtown Homewood Suites, projects above average occupancy and an above average ADR at the new hotel—76.5 percent average occupancy and an ADR of $125.56 (2018 dollars), based on the performance of similar facilities owned and operated by this developer, including The Raphael Hotel in Kansas City and the Homewood Suites by Hilton at the Waterfront in Wichita.

Recent trends for the competitive hotels in Salina support the proposed average occupancy rate. The proposed ADR is above average for the market but is well below the average for Homewood Suites system-wide. Suite hotels tend to achieve higher ADRs than non-suite hotels. For these reasons, the proposed ADR is also considered to be reasonable.

Assuming that occupancy remains stable over the next 20 years, annualized hotel room revenues can be estimated using the following formula:

114 rooms * 365 days * $125.56 average daily rate * 76.5% average occupancy

Using this formula, the new Downtown Hilton Suites would generate almost $4 million in taxable sales from hotel rooms each year (2018 dollars). As of August 2018, the Transient Guest Tax rate in Salina was 6.7 percent. Deducting an administrative fee of 2.0 percent which is retained by local government,

6.566 percent of the transient lodging tax is capturable for STAR Bond repayment, or a potential annual amount of $263,000 ($4 million * 6.566%).

Hotel rooms are also subject to the normal sales tax. In Salina, the combined state and local sales tax is 8.75 percent, of which 8.3527 percent is capturable for STAR Bond repayment after subtracting both an administrative fee and ineligible taxes. Potential annual STAR Bond revenues could, therefore, total $334,000 ($4 million * 8.3527%).

This results in a combined capturable tax rate of 14.9327 percent on hotel lodging within the STAR Bond District. At this tax rate, it is expected that the hotel could produce around $596,000 annually in STAR Bond-eligible revenue from overnight guests (2018 dollars), excluding the hotel's restaurant and retail space which is discussed in the following section.

With the citywide inventory of hotel rooms increasing by ten percent over the next two years, the number of overnight guests per year would need to increase by a similar percentage in order for occupancy to remain stable throughout the city. Looking at the Chamber of Commerce's estimate of 580,000 overnight guests per year, Salina would need to project an increase of about ten percent of overnight visitors, or another 58,000 hotel-nights per year, in order to maintain stable occupancy throughout their hotel inventory, or it is possible that hotel room supply could decrease if less competitive hotels leave the market as a result of competition. However, an individual hotel, such as the proposed Downtown Homewood Suites, could achieve higher occupancy by being more attractive in terms of location, amenities, value, or convenience. The approximately 46,600 visitor-nights generated by the Salina Fieldhouse in year four of operations will certainly help increase demand for hotel rooms, while other attractions, such as The Alley, the expanded Stiefel Theatre, and the Car Collection could also potentially boost the number of overnight guests.

The table on the following page summarizes the revenue projections for Homewood Suites by Hilton.

Table 17

Homewood Suites by Hilton: Projected Taxable Sales and Sales Taxes Generated to Support STAR Bonds[1]

2.0 Percent Annual Inflation Assumed

	Total Taxable Sales Eligible for STAR Bond Repayment[2]	Retail Sales Tax[3]	Transient Guest Tax	Sales and Transient Guest Tax Revenue for STAR Bond Repayment[4]
2018	$ -	8.353%	6.566%	$ -
2019	$ 330,144	8.353%	6.566%	$ 49,253
2020	$ 3,961,722	8.353%	6.566%	$ 591,037
2021	$ 4,040,957	8.353%	6.566%	$ 602,858
2022	$ 4,121,776	8.353%	6.566%	$ 614,915
2023	$ 4,204,212	8.353%	6.566%	$ 627,214
2024	$ 4,288,296	8.353%	6.566%	$ 639,758
2025	$ 4,374,062	8.353%	6.566%	$ 652,553
2026	$ 4,461,543	8.353%	6.566%	$ 665,604
2027	$ 4,550,774	8.353%	6.566%	$ 678,916
2028	$ 4,641,789	8.353%	6.566%	$ 692,495
2029	$ 4,734,625	8.353%	6.566%	$ 706,345
2030	$ 4,829,318	8.353%	6.566%	$ 720,471
2031	$ 4,925,904	8.353%	6.566%	$ 734,881
2032	$ 5,024,422	8.353%	6.566%	$ 749,578
2033	$ 5,124,910	8.353%	6.566%	$ 764,570
2034	$ 5,227,409	8.353%	6.566%	$ 779,861
2035	$ 5,331,957	8.353%	6.566%	$ 795,459
2036	$ 5,438,596	8.165%	6.566%	$ 801,170
2037	$ 5,547,368	7.603%	6.566%	$ 785,990
2038	$ 5,186,789	7.603%	6.566%	$ 601,282
	$ 90,346,572			$ 13,254,212

[1] *Homewood Suites is projected to open in December 2019, so 2019 is a partial year.*

[2] *The STAR Bond repayment period will begin in December 2018 and end on December 1, 2038. Thus, partial years are calculated for 2018 and 2038. While taxable sales will likely occur in 2018, the tax collections will not be available in 2018 and sales tax revenues are not anticipated to exceed the base in 2018. Therefore,sales are projected for 2018, but sales tax revenues are not.*

[3] *The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.*

[4] *Sales Tax and Transient Guest Tax collections typically take 30 to 60 days to be reimbursed to local or county governments. Therefore, reimbursements for all sources are excluded for October and November 2038 and the end of the repayment term is December 1, 2038.*

Ya Ya's Euro Bistro (in the Homewood Suites)

Ya Ya's Euro Bistro will be the restaurant housed in Homewood Suites. It will have exclusive catering rights for the hotel meeting space. The 5,500 square foot restaurant is projected by the developer to generate $3,000,000 in sales in the first stabilized year (2020), or $545 per square foot. This will be a unique concept in Salina. The operators of the Salina location also operate Ya Ya's in other markets. While confidential, they provided sales figures for 2015, 2016, and 2017. The proposed sales for the subject are toward the low end of the range of the other facilities that the group operates. Similar chains, like Brio Tuscan Grille ($497 per sq. ft. sales) and Del Frisco's Grille ($647 per sq. ft. sales) support this estimate.[27] Therefore, the proposed sales amount of $545 per square foot is reasonable, especially considering that the restaurant will have exclusive catering rights for events at the hotel.

Table 18

Ya Ya's Euro Bistro: Projected Taxable Sales and Sales Taxes Generated to Support STAR Bonds[1]

2.0 Percent Annual Inflation Assumed

	Total Taxable Sales Eligible for STAR Bond Repayment[2]	Retail Sales Tax[3]	Sales Tax Revenue for STAR Bond Repayment[4]
2018	$ -	8.353%	$ -
2019	$ 250,000	8.353%	$ 20,882
2020	$ 3,000,000	8.353%	$ 250,581
2021	$ 3,060,000	8.353%	$ 255,593
2022	$ 3,121,200	8.353%	$ 260,704
2023	$ 3,183,624	8.353%	$ 265,919
2024	$ 3,247,296	8.353%	$ 271,237
2025	$ 3,312,242	8.353%	$ 276,662
2026	$ 3,378,487	8.353%	$ 282,195
2027	$ 3,446,057	8.353%	$ 287,839
2028	$ 3,514,978	8.353%	$ 293,596
2029	$ 3,585,278	8.353%	$ 299,467
2030	$ 3,656,983	8.353%	$ 305,457
2031	$ 3,730,123	8.353%	$ 311,566
2032	$ 3,804,725	8.353%	$ 317,797
2033	$ 3,880,820	8.353%	$ 324,153
2034	$ 3,958,436	8.353%	$ 330,636
2035	$ 4,037,605	8.353%	$ 337,249
2036	$ 4,118,357	8.165%	$ 336,272
2037	$ 4,200,724	7.603%	$ 319,368
2038	$ 3,927,677	7.603%	$ 244,317
	$ 68,414,614		$ 5,591,490

[1] *Ya Ya's is projected to open in December 2019, so 2019 is a partial year.*

[2] *The STAR Bond repayment period will begin in December 2018 and end on December 1, 2038. Thus, partial years are calculated for 2018 and 2038. While taxable sales will likely occur in 2018, the tax collections will not be available in 2018 and sales tax revenues are not anticipated to exceed the base in 2018. Therefore,sales are projected for 2018, but sales tax revenues are not.*

[3] *The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.*

[4] *Sales Tax collections typically take 30 to 60 days to be reimbursed to local or county governments. Therefore, reimbursements for all sources are excluded for October and November 2038 and the end of the repayment term is December 1, 2038.*

[27] eMarketer Retail

Starbucks (in the Homewood Suites)

A 1,650 square foot Starbucks will also be located in the Homewood Suites, with anticipated sales of $632,000, or $383 per square foot. Free-standing Starbucks average over $700 per square foot in sales.[28] The proposed sales figure is well below the typical Starbucks, but reflects a reasonable estimate for a hotel location vs. a free-standing location.

Table 19

Starbucks: Projected Taxable Sales and Sales Taxes Generated to Support STAR Bonds[1]
2.0 Percent Annual Inflation Assumed

	Total Taxable Sales Eligible for STAR Bond Repayment[2]	Retail Sales Tax[3]	Sales Tax Revenue for STAR Bond Repayment[4]
2018	$ -	8.353%	$ -
2019	$ 52,667	8.353%	$ 4,399
2020	$ 632,000	8.353%	$ 52,789
2021	$ 644,640	8.353%	$ 53,845
2022	$ 657,533	8.353%	$ 54,922
2023	$ 670,683	8.353%	$ 56,020
2024	$ 684,097	8.353%	$ 57,141
2025	$ 697,779	8.353%	$ 58,283
2026	$ 711,735	8.353%	$ 59,449
2027	$ 725,969	8.353%	$ 60,638
2028	$ 740,489	8.353%	$ 61,851
2029	$ 755,299	8.353%	$ 63,088
2030	$ 770,404	8.353%	$ 64,350
2031	$ 785,813	8.353%	$ 65,637
2032	$ 801,529	8.353%	$ 66,949
2033	$ 817,559	8.353%	$ 68,288
2034	$ 833,911	8.353%	$ 69,654
2035	$ 850,589	8.353%	$ 71,047
2036	$ 867,601	8.165%	$ 70,841
2037	$ 884,953	7.603%	$ 67,280
2038	$ 827,431	7.603%	$ 51,469
	$ 14,412,679		$ 1,177,941

[1] *Starbucks is projected to open in December 2019, so 2019 is a partial year.*

[2] *The STAR Bond repayment period will begin in December 2018 and end on December 1, 2038. Thus, partial years are calculated for 2018 and 2038. While taxable sales will likely occur in 2018, the tax collections will not be available in 2018 and sales tax revenues are not anticipated to exceed the base in 2018. Therefore,sales are projected for 2018, but sales tax revenues are not.*

[3] *The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.*

[4] *Sales Tax collections typically take 30 to 60 days to be reimbursed to local or county governments. Therefore, reimbursements for all sources are excluded for October and November 2038 and the end of the repayment term is December 1, 2038.*

[28] eMarketer Retail; Starbucks Corporate Annual Report

Component #8: America's Crossroads Car Collection Museum

Context and Overview

Another component of the Downtown Salina Revitalization Project is the proposed *America's Crossroads Car Collection*, a planned museum of automotive history that will be located in a complex of five repurposed warehouse buildings and one new building on 4th Street near the intersection of Iron Avenue. The mission of the museum is "to collect, preserve, interpret, exhibit, and celebrate automobiles in order to elevate awareness of and appreciation for the automobile's historical significance and influence on American culture."[29] The museum will feature approximately 31,000 square feet of exhibition space dedicated to the display of restored antique and vintage cars, as well as illustrative exhibits about automotive history, technology, pop culture, and design. Between 25 to 60 cars would be on display at any time drawn from the private collections of local car enthusiasts. The venue will be designed to function as an interactive and participatory museum that will serve a regional and national market for automobile enthusiasts.

America's Crossroads Car Collection will join a network of automobile museums across the country. The National Association of Automobile Museums lists 108 locations on their museum list,[30] with museums in nearly all fifty states. The greatest concentration of museums is former car manufacturing cities in Michigan, Pennsylvania, and Ohio. Some museums are dedicated to particular manufacturers or eras in history, while others maintain collections that span the breadth of manufacturers and eras. Some museums specialize only in cars, while others have exhibits of related themes, such as racing, Route 66, or transportation in general. Despite the impressive number and distribution of such museums, data on the total number of visitors to them, or on their economic impact, has not been compiled,[31] although many individual museums collect their own data about visitorship.

Competitive Supply

Within 200 miles of Salina, there are four automobile museums, and there are two more slightly beyond the 200-mile radius. Their locations are shown in the map below and information about each museum is listed in the subsequent table. The two automobile museums located in Kansas are both in the Kansas City metropolitan area. Because of its focus and location in a smaller metropolitan area, the most comparable museum of the six is the Kearney, Nebraska, Classic Car Collection. Its 50,000-square foot facility is located adjacent to Cabela's sporting goods store in Kearney, a city of 32,000 people located on Interstate 80 about 126 miles west of Lincoln. Touted as the "best public car attraction between Chicago and Denver," the collection opened in 2011 with 134 cars, and has expanded due to vehicle donations and loans from collectors. The museum rotates its collection quarterly and has about 10,000 visitors annually.

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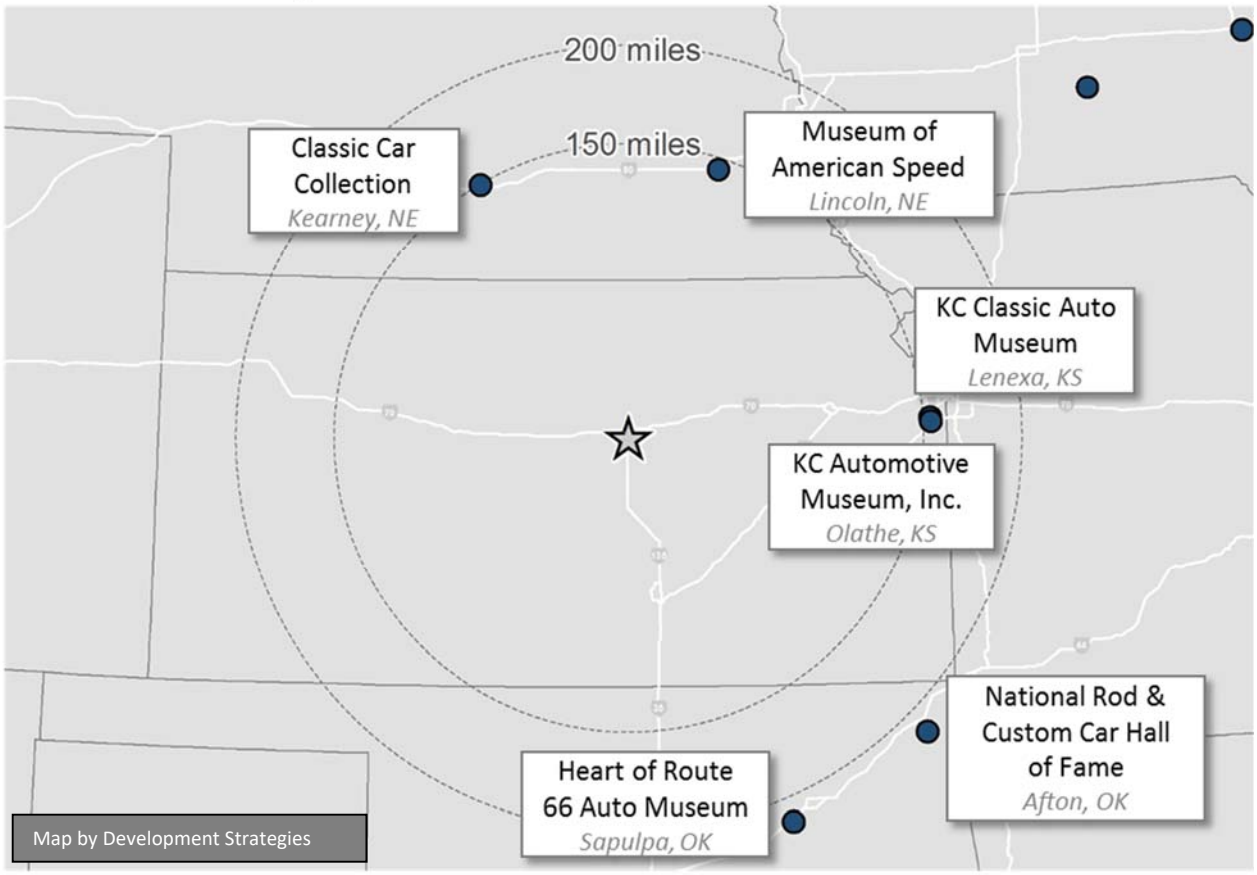
[29] Salina Educational Automotive Museum of America, Inc. *Business Plan for the Formation of America's Crossroads Car Collection*. Publication Date Unknown.

[30] National Association of Automobile Museums. "Museum List." Accessed October 2, 2016 from http://www.naam.museum/museum-list/.

[31] Phone conversation with Mary Ann Pinchak, President of the National Association of Automobile Museums and Executive Director of the National Packard Museum.

Nearest Comparable Facilities



Because of its distance from Salina, the Kearney Classic Car Collection is not likely to compete directly with The America's Crossroads Car Collection. For the same reason and due to their distinct collections, the remaining five museums are also not expected to directly compete with the proposed car museum in Salina. That said, it may be beneficial to all or most of them to create a cooperative marketing campaign to encourage classic car enthusiasts to visit, linger in, and spend more money in the Midwest/Great Plains, a technique which can help to assure Salina's position on the classic car touring map.

Demand

In order to better understand visitorship at classic car museums, seven comparable car museums in other communities were surveyed by Development Strategies to understand museum demand. Car museums were chosen based on similarities in the size of the facilities and/or the size or type of collection as well as if they were located in medium to small cities, preferably within the Midwest and Great Plains.

The surveyed museum facilities range in size from 22,000 to 89,000 square feet and annual visitorship ranges from 6,500 at the Wheels O Time Museum in Peoria, Illinois, which is only open 6 months out of the year, to 20,000 at the Museum of Automobiles in Morrilton, Arkansas. The average size of the surveyed auto museums is about 38,000 square feet and the average annual number of visitors at all facilities is 12,000. Overall, the size of the facilities and their collections does not seem to have a strong correlation with the number of visitors. The Northeast Classic Car Museum, for instance, averages about

0.12 annual visitors per square foot while the Morrilton Museum of Automobiles averages more than seven times that amount at 0.89 annual visitors per square foot.

Table 20

Nearest Comparable Automobile Museums to the Proposed America's Crossroads Car Collection, Salina

Museum	Description	Square Feet	Yearly Visitors/ Visitors per 1,000 SF	Distance from Salina (miles)
Museum of American Speed *Lincoln, NE*	The Speedway Motors Museum of American Speed is dedicated to preserving items significant to racing and automotive history. Besides cars and engines, they also display print archives, memorabilia, and models.	135,000	8,215/ 61	146
Classic Car Collection *Kearney, NE*	The Kearney Classic Car Collection grew out of a private collection, and has about 215 rare and historic cars on rotating display, as well as a recreated 1950s gas station and drive-in theater.	50,000	10,000/ 200	152
KC Automotive Museum, Inc. *Olathe, KS*	The museum highlights significant Kansas City automotive history. It features 30 cars that rotate every 4-6 months, with a drive-in area dedicated to the car club of the month.	12,000	10,000/ 833	153
KC Classic Auto Museum *Lenexa, KS*	A showroom that principally sells cars but that also functions as a publicly-accessible classic car collection. Usually has an inventory of about 100 cars.	20,000	2,000 – 3,000/ 100-150	154
National Rod & Custom Car Hall of Fame *Afton, OK*	The museum features over 50 custom built hot rods and custom cars, as well as a hall of fame and cultural artifacts.	40,000	5,000/ 125	211
Heart of Route 66 Auto Museum *Sapulpa, OK*	Repurposed armory building that features vintage cars, Route 66 exhibits and a tall gas pump-shaped observation tower.	10,000	Recently opened (2016)	212

Given the wide range in visitorship patterns, the average number of visitors per 1,000 square feet at these comparable museums, 317, was used as a projection of potential visitorship at The America's Crossroads Car Collection. If the Car Collection performs similarly to existing car museums in smaller towns, annual paid visitorship can be estimated at approximately 9,845.

A cooperative agreement between the Car Collection and Kustom Kemps of America (KKOA), a well-established custom car and truck association, will divert a portion of KKOA membership fees to the museum ($20 per member), and each member will receive two entrances to the Car Collection per year with their membership in return. Additionally, KKOA already hosts an annual, four-day event in Salina every summer. According to KKOA, approximately 2,000 people participate in the event each year.

It is likely that many, if not most of these visitors, many of them KKOA members, will visit the Car Museum during this annual event. Assuming that at least 75 percent of these annual event visitors will visit the Car Collection during their summer trip in Salina, adding an additional 1,500 visitors, it is reasonable to assume that the Car Collection could host at around 11,300 visitors each year. However, since these visitors are likely already annual visitors to Salina, this report focuses on the 9,845 new net visits created specifically by the Car Collection.

Sales Tax Implications

The projected 9,845 visitors to the Car Collection are expected to generate sales tax via sales taxes levied on entry fees. According to the Car Collection's business plan, adult admission will cost $10, but there will be discounted tickets available for seniors, members of the military, children, and school groups. Taking discounted tickets into consideration, the average ticket price paid per visitor is estimated at $8.09.[32] The proposed Car Collection entry fee of $10.00, before any discounts, is in line with competitive facilities.

Assuming the projected attendance of 9,845 in the first year of operations (2022) and an average ticket price of $8.09, the anticipated revenue is $79,889 (2018 dollars). This amount is inflated by 2.0 percent per year to estimate the 2022 value of $86,214, which is reduced to $35,922 because the facility is anticipated to have five months of operations that year.

Table 23 summarizes the potential revenue and sales tax collections from the museum operations, assuming an annual inflation rate of 2.0 percent.

Table 21

America's Crossroads Car Collection Museum: Projected Taxable Sales and Sales Taxes Generated to Support STAR Bonds[1]

2.0 Percent Annual Inflation Assumed

	Total Sales Eligible for STAR Bond Repayment[2]	Retail Sales Tax[3]	Sales Tax Revenue for STAR Bond Repayment[4]
2018	$ -	8.353%	$ -
2019	$ -	8.353%	$ -
2020	$ -	8.353%	$ -
2021	$ -	8.353%	$ -
2022	$ 35,922	8.353%	$ 3,000
2023	$ 87,938	8.353%	$ 7,345
2024	$ 89,697	8.353%	$ 7,492
2025	$ 91,491	8.353%	$ 7,642
2026	$ 93,320	8.353%	$ 7,795
2027	$ 95,187	8.353%	$ 7,951
2028	$ 97,090	8.353%	$ 8,110
2029	$ 99,032	8.353%	$ 8,272
2030	$ 101,013	8.353%	$ 8,437
2031	$ 103,033	8.353%	$ 8,606
2032	$ 105,094	8.353%	$ 8,778
2033	$ 107,196	8.353%	$ 8,954
2034	$ 109,340	8.353%	$ 9,133
2035	$ 111,526	8.353%	$ 9,315
2036	$ 113,757	8.165%	$ 9,288
2037	$ 116,032	7.603%	$ 8,822
2038	$ 108,490	7.603%	$ 6,749
	$ 1,665,158		$ 135,689

[1] *The car museum is projected to open by July 31, 2022, so no revenue is projected for 2018 through 2021 and five months of revenue is projected in 2022.*

[2] *The STAR Bond repayment period will begin in December 2018 and end on December 1, 2038. Thus, partial years are calculated for 2018 and 2038. While taxable sales will likely occur in 2018 the tax collections will not be available in 2018 and sales tax revenues are not anticipated to exceed the base in 2018. Therefore,sales are projected for 2018, but sales tax revenues are not.*

[3] *The 0.75% city sales tax that went into effect on October 1, 2016 will sunset on September 30, 2036, so adjustments are made to the 2036-2038 sales tax rates.*

[4] *Sales Tax and collections typically take 30 to 60 days to be reimbursed to local or county governments. Therefore, reimbursements for these sources are excluded for October and November 2038 and the end of the repayment term is December 1, 2038.*

[32] Salina Educational Automotive Museum of America, Inc. *Business Plan for the Formation of America's Crossroads Car Collection*. Publication Date Unknown.

Conclusion: STAR Bond-Eligible Tax Revenue Projections

Major conclusions of STAR Bond-eligible tax revenue projections from the major sources discussed in this report are summarized on the table on the following page for the 20-year period of December 1, 2018 through November 30, 2038. All dollar amounts reflect both anticipated real growth in tax revenues as well as an annual inflation rate of two percent (except for Save-a-Lot), cumulative over the entire period.

Two tables are included:

1. Summary of gross taxable sales from all sources
2. Summary of potential tax revenues from all sources.

Table 24

Projected Taxable Sales in the STAR Bond District, December 1, 2018 to December 1, 2038

	A	B	C	D	E	F	G	H	I	J	K	M
	Existing Retailers: Incremental Inflation Effect	Existing Retailers: Reduced Vacancy Effect	Save-A-Lot (Open)	Stiefel Theatre (Open)	Old Chicago (Dec. 2018)	Barolo Grille (May 2019)	The Alley (July 2019)	Homewood Suites by Hilton (Dec. 2019)	Ya Ya's Eurobistro (Dec. 2019)	Starbucks (Dec. 2019)	America's Crossroads Car Collection (Mid-2022)	Gross Taxable Sales in District
2018	$ 1,932,281	$ -	$ 181,600	$ 163,967	$ 131,720	$ -	$ -	$ -	$ -	$ -	$ -	**$ 2,409,568**
2019	$ 21,152,642	$ -	$ 2,285,890	$ 2,006,958	$ 3,500,000	$ 983,014	$ 1,806,800	$ 330,144	$ 250,000	$ 52,667	$ -	**$ 32,368,114**
2020	$ 21,575,695	$ 616,448	$ 2,301,891	$ 2,047,097	$ 3,570,000	$ 1,560,000	$ 3,800,000	$ 3,961,722	$ 3,000,000	$ 632,000	$ -	**$ 43,064,854**
2021	$ 22,007,209	$ 1,257,555	$ 2,318,004	$ 2,166,356	$ 3,641,400	$ 1,591,200	$ 3,876,000	$ 4,040,957	$ 3,060,000	$ 644,640	$ -	**$ 44,603,321**
2022	$ 22,447,353	$ 1,924,059	$ 2,334,230	$ 2,277,400	$ 3,714,228	$ 1,623,024	$ 3,953,520	$ 4,121,776	$ 3,121,200	$ 657,533	$ 35,922	**$ 46,210,245**
2023	$ 22,896,300	$ 2,616,720	$ 2,350,570	$ 2,393,796	$ 3,788,513	$ 1,655,484	$ 4,032,590	$ 4,204,212	$ 3,183,624	$ 670,683	$ 87,938	**$ 47,880,430**
2024	$ 23,354,226	$ 3,336,318	$ 2,367,024	$ 2,474,144	$ 3,864,283	$ 1,688,594	$ 4,113,242	$ 4,288,296	$ 3,247,296	$ 684,097	$ 89,697	**$ 49,507,217**
2025	$ 23,821,311	$ 4,083,653	$ 2,383,593	$ 2,555,360	$ 3,941,568	$ 1,722,366	$ 4,195,507	$ 4,374,062	$ 3,312,242	$ 697,779	$ 91,491	**$ 51,178,933**
2026	$ 24,297,737	$ 4,512,437	$ 2,400,278	$ 2,637,464	$ 4,020,400	$ 1,756,813	$ 4,279,417	$ 4,461,543	$ 3,378,487	$ 711,735	$ 93,320	**$ 52,549,632**
2027	$ 24,783,692	$ 4,956,738	$ 2,417,080	$ 2,690,213	$ 4,100,808	$ 1,791,950	$ 4,365,006	$ 4,550,774	$ 3,446,057	$ 725,969	$ 95,187	**$ 53,923,473**
2028	$ 25,279,365	$ 5,417,007	$ 2,434,000	$ 2,744,017	$ 4,182,824	$ 1,827,789	$ 4,452,306	$ 4,641,789	$ 3,514,978	$ 740,489	$ 97,090	**$ 55,331,654**
2029	$ 25,784,953	$ 5,893,703	$ 2,451,038	$ 2,798,898	$ 4,266,480	$ 1,864,344	$ 4,541,352	$ 4,734,625	$ 3,585,278	$ 755,299	$ 99,032	**$ 56,775,002**
2030	$ 26,300,652	$ 6,387,301	$ 2,468,195	$ 2,854,876	$ 4,351,810	$ 1,901,631	$ 4,632,179	$ 4,829,318	$ 3,656,983	$ 770,404	$ 101,013	**$ 58,254,362**
2031	$ 26,826,665	$ 6,515,047	$ 2,485,473	$ 2,911,973	$ 4,438,846	$ 1,939,664	$ 4,724,822	$ 4,925,904	$ 3,730,123	$ 785,813	$ 103,033	**$ 59,387,363**
2032	$ 27,363,198	$ 6,645,348	$ 2,502,871	$ 2,970,213	$ 4,527,623	$ 1,978,457	$ 4,819,319	$ 5,024,422	$ 3,804,725	$ 801,529	$ 105,094	**$ 60,542,799**
2033	$ 27,910,462	$ 6,778,255	$ 2,520,391	$ 3,029,617	$ 4,618,176	$ 2,018,026	$ 4,915,705	$ 5,124,910	$ 3,880,820	$ 817,559	$ 107,196	**$ 61,721,118**
2034	$ 28,468,671	$ 6,913,820	$ 2,538,034	$ 3,090,209	$ 4,710,539	$ 2,058,387	$ 5,014,019	$ 5,227,409	$ 3,958,436	$ 833,911	$ 109,340	**$ 62,922,775**
2035	$ 29,038,045	$ 7,052,097	$ 2,555,800	$ 3,152,013	$ 4,804,750	$ 2,099,555	$ 5,114,300	$ 5,331,957	$ 4,037,605	$ 850,589	$ 111,526	**$ 64,148,236**
2036	$ 29,618,806	$ 7,193,139	$ 2,573,691	$ 3,215,054	$ 4,900,845	$ 2,141,546	$ 5,216,586	$ 5,438,596	$ 4,118,357	$ 867,601	$ 113,757	**$ 65,397,975**
2037	$ 30,211,182	$ 7,337,001	$ 2,591,706	$ 3,279,355	$ 4,998,862	$ 2,184,377	$ 5,320,917	$ 5,547,368	$ 4,200,724	$ 884,953	$ 116,032	**$ 66,672,477**
2038	$ 28,247,455	$ 6,860,096	$ 2,392,361	$ 3,066,197	$ 4,673,936	$ 2,042,392	$ 4,975,058	$ 5,186,789	$ 3,927,677	$ 827,431	$ 108,490	**$ 62,307,881**
Totals	**$ 513,317,899**	**$ 96,296,743**	**$ 48,853,722**	**$ 54,525,174**	**$ 84,747,611**	**$ 36,428,613**	**$ 88,148,645**	**$ 90,346,572**	**$ 68,414,614**	**$ 14,412,679**	**$ 1,665,158**	**$ 1,097,157,431**

**0.7 percent annual inflation estimated for Save-a-Lot; 2.0 percent annual inflation estimated for all other components*

Based on these projections described in this report, there will be a total of $58.6 million in net new tax revenues available for bond repayment over the 20-year STAR Bond term. Although a modest amount of tax revenues will be collected in December 2018, those tax revenues are not expected to exceed the base. Therefore, no tax revenues from 2018 will be available for STAR Bond debt service.

Table 25

Projected Revenues in the STAR Bond District: December 1, 2018 to December 1, 2038

	N	O	P	Q	R	S	T	U
	Gross Taxable Sales in District	City Sales Tax *1.25%* [1]	County Sales Tax Distribution to City *0.6027%*	State Sales Tax *6.5%* [2]	Transient Guest Tax *6.566%* [3]	Gross Eligible Tax Revenue Available for STAR Bond Debt Service[4]	MINUS: STAR Bond Base[5]	Total Net New Eligible Tax Revenue Available for STAR Bond Debt Service
2018	**$ 2,409,568**	$ -	$ -	$ -	$ -	**$ -**	$ (1,774,470)	**$ -**
2019	**$ 32,368,114**	$ 404,601	$ 195,083	$ 2,103,927	$ 21,677	**$ 2,673,288**	$ (1,774,470)	**$ 898,818**
2020	**$ 43,064,854**	$ 538,311	$ 259,552	$ 2,799,216	$ 260,127	**$ 3,805,205**	$ (1,774,470)	**$ 2,030,735**
2021	**$ 44,603,321**	$ 557,542	$ 268,824	$ 2,899,216	$ 265,329	**$ 3,938,911**	$ (1,774,470)	**$ 2,164,441**
2022	**$ 46,210,245**	$ 577,628	$ 278,509	$ 3,003,666	$ 270,636	**$ 4,078,439**	$ (1,774,470)	**$ 2,303,969**
2023	**$ 47,880,430**	$ 598,505	$ 288,575	$ 3,112,228	$ 276,048	**$ 4,223,357**	$ (1,774,470)	**$ 2,448,887**
2024	**$ 49,507,217**	$ 618,840	$ 298,380	$ 3,217,969	$ 281,570	**$ 4,364,759**	$ (1,774,470)	**$ 2,590,289**
2025	**$ 51,178,933**	$ 639,737	$ 308,455	$ 3,326,631	$ 287,201	**$ 4,510,024**	$ (1,774,470)	**$ 2,735,554**
2026	**$ 52,549,632**	$ 656,870	$ 316,717	$ 3,415,726	$ 292,945	**$ 4,630,258**	$ (1,774,470)	**$ 2,855,788**
2027	**$ 53,923,473**	$ 674,043	$ 324,997	$ 3,505,026	$ 298,804	**$ 4,750,870**	$ (1,774,470)	**$ 2,976,400**
2028	**$ 55,331,654**	$ 691,646	$ 333,484	$ 3,596,558	$ 304,780	**$ 4,874,467**	$ (1,774,470)	**$ 3,099,997**
2029	**$ 56,775,002**	$ 709,688	$ 342,183	$ 3,690,375	$ 310,876	**$ 5,001,121**	$ (1,774,470)	**$ 3,226,651**
2030	**$ 58,254,362**	$ 728,180	$ 351,099	$ 3,786,534	$ 317,093	**$ 5,130,905**	$ (1,774,470)	**$ 3,356,435**
2031	**$ 59,387,363**	$ 742,342	$ 357,928	$ 3,860,179	$ 323,435	**$ 5,231,883**	$ (1,774,470)	**$ 3,457,413**
2032	**$ 60,542,799**	$ 756,785	$ 364,891	$ 3,935,282	$ 329,903	**$ 5,334,862**	$ (1,774,470)	**$ 3,560,392**
2033	**$ 61,721,118**	$ 771,514	$ 371,993	$ 4,011,873	$ 336,502	**$ 5,439,881**	$ (1,774,470)	**$ 3,665,411**
2034	**$ 62,922,775**	$ 786,535	$ 379,236	$ 4,089,980	$ 343,232	**$ 5,546,982**	$ (1,774,470)	**$ 3,772,512**
2035	**$ 64,148,236**	$ 801,853	$ 386,621	$ 4,169,635	$ 350,096	**$ 5,656,206**	$ (1,774,470)	**$ 3,881,736**
2036	**$ 65,397,975**	$ 449,611	$ 394,154	$ 4,250,868	$ 357,098	**$ 5,399,732**	$ (1,774,470)	**$ 3,625,262**
2037	**$ 66,672,477**	$ 333,362	$ 401,835	$ 4,333,711	$ 364,240	**$ 5,381,149**	$ (1,774,470)	**$ 3,606,679**
2038	**$ 62,307,881**	$ 254,896	$ 307,251	$ 3,313,646	$ 278,644	**$ 4,102,438**	$ (1,774,470)	**$ 2,327,968**
Totals	**$ 1,097,157,431**	**$ 12,292,488**	**$ 6,529,767**	**$ 70,422,245**	**$ 5,870,236**	**$ 94,074,737**	**$ (35,489,400)**	**$ 58,585,337**

**0.7 percent annual inflation estimated for Save-a-Lot; 2.0 percent annual inflation estimated for all other components*

[1] The City of Salina Special Tax of 0.75% will sunset on October 1, 2036, so the city tax rate is prorated in 2036 and reduced to 0.5% in 2037 and 2038.

[2] State Sales Tax and Transient Guest Tax collections typically take 30 to 60 days to be reimbursed to local or county governments. Reimbursements for all sources are excluded for October and November 2038 and the end of the repayment term is December 1, 2038.

[3] Assumes the effective STAR Bond-eligible rate of 6.566% (6.7% minus 2% administrative fee) for transient guest tax.

[4] The total reported in this column reflects a base increment adjustment as requested by the Kansas Department of Commerce.

[5] The base year (June 1, 2014 to May 31, 2015) sales tax collections for the district totalled $1,774,474.