



Grand Rapids **DESTINATION ASSET STUDY**

December 5, 2016





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Mr. Jon Nunn
Grand Action
120 Lyon Street NW
Grand Rapids, Michigan 49503

Dear Mr. Nunn:

We have completed the study process and preparation of the Destination Asset Study for the City of Grand Rapids. Organizations that have contributed greatly to this effort include Grand Action, Experience Grand Rapids, Downtown Grand Rapids Inc., the city's Economic Development Department, the Right Place, Inc., City and County representatives, the various foundations supporting the destination, and many others too numerous to mention. It has been our pleasure to work with over 125 individuals representing nearly 100 organizations that have contributed to the process of developing this Study.

The Destination Asset Study for Grand Rapids will serve as a valuable tool in helping to shape a vision for future development, and identifying opportunities to distinguish and elevate the market within the visitor industry. The recommendations presented herein cannot be implemented by a single entity or agency. In fact, participation from a variety of public and private sector entities will be necessary to realize the potential of Grand Rapids in the visitor industry economy.

We sincerely appreciate the assistance and cooperation we have been provided in the completion of this Study and would be pleased to be of further assistance in the interpretation and application of our findings.

Very truly yours,

CSL International
CSL International

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EXECUTIVE SUMMARY

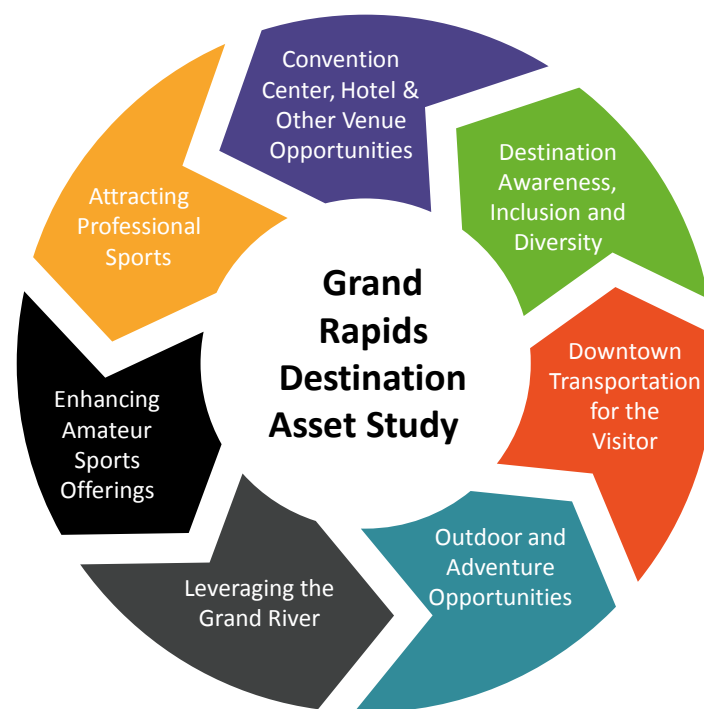
We know that ultimately, over time, a city can grow in its desirability and appeal to residents, businesses and visitors. It can elevate beyond its existing peer city set to reach a higher level. Conversely, through neglect, poor management and lack of vision, it can slide into a pattern of decay. We also know firsthand through our outreach to business, hospitality, elected and other leaders in the community that decay will not be tolerated, and that visionary planning will always be at the forefront for Grand Rapids.

This Destination Asset Study, commissioned by Grand Action, will serve as a valuable tool in helping to shape this vision, identifying opportunities to distinguish and elevate the market within the visitor industry. The Destination Asset Study has been developed around several key principals.

- Recognize and build on the significant development that has taken place in Grand Rapids over the past 20 years.
- Incorporate the direction established by various important planning studies that have recently been conducted.
- Provide a thorough evaluation of existing attractions, hospitality assets, event facilities and other elements that influence visitation to the market.
- Be inclusive, reach out to a broad cross section of hospitality, economic development and other community stakeholders.
- Develop visionary and aspirational findings that leverage existing research and development progress in order to guide future action.

Conventions, Sports & Leisure (CSL), was tasked with formulating and recommending strategies to gain market share in the tourism sector, increase hotel bookings and drive exposure to new markets for both the leisure and group markets. Based on existing and new in-depth research, a foundation was built to support a blueprint that sets forth destination development goals for the next five years and beyond.

This Executive Summary is organized into the following areas of recommendation.



These areas of recommendation have been identified as a result of extensive field research encompassing input from over 125 individuals representing nearly 100 organizations within the Grand Rapids community. A listing of these individuals and organizations is presented at the end of this Executive Summary. In addition, the extensive research that currently exists focusing on development in Grand Rapids has been considered, including GR Forward, Longwoods Travel USA Grand Rapids Visitor Report, Grand Rapids Parks & Recreation Strategic Master Plan, research for Calder Plaza enhancement, and other relevant studies. A summary of specific areas of recommended focus is presented below.

Convention Center, Hotel and Other Venue Opportunities

Current occupancy data suggest that future expansion of the DeVos Place Convention Center (DVP) should be considered a mid-term priority, versus an immediate need. As occupancy increases, a future DVP expansion should target an increase of 50 percent additional sellable event space, adding approximately 115,700 square feet of exhibit, meeting and ballroom area.

An expansion of this magnitude could require a footprint of approximately 2.5 to 4.0 acres. We have identified two potential options for possible expansion sites adjacent to the existing DVP. These include the location of the current post office (across Michigan Street to the north) and bridging Monroe Avenue (to the east toward Calder Plaza).

Development costs for an expansion adding approximately 115,700 sellable square feet could approximate \$83.3 million. This assumes

173,500 built square feet (including support space) at a hard construction cost of \$400 per square foot and an additional 20 percent for soft costs, furniture, fixtures and equipment.

Given the challenging site conditions and significant lead time common for these types of projects, consideration should be given to retaining convention center architects in the very near future to develop conceptual plans for future DVP expansion.

Additional hotel inventory will likely help attract events to the existing DVP, and will be required to support any future expansion. We recommend a near-term Request for Qualifications (RFQ) process for the development of a new hotel attached or adjacent to the DVP. Between 350 and 500 rooms should be targeted.

We also recommend that the Grand Rapids-Kent County Convention/Arena Authority continue its policies and procedures of actively investing in maintaining and upgrading Van Andel Arena.

Attracting Professional Sports – USL Soccer

The United Soccer League (USL) is the third tier of professional men's soccer and began its inaugural season in 2011. Currently there are 29 teams in the league with plans to grow to 40 teams by 2020.

Grand Rapids' DMA population of approximately 2 million ranks 20th among the existing USL markets, suggesting a viability for a franchise in Grand Rapids (DMA population focuses on a broad region, more reflective of potential sports attendance draw than metro area population measures).

The average number of fans per game during the USL 2015 season was approximately 3,220, nearly 1,300 less than the average attendance of Grand Rapids FC (GRFC) games during the same season. Seating capacities among soccer-specific stadiums average approximately 8,000.

Representatives of the USL have noted that Grand Rapids is an ideal market for a potential expansion for their league. In speaking with League representatives as well as local stakeholders, we believe the USL lends the greatest opportunity for Grand Rapids to further penetrate the professional sports market.

We recommend that a soccer-specific stadium analysis is conducted to determine particular sizing elements, stadium features, ideal locations, financial performance, and funding partnership options.

If all of the necessary steps are taken, we believe that Grand Rapids can successfully attract and support a USL franchise and expand the destination brand as a professional sports market.

Enhancing Amateur Sports Offerings

According to US Youth Soccer, the state of Michigan has one of the largest and fastest growing youth soccer participation levels in the country. As a major international sport, amateur soccer also has the effect of drawing families from the community with very diverse cultural backgrounds.

In order to accommodate the needs of local Grand Rapids organizations as well as large non-local tournaments, serious consideration should be given to the development of a field sport tournament complex. A recommended complex program of space for Grand Rapids will include 12 to 20 multi-sport fields, lighting for all fields to maximize utilization periods, and parking capacity for a minimum of 75 spaces per field. A site allowing for 4.5 to 5.0 acres per field will be needed, and costs for such a complex are estimated at approximately \$20 million. A thorough market, financial and economic impact study should be completed to further define program, site, event level, financial and other elements of the project.

Leveraging the Grand River

The plans described in GR Forward fully capture the vision for an active, urban water feature, including kayaking, fishing and boating. Over time, the River experience in Grand Rapids can become a primary focal point for visitors of all types – leisure, visiting family/friends, and even convention attendees. With a five-year timeline for many of the initial investment and development initiatives, the GR Forward plan for restoration of the River should be aggressively supported and pursued by the public sector, foundations and the private sector.

Further, it is important for leadership, both public and private, to recognize the need to continue River asset development, creating an ease of access for the visitor that is often lacking in other urban locations with river features. Specific initiatives that should be undertaken to create this ease of access are described below.

River Destination Center

In order to facilitate convenient visitor access, serious consideration should be given to creating what we refer to as a River Destination Center. This would serve as a type of visitor and interpretive center, inclusive of a retail component; facilitation of kayak, canoe, paddle board and other watercraft rental; bike rental; River interpretive space; food service; personal item locker or storage space; and other functions.

In order to be effective, the Center must be located very close to Lyon Square. A portion of the existing Exhibitors Building, owned by the Amway Hotel Corporation, could provide such space. The building corner closest to Lyon Square at the River is currently vacant, however discussions are underway with prospective office tenants. We recommend immediate discussions with owners to explore the viability of securing approximately 3,000 to 5,000 square feet of space in the building, and the possibility of creating a more open storefront towards the River.

River Access Points

GR Forward has identified several points north of downtown that could provide river access for kayaks, canoes, paddle boards and other watercraft. For convenient visitor access, we suggest a location at Coldbrook and the River be used for a primary entry point, with the recent Grand Rapids Parks & Recreation Strategic Masterplan highlighting a buildout scenario for this area. The Coldbrook location is envisioned as a demonstration site to help guide future River access point development.

In addition, access at Lyon Square and the city-owned site near 201 Market Avenue should be focused on. Downtown Grand Rapids Inc. (DGRI) and various planning partners is currently in the conceptual planning stages for the Lyon Square site. Portions of the 201 Market site should be developed in a fashion similar to the Coldbrook site with public River access and a connection to the River trail system. Landscaped pedestrian access from 201 Market to Founders Brewery and other area hospitality establishments should also be developed to enhance the overall River and hospitality experience.

Visitor Mobility and the River

It will be critical to facilitate ease of transportation for the visitor to key access points on the River north of downtown. The visitor can then use kayak, canoe or other modes to traverse south to one of the designated exit points, either at Lyon Square or 201 Market. To reach the northern access points, the use of bike rentals combined with the redevelopment of Riverside pathways will be critical.

In addition, DGRI is researching a downtown bike share program that would include a station at Lyon Square and other points along the River. Consideration should also be given to a combined bike/kayak/canoe share system. Such a program is currently under consideration in Minneapolis.

We also suggest incorporating the DASH system into a visitor-oriented River transportation system. Visitors could access the DASH shuttle at the River Destination Center (or other areas downtown on a defined visitor spine), reach key put-in points, traverse the River, and exit at various locations, also serviced by shuttle.

Outdoor and Adventure Opportunities

Primary opportunities for capturing a greater share of the outdoor and adventure market revolve around establishing a first class interconnected trail system. The following initiatives should be considered to both reinforce existing planning direction, and to add several elements that can create and market accessible product serving the visitor industry.

Develop a Visitor-Friendly Set of Trail Heads

For a visitor, it can be challenging to easily access key points of an interconnected trail system. Downtown Grand Rapids offers a highly unique potential for a series of urban visitor access points to a major regional trail system. We therefore recommend a program of investment in key urban trail access points or trail heads that would include clear signage (tied to a consistent trail-wide signage system), restroom facilities, kiosks with information and maps, and in some cases (River Destination Center, for example) a staffed presence. Development of the signage and kiosks also offers an important opportunity to introduce unique and authentic public art components.

Develop a Unified and Interactive App and Social Media Approach for Outdoors and Adventures

We recommend that a comprehensive trail App be developed for Grand Rapids and the surrounding areas. Such an App could serve several critical functions.

- Providing an interactive map of trail routes, including a trail rating system similar to those used for alpine skiing (black diamond, blue, green, etc.).

- Real time weather conditions along the various trails.
- Any trail closures or trails under construction.
- Ability to create itineraries for an entire day or stay that can combine trail rides, whitewater activities, nightlife and other activities.
- Social media links providing the opportunity to upload pics and video, sharing destination experiences to a broad on-line audience.

Experience Grand Rapids (EXGR) could also consider utilizing social media interaction to accumulate images of visitors at destination attractions to be used in marketing efforts.

Interactive Mapping

Consideration should be given to mapping the Grand Rapids destination by partnering with companies that are highly experienced in destination-mapping using drones, satellite imaging and handheld cameras to fully capture a city or landscape on video in order for internet users to view the destination in intricate detail online. Visitors could be encouraged to access the website and preview their whitewater experience, hiking route, biking trail, sky diving and other regional experiences. After their trip, visitors could give their friends an enticing firsthand look at where they adventured in Grand Rapids. The software can also be linked to social media web pages such as Facebook and Twitter.

Downtown Transportation for the Visitor

In developing recommendations for visitor oriented transportation, we have focused on routing and equipment, as discussed below.

Visitor Routing

We recognize that the routes for DASH and the Silver Line have just been refined and consolidated. It would therefore be difficult for us to recommend a significant near term modification. It would be prudent to operate the current routes for a period of time to assess their effectiveness. However, consideration should be given in the near term to extending hours of operation to the weekends to better accommodate downtown visitors.

In the longer term, consideration should be given to creating a distinct DASH route or spine that can be considered a “visitor circulator”, running on a simple, consistent route connecting a majority of downtown visitor assets. A visitor-oriented route would help to reduce the element of complication that many visitors associate with a typical public transit system. The specific visitor route taken could include a spur along Bridge Street to capture the emerging entertainment in this area.

At some point, consideration could also be given to extending this circulator to add a segment heading north to the Coldbrook River access site to facilitate the visitor access to River activities, and south to the 201 Market site, location of a previously recommended exit point for kayak, canoe and other water craft.

Equipment

We also suggest that the type of equipment used in the downtown area be evaluated, particularly if a new visitor oriented circulator route is established. There are numerous options for a more tourism-oriented trolley that involve diesel or hybrid vehicles. Another option that has emerged nationally is an all-electric option. Proterra, a firm based in California, has developed an all-electric bus in 35 foot and 40 foot lengths.

The cost to acquire this type of equipment can vary, generally between \$350,000 and \$500,000 for a diesel vehicle, and approximately \$1.0 million for the electric vehicle. With five new trolleys, the initial purchase could be as high as \$1.75 million for diesel, and \$5.0 million for all electric.

Getting Outside the Transportation Box

While a bus, trolley, light rail and other such systems are highly prevalent in the U.S. for visitor and resident transportation, numerous markets internationally have developed or are exploring the development of a highly efficient cable transportation system. Studies of such a cable or gondola system have taken place for Chicago as well. A formal proposal for development of this type of system is currently under consideration.

While further research into this concept would be needed, the opportunities provided by such a system in Grand Rapids could include the potential to add a destination attraction, connecting key downtown and nearby assets; the ability to move visitors along the River; and the ability to connect Medical Mile to the downtown core.

Ultimately, this type of cable system should be considered a longer term, conceptual option for Grand Rapids, while at the same time recognizing that if the ridership and financial aspects of such a project were to solidify, it could eventually represent both a viable transportation asset for visitors and residents, and an attraction on its own.

Destination Awareness, Diversity and Inclusion

The recommendations described above are designed to enhance the visitor-oriented assets in Grand Rapids, helping to elevate the community in terms of regional, national and even international presence. In addition to asset development, it is important to grow destination awareness by leveraging marketable uniqueness, focusing the destination brand and broadening its reach.

Measure Destination Awareness

The Grand Rapids destination brand awareness has expanded over the past decade as evidenced by tourism growth, national recognitions, economic investments and the city's improving ability to attract talent. Consideration should be given to measuring destination awareness among potential visitors in key target markets, and developing data on perceived strengths and weaknesses. This information would help to inform both future destination marketing efforts as well as strategic destination asset investment.

Outdoor Recreation expanded in Destination Marketing

Destination marketing efforts should be expanded to provide greater emphasis of both the current outdoor recreational assets and the future

proposed enhancements. The uniqueness of the Grand Rapids regional outdoor and adventure assets (particularly with white water and enhanced trail connectivity) can enhance destination appeal and help to generate visitor growth. Emphasizing regional partnerships can further enhance the ability to attract outdoor recreation enthusiasts.

Stressing Authentic - A Diverse and Inclusive Approach

Travelers are becoming more interested in experiencing a destination from the perspective of a local. And with consumer's trust of promotional messaging declining, marketing efforts should consider leveraging local authentic stories that focus on the neighborhoods and experiences that are unique to Grand Rapids. This could involve development of an innovative marketing social media platform for locals to provide unique and creative stories that showcase their neighborhoods in ways impactful to visitors. This initiative could effectively showcase diverse areas of the community, empower residents to participate in destination marketing efforts, and provide content that could potentially be used to inform future destination marketing efforts.

Apprenticeship/Scholarship/Mentorship

There are numerous efforts that have been or are being undertaken in the community to support the advancement of minority youth into the hospitality industry. For example, the Grand Valley State University Hospitality and Tourism Management Department just launched the Richard A. Winn Michigan Lodging and Tourism Association Endowed Scholarship that supports minority access to hospitality and tourism education.

Consideration should be given to formalizing an apprenticeship and mentorship initiative, bringing high school and college students into various hotel, restaurant and other hospitality businesses on a multi-month basis to experience all aspects of the hospitality industry work experience. An initiative to pair prospective participants with willing businesses should be undertaken, results of this effort should be carefully tracked, and modifications and enhancements undertaken as the program evolves.

Recruiting and Training Efforts

Discussions are underway led by Grand Valley State University to explore a hospitality training and recruitment effort. This could be modeled on a similar program established in Washington D.C. This type of program should emphasize both entry level employment opportunities, and opportunities to simultaneously gain higher level education in areas of the hospitality industry that can provide for career advancement.

Hospitality Incubator

There are numerous organizations using a variety of tools in Grand Rapids to attract restaurant, retail and other hospitality businesses to the downtown area. As the level of diversity in the downtown Grand Rapids hospitality business ownership community is fairly limited, consideration should be given to targeting some of these efforts to attract minority-owned businesses. Tools can include low interest loans, storefront improvement grants, fee waivers, business planning assistance and related efforts.

Development Cost, Timing and Funding Options

Conceptual Cost Factors and Project Timing

The conceptual project costs for the primary visitor industry recommendations presented herein are based on our experience with other similar projects, comparable project costs, per-unit data where appropriate and discussions with representatives in the particular sectors. *It is important to note that the cost estimates developed for this Study do not include land assembly or demolition.*

We have also developed a general timing outline for the various projects recommended herein. The scheduling is conceptual in nature, but provides an indication of near versus long term priorities for destination asset development.

Our timeline assessment focuses on three time periods: the next two years, years three to five, and years six to ten. For each time period, we discuss the types of project planning that should be undertaken, and the asset construction/development that should take place. The cost and timing information is presented in the following exhibit.

Summary of Project Descriptions, Costs and Timing

		Project Description	Conceptual Costs	Year 1 to 2	Year 3 to 5	Year 6 to 10
Public Facility Opportunities	DeVos Place	Added 115,000 square feet of sellable space - mid term priority.	\$83,000,000	DeVos Place Conceptual Site and Program Planning - retain national convention center architect. Develop land acquisition plan.	Conduct feasibility for DeVos Place expansion.	Finalize site and architectural plans for DeVos Place expansion. Begin construction.
	Hotel Development	Conduct RFQ process for new hotel development.	\$50,000	Develop and issue RFQ, evaluate responses.	Initiate development of new hotel adjacent/connected to DeVos Place	
	Amateur Sports	15 to 20 rectangle fields with necessary amenities. Site area (with parking) of approximately 5.0 acres per field.	\$20,000,000	Market and Financial Planning Study for Developing Large-Scale Amateur Field Sports Venue - Retain national expert in this field.	Initiate development of Amateur Sports Complex	
	Professional Soccer	USL professional soccer stadium with necessary amenities. Site area minimum of 6.0 acres excluding parking.	\$40,000,000	Market and Financial Planning Study for Attracting USL Soccer - Retain national expert in this field.	Initiate development of USL (or NASL) soccer stadium.	
Leveraging the Grand River	Restoration	Initial project to restore the rapids.	\$35 million to \$40 million	Continued Planning and Fundraising for River Restoration Project.	Initiate River Restoration Project.	
	Visitor Assets	Development of River Destination Center, Coldbrook site and bike paths.	\$30 million to \$35 million	Continue architectural planning for Destination Center, access sites and bike paths.	Initiate Destination Center, access point development and selected pedestrian/bike paths.	
	Commercial	Extensive public/private development of overlooks, River trails, hospitality business, public art and other features.	Undetermined		Continue to develop planning and funding for River island, overlooks, River trails and commercial development.	Continue to implement River investment plan, focusing on public access/overlooks and River trails, and on restaurant, retail and other commercial development - ongoing effort.
Transportation	Acquisition	Five to seven trolley busses, either diesel or all-electric.	\$350,000 to \$1.0 million per vehicle		Research viability of new visitor-oriented DASH route and new equipment. Acquire new visitor-oriented trolley/bus equipment.	
	Operations	Incremental annual operating costs. \$100 per hour, 6,570 hours per year, less cost savings from reduced DASH needs.	Negligible			
Outdoor & Adventure	Trail Heads	Five to ten defined urban trail heads with amenities.	\$1.25 million to \$2.5 million		Conduct architectural and landscaping work for urban trail heads. Initiate development of urban trail heads. Launch new outdoor/adventure app and social media initiative.	
	Marketing	Incremental annual costs to market outdoor and adventure.	\$100,000			

As noted above, estimated costs for the River restoration project range between \$35 million and \$40 million. Costs for development of Lyon Square between Monroe Avenue and the River, development of the Coldbrook site as a visitor asset, and widened bike path access between these points are estimated at between \$30 million and \$35 million. These estimates are certainly subject to change as planning moves forward, but is used for purposes of this Study. The types of future public and private commercial investment in River assets not part of estimated costs could include a new Park Island and City Island feature that creates public spaces within the River to be used for events, enhanced River access, park space and other community and visitor uses.

Estimates of project costs for eventual DeVos Place expansion are based on per-square-foot costs of \$400 applied to the targeted expansion program and a 20 percent soft cost factor. This budget should also allow for modest upgrades to existing space.

Costs for amateur sports, USL stadium and amphitheater projects are based on research of other similar projects and our work in markets looking to develop these types of assets.

Costs to acquire equipment for a new visitor-oriented trolley route are based on published information and discussions with transportation representatives in markets that have acquired these types of vehicles. Costs for trail head development are based on discussions with architects and planners familiar with these types of investments.

From a timing perspective, the next two years should focus on extensive planning for recommended destination asset investment, as

well as consideration of various destination marketing initiatives designed to increase brand exposure.

In years three to five, various planning initiatives should continue, and physical development of various assets should proceed. This includes development of a new USL soccer stadium, amateur sports complex, River restoration, urban trail heads and acquisition of new visitor-oriented trolley equipment.

In years six to ten, potential expansion of DeVos Place and continued investment in River assets should be considered.

Grand Rapids Organizational Involvement

We have assessed each of the recommended asset development initiatives from the perspective of the types of local organizations that should be involved in planning and implementation. This assessment is summarized on the following page.

Summary of Projects and Participating Organizations

Project Type	Participating Organizations
Hotel Development and DeVos Place Expansion Planning	Experience Grand Rapids SMG Convention/Arena Authority Grand Action
Amateur Sports Complex	West Michigan Sports Commission Experience Grand Rapids Grand Rapids Parks & Recreation Kent County Parks
USL Stadium Development	Experience Grand Rapids SMG Convention/Arena Authority Grand Action DGRI
River Restoration	GR Whitewater City of Grand Rapids DGRI Grand Action Experience Grand Rapids The Right Place, Inc.
River Entry/Exit Points and Paths	GR Whitewater City of Grand Rapids DGRI Grand Action Experience Grand Rapids
Downtown Transportation	Mobile GR and Parking Department DGRI The Rapid - Interurban Transit Partnership Grand Action
Outdoor Asset Development	DGRI Experience Grand Rapids Grand Rapids Parks & Recreation Kent County Parks

As noted in the adjacent exhibit, numerous organizations should actively participate in destination asset planning and development, with an extensive role for Grand Action, Experience Grand Rapids and DGRI. We also assume active city and county participation, and certainly there are other organizations that will contribute to the planning and development for each of these project areas.

Sources of Project Funding

There are numerous sources of funding used in communities throughout the country for major visitor industry public project investment. Several of these include the following.

- Hotel tax revenues (currently in place for Grand Rapids)
- Tax increment financing (currently used in Grand Rapids)
- Prepared food and beverage taxes
- Car rental taxes
- Local option sales taxes
- Corporate sponsorships
- Foundation and other grant funds (major source of funds in Grand Rapids)
- State and Federal funding

As the planning process moves forward, consideration should be given to leveraging these types of revenue sources to create sufficient funding for project development and operations.

1.0 INTRODUCTION

There is an increasingly intense competition among communities throughout the U.S. and internationally to attract greater shares of the visitor industry economy. Success in these efforts is not typically a function of building factories or of luring companies with incentives. Instead, visitors will gravitate to destinations that offer a unique and authentic experience, that provide first class event facilities, and that offer visitor assets that are easily accessible to the visitor.

We also know that visitor demographics are changing – affecting the way destination information is accessed and the types of leisure travel and visitor experiences that are impactful. Social media creates an instantaneous feedback mechanism, with experiences – good and bad – shared worldwide. Visitor demographics and preferences are changing. Technology in areas of transportation, lodging and event facilities advance every day, with distinct impacts on the travel industry. Any plan to increase visitation to a market must take these changes into consideration.

Markets such as Chicago, New York, New Orleans, Orlando and San Francisco have, over time, developed the assets, attractions and experiences that are compelling to a domestic and international traveling public. Other markets, ranging in size from Atlanta to Milwaukee can find it more difficult to distinguish themselves in the visitor industry economy. These types of markets, inclusive of Grand Rapids, rely on emphasizing unique aspects of history, nature, art, culture, entertainment and other assets that can set them apart from other markets.

Ultimately, and over time, a city can grow in its desirability and appeal to residents, businesses and visitors. It can elevate beyond its existing peer city set to reach a higher level. Conversely, through neglect, poor management and lack of vision, it can slide into a pattern of decay. We know firsthand through our outreach to business, hospitality, elected and other leaders in the community that decay will not be tolerated, and that visionary planning will always be at the forefront for Grand Rapids.

This Destination Asset Study, commissioned by Grand Action, will serve as a valuable tool in helping to shape this vision, identifying opportunities to distinguish and elevate the market within the visitor industry. The Destination Asset Study has been developed around several key principals.

- Recognize and build on the significant development that has taken place in Grand Rapids over the past 20 years.
- Incorporate the direction established by various important planning studies that have recently been conducted.
- Provide a thorough evaluation of existing attractions, hospitality assets, event facilities and other elements that influence visitation to the market.
- Be inclusive, reach out to a broad cross section of hospitality, economic development and other community stakeholders.
- Develop visionary and aspirational findings that leverage existing research and development progress in order to guide future action.

As we initiated the research for this Study, it was very apparent that the level of professionalism and passion for moving Grand Rapids forward was significant. Organizations that have contributed greatly to this

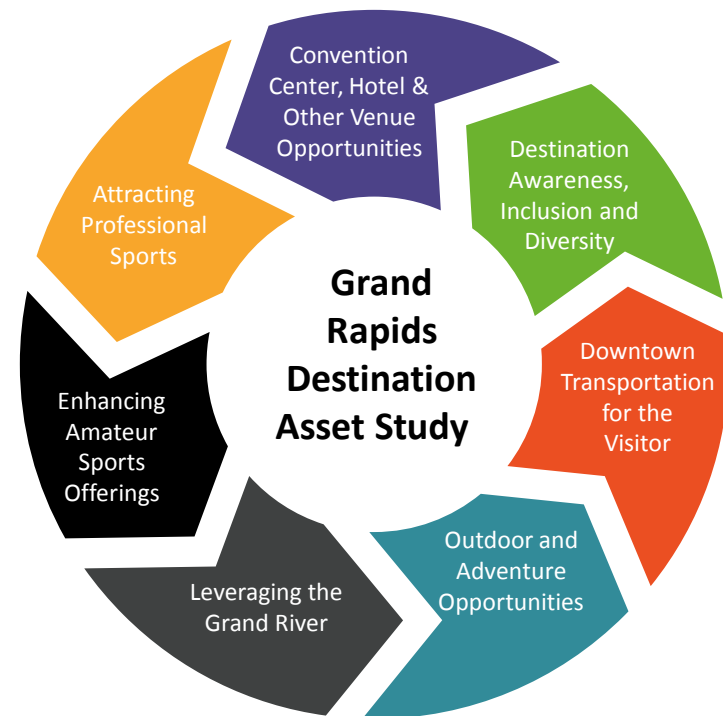
Study include Grand Action, Experience Grand Rapids, Downtown Grand Rapids Inc., the city's Economic Development Department, the Right Place, Inc., City and County representatives, the various foundations supporting the destination, and many others too numerous to mention. It has been our pleasure to work with over 125 individuals representing nearly 100 organizations that have contributed to the process of developing this Study.

A 2015 Longwoods Travel USA study estimated the number of visitors to Grand Rapids at 7.1 million overnight person trips, generating \$688 million in spending. Forty-four percent of overnight visitors to Grand Rapids were visiting friends and relatives, with 13 percent visiting for business or conventions, and 43 percent participating in "marketable" trips, or those that can be influenced by marketing efforts. Seventy-eight percent of overnight person-trips are generated from visitors that had been to Grand Rapids in the past, and an important goal of this Destination Asset Study is to recommend strategic investment that can create a higher proportion of new visitation to the market.

The recommendations presented herein are based on the extensive outreach conducted as part of the Grand Rapids Destination Asset Study. They focus on areas of asset development, asset marketing and awareness, transportation, inclusiveness and funding. Within these areas, recommendations are made that are in some cases very specific. In other cases they are more general in nature to provide decision-makers with a framework for future initiatives.

The recommendations presented in this Study cannot be implemented by a single entity or agency. In fact, participation from a variety of public and private sector entities will be necessary to realize the potential of Grand Rapids in the visitor industry economy.

We therefore include in this Study, recommendations for the various local entities that should be involved in further developing destination assets, as well as further research that should be considered in order to achieve Study goals. The key areas of focus discussed in this Study are summarized below. We have also prepared a cost, financing and development timing analysis for each of these areas.



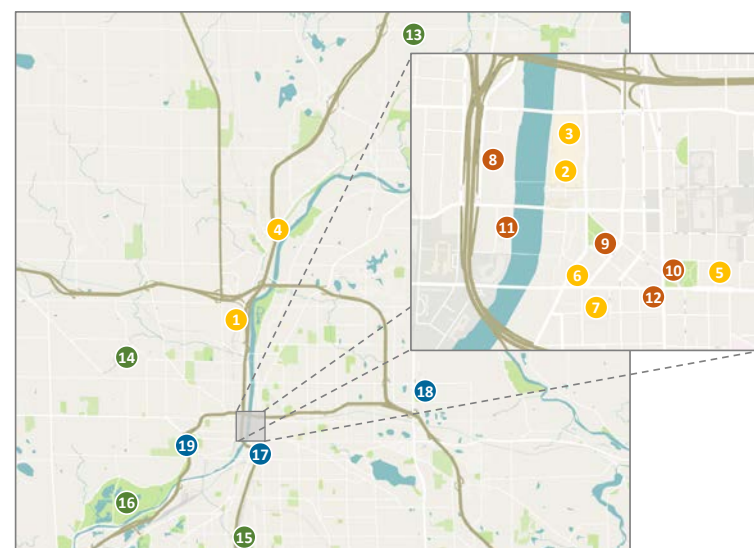
2.0 EXISTING GRAND RAPIDS DESTINATION ASSETS

Over the past decade, Grand Rapids has seen significant public and private investment, transforming the downtown and surrounding areas of the destination. With assets ranging from convention, sporting and entertainment event facilities; quality hotels and restaurants; arts and culture-related amenities including museums and major events such as ArtPrize, visitors and residents can experience a wide variety of activities, attractions, culture, festivals and other entertainment. In the downtown area, these amenities work in conjunction with the renaissance of restaurants, breweries, entertainment and night-life to create a vibrant and walkable district. The broad assortment of assets allows for any gender, age group or economic level the ability to enjoy the destination and its offerings. The development of these amenities has also been critical in the development of the image Grand Rapids has long tried to facilitate.

The breadth of destination assets is extensive. Our review of Grand Rapids attractions focuses on its historical and cultural sites, museums, natural outdoor assets, entertainment facilities, outdoor amateur sports field inventory, and convention and hotel facilities, among others, in order to provide a foundation on which to evaluate potential investment that may support increases in future visitor activity.

The following exhibit highlights key existing assets within greater Grand Rapids.

Exhibit 1 – Existing Grand Rapids Assets



GRAND RAPIDS ASSETS KEY

Concert/Event Venues	1	Deltaplex Arena	Outdoor/Recreation	13	Art Van Sports Complex
	2	DeVos Performance Hall		14	Blandford Nature Center
	3	DeVos Place		15	Grand Rapids Bike Park
	4	Fifth Third Ballpark		16	Millenium Park
	5	St. Cecilia Music Center	Miscellaneous	17	Downtown Market
	6	The B.O.B.		18	Frederik Meijer Gardens & Sculpture Park
	7	Van Andel Arena		19	John Ball Zoo
Historical/Cultural (museums, landmarks, etc.)	8	Gerald R. Ford Presidential Museum			
	9	Grand Rapids Art Museum			
	10	Grand Rapids Children's Museum			
	11	Grand Rapids Public Museum			
	12	Urban Institute of Contemporary Arts			

Gerald R. Ford Presidential Museum



Located along the riverfront in downtown Grand Rapids, The Gerald R. Ford Presidential Museum commemorates the life and legacy of the 38th President of the United States, Gerald R. Ford. Originally opened in the 1980's, the Museum recently underwent a \$13 million renovation.

The now-modern museum offers an educational experience through a collection of interactive exhibits and the new DeVos Learning Center. Permanent exhibits include displays of President Ford's youth, highlighting his upbringing in Grand Rapids, his naval career between 1942 and 1946, and his congressional career from 1949 up until he became Vice-President in 1973.

Visitors can also see exhibits of his life during his presidency that include his leadership in diplomacy, a gallery highlighting Watergate, a full-scale replica of the Oval Office, interactive Cabinet Room, ceremonial gifts received during State Dinners, among others. Other exhibits include an experience of life in the 1970's during Ford's Presidency and tributes to his wife, Betty Ford, who is credited with paving the way for modern First Ladies, as well as major traveling exhibits. Both the President and Mrs. Ford are buried on the grounds of the Museum.



In fiscal year 2015, the museum drew more than 250,000 visitors. After the reopening of the museum in June 2016, attendance numbers saw a 72 percent increase from the year prior.

Grand Rapids Public Museum

Founded in 1854, the Grand Rapids Public Museum (GRPM) is the oldest and second largest museum in the state of Michigan. The GRPM is located in downtown Grand Rapids along the Grand River. The museum operates to inspire, motivate and celebrate the world through its exhibits, events and educational programming in a context unique to the City of Grand Rapids. In FY 2016, there were more than 320,500 visitors to the museum, 42 percent of which were visitors from outside of Kent County and five percent from outside of the state of Michigan.

With three floors of exhibits, visitors can walk the re-created streets of Grand Rapids in the 1890's, learn about the history of the more than 45 ethnic groups that reside in West Michigan, explore the natural environments of the area at the West Michigan Habitats or take a ride on the 1928 Spillman Carousel. The GRPM also offers nationally and internationally known traveling exhibits as well as the Roger B. Chaffee Planetarium, which recently underwent a \$1.2 million renovation.

One of the most unique aspects of the Museum is its dedication to integrating the community into the learning experience of the visitor, not only through exhibits but also through hands-on educational programming and community collaboration.



In 2012, in partnership with Grand Rapids Public Schools, Kendall College of Art and Design of Ferris State University, Grand Valley State University, the City of Grand Rapids and Downtown Grand Rapids Inc., the GRPM launched the IMMER5E pilot program, a week long program that brings classes to the GRPM aimed to create a unique and engaging learning opportunity for students to study the environment, economics, heritage and culture of West Michigan through its exhibits and artifacts. The program has grown from serving 160 students in its first year to more than 1,100 students in 2015. Due to its success, the Grand Rapids Public Museum School, a Theme School and Center of Innovation focused on place-based education and design thinking within the Grand Rapids Public Schools, opened at the GRPM Van Andel Museum Center in 2015. Starting with 60 6th grade students, the school will grow annually by one grade level for the next six years.

Frederik Meijer Gardens and Sculpture Park



Opened in 1995, the Frederik Meijer Gardens and Sculpture Park is a 158-acre world class botanical garden and outdoor sculpture park located approximately six miles east of downtown Grand Rapids. Complex features include:

- Largest tropical conservatory in the state of Michigan containing over 500 species from five continents
- Five indoor theme gardens and outdoor gardens
- Miles of nature trails and boardwalk
- 30 acre outdoor sculpture park
- Three temporary sculpture exhibitions (two indoor, one outdoor) developed on an annual basis
- 8-acre Richard & Helen DeVos Japanese garden, opened in 2015
- 1,900 seat outdoor amphitheater
- Indoor/outdoor event space with capacity of more than 1,000

The Gardens and Sculpture Park is the second most popular tourist attraction in the state of Michigan and has been continually ranked as one of the 100 most-visited art museums worldwide.

In fiscal year 2015, there were more than 750,000 visitors to the Gardens & Sculpture Park, drawing people from all over the country, including international visitors. The Gardens are also host to more than 3,000 fundraisers, corporate, weddings and other special events.



The Frederik Meijer Gardens Amphitheater is host of the Fifth Third Bank Summer Concerts featuring artists such as Diana Ross, Doobie Brothers, Styx, Jackson Browne, Gavin DeGraw, Willie Nelson, among others, selling out more than 20 of the total 30 performances annually.

Millennium Park



Located on the southwest side of Grand Rapids, Millennium Park encompasses 1,400 acres of terrain and six miles of frontage on the Grand River. Planning for the park began in 2000 and its facilities include a six-acre beach and splashpad, boat rental facility, picnic shelter, nearly 18 miles of trails, and numerous activities and recreation for visitors of all ages.

As one of the largest urban parks in the country, Millennium Park leadership looks to continuously expand its facilities, and has recently finished a 50-acre addition including a pavilion, amphitheater, boardwalk, and trail extensions. Additionally, the two newly added event spaces allow for small concerts, corporate outings, and other special events for visitors ranging from 300 to 4,300.

The Grand River



The Grand River represents the historical foundation for the City of Grand Rapids. Stretching more than 250 miles through downtown Grand Rapids to Lake Michigan, the Grand River has the opportunity to build on and enhance the renaissance Grand Rapids has seen over the past 20 years. With the expanded accessibility, recreational opportunities and public spaces called for in GR Forward, the River has the opportunity to act as a catalyst for development, drive visitation and create new economic benefits as a unique outdoor asset within a thriving urban center.

John Ball Zoo



The John Ball Zoo has served the Grand Rapids community for 125 years. The urban Zoo is located approximately two miles from downtown Grand Rapids with easy access to the 196 expressway. Visitors

can see more than 1,100 animals from five continents in its nine exhibits that include:

- Budgie Aviary
- Far Side of the World Trail
- Lions of Lake Manyara
- Living Shores Aquarium
- Mokomboso Valley Chimpanzee Exhibit
- North American Trek
- Red's Hobby Farm
- South American Boardwalk
- Treasures of the Tropics

Additionally, visitors can experience the four-story, 300-foot zipline and ropes course, Funicular to the Forest Realm tram ride, camel rides and swan paddle boats, among other activities.

In 2015, the Zoo, saw its third year of more than half a million visitors. A recent Master Plan was completed in 2015 that include more than 16 major projects that will include seven new or expanded exhibits and attractions, a new Conservation Education Center, Kid's Discovery Zone, Adventure course, playground and picnic areas, a café and multiple infrastructure improvements, among others.

Van Andel Arena



The Van Andel Arena is a 12,000-seat multipurpose arena located in downtown Grand Rapids. The Arena originally opened in 1996 at a total cost of approximately \$75 million. Since its opening, the Arena has undergone multiple improvements and expansions including the addition of The Intermission Restaurant & Bar, a 3,500-square foot concourse expansion as well as new LED widescreen video board and ribbonboard.

The Arena is operated by SMG and home to the American Hockey League (AHL) Grand Rapids Griffins hockey team, an affiliate of the NHL Detroit Red Wings. During the 2015 season, the Griffins drew an average of more than 8,000 fans per game, ranking in the top five among AHL teams. Annually, the Arena hosts an average of 109 events including, concerts, family shows, and sporting events, among others.

DeVos Place



Located in downtown Grand Rapids along the Grand River, DeVos place opened in 2004 at a total cost of approximately \$215 million. Facility offerings include 162,000 square feet of contiguous, column free exhibit space, a 40,000 square foot ballroom, a 2,400-seat Performance Hall, and 26 meeting rooms totaling approximately 29,300 square feet. DeVos Place is owned by the Grand Rapids-Kent County Convention/Arena Authority and is privately managed by SMG.

Since its opening on 2004, DeVos Place averages more than 380 event days annually, including conventions, tradeshow, consumer shows, banquets, meeting, and other special event types. In recent years, DeVos place has consistently generated attendance levels ranging from 400,000 to 475,000 annually.

Fifth Third Ballpark



Fifth Third Ballpark is located in Comstock Park, seven miles north of downtown Grand Rapids, between highway 131 and the Grand River. The 9,200-seat stadium opened in 1994 at a total cost of approximately \$6.5 million. To date, the Ballpark is one of few minor and professional sports stadiums in the country that was built and runs entirely on private funds.

The stadium is home to the West Michigan Whitecaps, a full-season Class A affiliate of the Detroit Tigers. The Whitecaps play 70 home games between April and September drawing an average of 6,000 attendees per game.

In addition to baseball, the Ballpark is host to more than 100 events annually including large concerts, professional soccer, festivals, and private events, among others.

Other Concert/Event Venues

Grand Rapids has more than 50 music venues where residents and visitors can experience acts ranging from the local live-music scene to some of the biggest names in the music business at places such as DeVos Performance Hall, The B.O.B., St. Cecilia Music Center, Pyramid Scheme, The Tip Top Deluxe Bar, among many others. Additionally, The Venue, a new 2,500 capacity indoor concert facility located in downtown Grand Rapids will open in early 2017.

Art Van Sports Complex



The \$7.5 million Art Van Sports Complex opened in 2014 approximately 15 miles north of downtown Grand Rapids. The Art Van Sports Complex has a total of nine baseball and softball fields with potential future plans to reach 12 fields. Within its first year the Complex hosted 18 tournaments and attracted more than 27,000 visitors. Additionally, the Art Van Sports Complex generated more than 7,600 room nights and more than \$3 million in new spending to the area.

Major Events

There is no question that Grand Rapids is home to several very high-profile annual events, drawing visitors from around the globe and creating national and international exposure for Grand Rapids. Two of these events are described below.

ArtPrize – What began in 2009 as a “social experiment” has evolved into the most-attended public art event on the planet, according to The Art Newspaper. The 19-day international art competition includes more than 1,550 art works featured throughout more than 160 Grand Rapids venues. A 2013 study found that during the 19-day event, there were more than 400,000 visitors to Grand Rapids from all 50 states and 47 countries generating \$22.1 million in net-new economic impact.

LaughFest – A ten day festival celebrating “laughter for the health of it”. Launched in 2011, the event has seen significant growth attracting an average of 50,000 attendees to experience more than 200 events featuring more than 700 artists such as Seth Meyers, Jim Gaffigan, Jay Leno, Kevin Hart, Joel McHale, among many others.

Other Outdoor and Recreation Assets

Grand Rapids offers an abundance of outdoor and recreational assets including Riverside Park, the Blandford Nature Center, the BMX Park, more than 15 miles of trails and the Zip Line at John Ball Zoo. Additionally, Grand Rapids is known for its excellent fishing, kayaking and biking activities.

Downtown Market



The Downtown Market is a mixed-use facility that opened in 2013, and has become a national model for highly creative, community service-oriented and entrepreneurial public market operations. The 23-vendor indoor market hall provides fresh food, educational and entrepreneurial opportunities and food related activities designed to promote locally produced food and locally made products. The market also offers:

- Seasonal outdoor farmers market
- Incubator kitchen
- Kid-friendly demonstration kitchen
- A green roof
- Private event space
- Classes and events

Restaurants, Breweries and Nightlife

Voted Beer City USA in 2012, 2013, 2014, 2015 and 2016, the beer scene in Grand Rapids has gained significant national attention. Home to the 3rd best brewery in the world (Founders), and the number one brewpub in the country and third best beer bar on Earth (HopCat). With more than 40 breweries and cideries that generates more than \$12 million in economic impact from beer tourism, Grand Rapids offers the most vibrant beer scene in the state.

Recently named the state of Michigan's best food city by Thrillist, Grand Rapids has grown into a foodie destination. With more than 500 local restaurants, visitors can experience highly diverse cuisine.

Nightlife in Grand Rapids is comparable to major metropolitan downtowns. With more than 50 live music venues, a plethora of comedy clubs, brewpubs and sports bars, the City has something to offer everyone.

Other Historical/Cultural Attractions

Additional historical and cultural attractions such as the Grand Rapids Children's Museum, the Grand Rapids Art Museum, the Urban Institute of Contemporary Arts, the Grand Rapids Symphony, Opera Grand Rapids, Grand Rapids Ballet and Broadway Grand Rapids highlight the significant presence of art and culture within the community.



3.0 SUMMARY OF EXISTING RESEARCH

It is important that research form the backbone of any strategic plan. Guidance provided by industry stakeholders provides critical direction, and visitor industry research can help to validate or in some cases refine stakeholder direction. Primary research was conducted in several areas, including extensive interviews with local stakeholders; current and past Grand Rapids facility users; and promoters of potential convention, meeting, sports and events that could be held in the market.

In addition, the formulation of the Grand Rapids Destination Asset Study draws in part from the research that has been conducted over the past several years by Grand Action, the City of Grand Rapids, Experience Grand Rapids, Downtown Grand Rapids, Inc. and the Western Michigan Sports Commission, among others. This past research provided significant background and context for the development of this Destination Asset Planning Study. Several of these past planning efforts are summarized throughout this section.

GR Forward



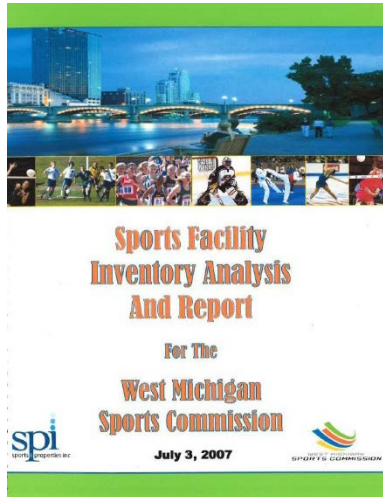
GR Forward is a comprehensive plan and investment strategy for the future of Downtown Grand Rapids and the Grand River, designed to guide change and continued investment through the City's ongoing transformation. Six specific goals

were identified in order to achieve a vision of promoting job growth, stimulating private investment and providing an authentic city center that is welcoming to all residents and visitors.

1. Restore the River as a draw and create a connected and equitable River Corridor
2. Create a true downtown neighborhood that is home to a diverse population
3. Implement a 21st century mobility strategy
4. Expand job opportunities and ensure continued vitality of the local economy
5. Reinvest in public space, culture and inclusive programming
6. Retain and attract families, talent and job providers with high quality public schools

There is an important synergy between building a destination for residents, and increasing the desirability of a market for visitors. As part of our study process, we have therefore relied heavily on GR Forward to identify investment and policy opportunities that could be leveraged to increase the economic footprint of the visitor industry in Grand Rapids.

Sports Facility Inventory Analysis and Report



In 2007, the West Michigan Sports Commission (WMSC) engaged a consulting firm to conduct a Sports Commission Inventory Analysis. The objectives of the study were to determine gaps in the local sports facility inventory and to assess potential demand for the development of tournament-quality facilities in Grand Rapids. Additionally, the study provided recommendations to guide the newly created WMSC on how to

most successfully market Grand Rapids as a sports destination. The study concluded that lack of multi-field outdoor facilities within the market needed to be addressed in order for Grand Rapids to compete for events on a regional and national level. As a result, the nine-field, Art Van Sports Complex opened in 2014.

With the success of the Art Van Sports Complex, and as travel associated with amateur sports has seen significant growth in recent years, we have leveraged these analyses to identify areas of opportunity for potential future amateur sports facility investment to drive new revenue and economic impact to the market.

Longwoods Intl. 2015 Grand Rapids Visitor Report



Commissioned by Experience Grand Rapids, The Longwoods Travel USA Grand Rapids Visitor Report included extensive research to lend insight into Grand Rapids visitor demographics, what is driving their motivation to visit, and how that compares to national travel trends. Key findings include:

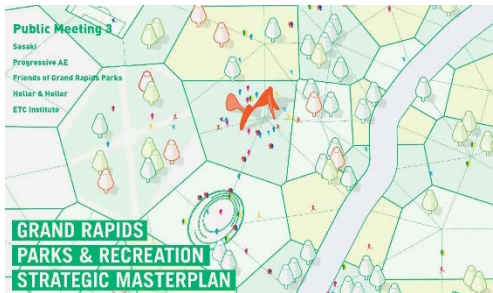
- 59 percent of 2015 over-night visitors reported visiting their friends and relatives as their main purpose.
- The most prevalent marketable trip types were special events and the outdoors.
- Average number of nights spent in Grand Rapids increased from 2.2 nights in 2014 to 3.5 nights in 2015.
- 40 percent of overnight visitors were Michigan residents. Illinois (13 percent), Ohio (five percent) and Indiana (five percent) also generated a large portion of overnight visitors.
- July through September was the peak visitation season among visitors (approximately 32 percent) with January through March accounting for 20 percent of trips.
- 74 percent of visitors arrived to Grand Rapids by their own vehicle, only 18 percent flew.
- 36 percent posted pictures and videos of their stay to social media.
- Only 13 percent of 2015 visitors were non-Caucasian.

The Economic Benefits of the Grand Rapids Whitewater Project



The study focusing on the Economic Benefits of the Grand Rapids Whitewater Project was commissioned by Grand Rapids Whitewater, Inc. to study the economic impacts associated with restoring the rapids on the Grand River and the redevelopment of the Riverfront. The study found that significantly enhanced recreational opportunities could drive more than 500,000 new visitors, and stimulate net new economic impact of between \$15.9 million and \$19.1 million per year. Additional economic benefits include attraction and retention of businesses, improved land use, ecological benefits, improved quality of life, among others.

Grand Rapids Parks & Recreation Strategic Master Plan



Currently underway, the Parks & Recreation Department is developing a master plan to create a vision for the long-term development, programming, and sustainability of parks, public open space and recreation facilities throughout Grand Rapids. Current visions outlined in their most recent presentation include raising awareness of the department and programs offered, providing enriching more diverse programming, creating a “Kit of Parks” – a system of city-wide guidelines for a connected and accessible system through parks and neighborhoods, trails, the riverfront, and anchor sites.

Reimagining Calder Plaza



Reimagining Calder Plaza is a collaborative community process aimed at leveraging the currently underutilized plaza and creating a public space that improves access, creates community gathering spaces, serves as a catalyst for future development and creates an iconic experience for the community and visitors alike. A preferred concept plan for Calder Plaza is being finalized.

In addition to these studies, numerous other past research efforts have been conducted for the Grand Rapids market, each with various influences on the potential visitor industry for the market. Many of these studies are listed below.

- Arena South Visioning Plan
- Arts & Entertainment Strategy for Downtown Grand Rapids
- City of Grand Rapids Master Plan
- City of Grand Rapids Parking and Mobility Study
- Development Plan of the Grand Rapids Downtown Development Authority
- From Grand Vision to Grand Action – Revitalizing a Downtown and Demonstrating Philanthropy
- Grand Rapids Urban Market Concept Plan & Feasibility Study
- Grand Rapids Whitewater Briefing Book
- John Ball Zoo Master Plan
- Residential Market Potential Analysis
- Voices & Vision Summary Report

Collectively, these as well as many other reports and data sources have provided guidance and foundational support for this Destination Asset Study.

4.0 CONVENTION CENTER, ARENA AND AMPHITHEATER OPPORTUNITIES

Public event facilities play a vital role in the visitor economy of Grand Rapids. Over the past 20 years, public and private investment in local event venues has resulted in the development of a set of state-of-the-art facilities that, together, generate annual attendance of more than one million.

As part of our Destination Asset Study, we have evaluated various segments of the public assembly facility industry, with a focus on identifying opportunities that could drive additional visitation (and associated economic impacts) to Grand Rapids. These include the following:

- Convention Center Analysis
- Arena/Event Center Analysis
- Outdoor Amphitheater Analysis

4.1 Convention Center Analysis



Located along the Grand River in downtown Grand Rapids, DeVos Place (DVP) opened in 2004. The facility provides 162,000 square feet of contiguous, column free exhibit space, a 40,000 square foot ballroom and 26 meeting rooms totaling approximately 29,300 square feet. Additionally, DVP offers the 2,400-seat DeVos Performance Hall, which is home to the Grand Rapids Symphony, Grand Rapids Ballet Company, Opera Grand Rapids, Broadway Grand Rapids and many other events.

DeVos Place is owned by the Grand Rapids-Kent County Convention/Arena Authority and is privately managed by SMG.

4.1.1 Historical DVP Operations

Understanding utilization and attendance levels, event mix and other such characteristics of the facility is important in providing a basis from which to evaluate existing facility performance, shortcomings and potential unmet demand for event space in the market.

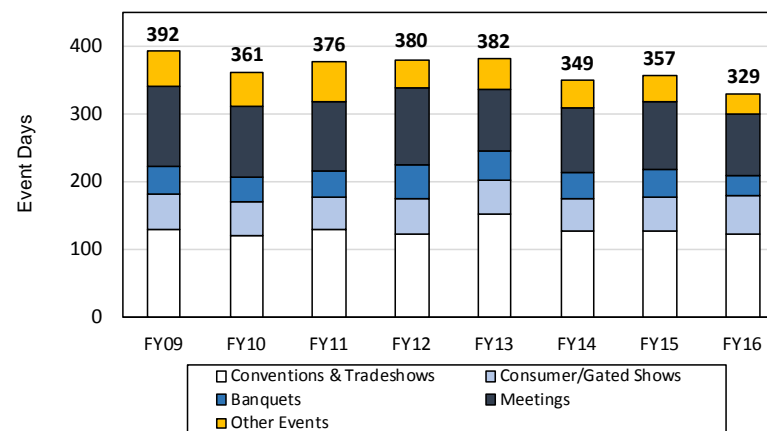
Based on data provided by facility management, the following exhibit presents the total number of event days at DVP. Data are presented for the past eight fiscal years, segmented into the following five event types:

- Conventions & Tradeshows
- Consumer/Gated Shows
- Banquets
- Meetings
- Other Events

As noted in the adjacent exhibit, large events including conventions, tradeshows, and consumer/gated shows have maintained a steady level of event activity at DVP. A significant portion of the event mix is comprised of banquets, meetings and other events that don't typically require significant levels of event space and generate a largely local attendance base.

The consistent level of event day activity is indicative of a mature operation. Assets such as hotel inventory, facility space, air access and other factors can serve as limiting conditions for generating future increases in event activity. These conditions are explored later in this section.

Exhibit 1 – DVP Event Days (FY 2009 – FY 2016)



Source: facility management, 2016

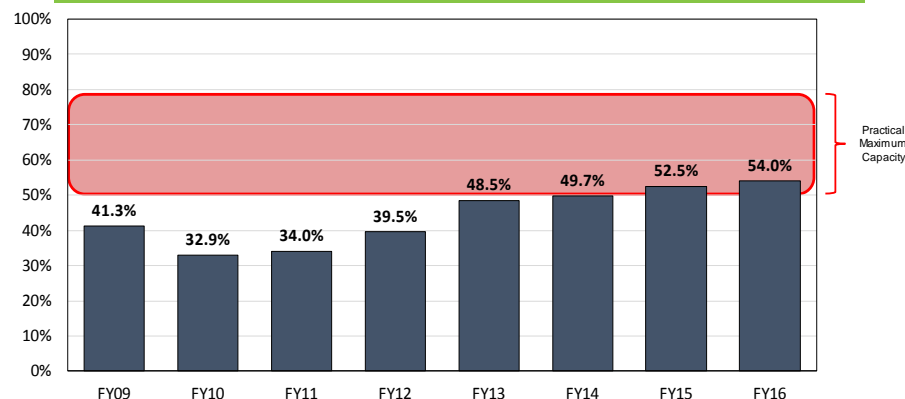
DVP attendance has consistently ranged from 400,000 to 475,000 over the reviewed period and has increased each of the past three fiscal years as the economy has rebounded. Collectively, convention and tradeshow activity represents nearly one-third of all attendees.

The exhibit space square footage occupancy of a facility is determined to be within a practical maximum capacity range when the actual occupied space in a facility reaches a level of 70 percent of total sellable capacity. Above 70 percent occupancy, a facility has exceeded "practical maximum capacity" and may be turning away significant business. Occupancy levels below 50 percent may indicate that a center has not attracted sufficient market share necessary to support existing space levels.

The exhibit below presents a summary of exhibit space occupancy at DVP from FY 2009 through FY 2016. Practical maximum capacity,

defined as ranging between 50 and 70 percent occupancy, is highlighted in red.

Exhibit 2 – Exhibit Hall Occupancy (FY 2009 – FY 2016)



Source: facility management, 2016

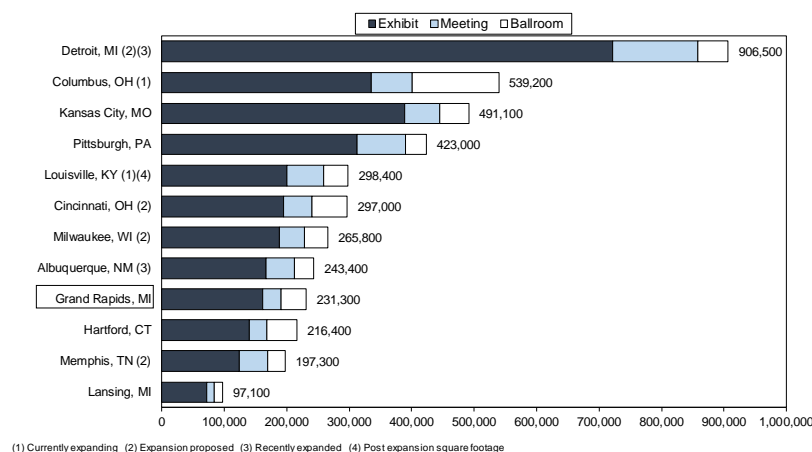
Occupancy percentages within DVP's exhibit halls have consistently ranged between 33 percent and 54 percent over the past eight fiscal years. Importantly, occupancy has increased the past seven years, reaching practical maximum capacity each of the past two years.

Occupancy levels within the Steelcase Ballroom have averaged nearly 56 percent over the same period and have exceeded 60 percent each of the past four years. These data suggest that the level of DVP exhibit space is sufficient to accommodate existing event demand, with capacity to accommodate additional future demand.

4.1.2 Competitive Environment

Based on our extensive industry experience and discussions with EXGR representatives, a total of 11 competitive facilities were identified and analyzed, many of which represent convention facilities in the region that regularly compete with DVP with respect to one or more key event segments.

Exhibit 3 – Competitive Convention Facilities Total Sellable Space by Space Type



An average of more than 350,000 total sellable square feet of convention space is provided among the venues within the competitive set. With approximately 115,000 gross square feet of total sellable space available at DVP, Grand Rapids currently ranks ninth out of the 12 venues included in this analysis. Additional findings derived through this analysis are provided below.

- The DVP provides approximately 162,000 square feet of contiguous exhibit space within Halls A, B and C. This amount of space ranks ninth in terms of total available exhibit space.
- The Steelcase Ballroom measures 40,000 square feet and ranks at the median when considering total ballroom space. Larger market, aspirational facilities in markets such as Detroit, Cincinnati and Columbus each offer significantly more ballroom space, and often provide a secondary junior ballroom.
- With approximately 29,300 square feet of meeting space available through 26 individual rooms at DVP, the facility ranks tenth among competitive facilities.

These data suggest that the notion of an eventual addition of square footage in targeted areas to the DVP should be considered as a mid-term future initiative, with initial site planning taking place in order to ensure viable sites are protected.

The availability of hotel rooms to serve the requirements of the convention industry is a critical factor in the success of a convention center. Based on conversations with CVB management, we have assessed the inventory of guest rooms within one-half mile of the convention centers in the selected competitive markets. With approximately 1,520 rooms, Grand Rapids ranks ninth among the competitive markets in terms of total hotel rooms within one-half mile of the center. For purposes of comparison, more established convention markets such as Kansas City, Cincinnati, Pittsburgh and Louisville all provide more than 3,500 hotel rooms within a half mile of their convention center.

Conversations with current, past and potential DVP users have confirmed that hotel conditions in Grand Rapids, including relatively high average room rates, will continue to limit its potential to accommodate market share.

4.1.3 *Current & Past DVP User Analysis*

In an effort to obtain useful feedback from event planners most familiar with the Grand Rapids market and its convention and visitor industry package, a sample of current and past DVP users were contacted via e-mail and asked to complete a detailed online survey. Responses were collected from planners of 16 organizations. Important findings derived through this analysis include the following:

- All of the current and past users interviewed indicated a likelihood to host future events at DVP. Two-thirds are “definitely likely” to return.
- Less than 20 percent of respondents indicated that DVP has limitations with regard to its size.
- The hotel package of the Amway Grand, JW Marriott, and Courtyard by Marriott is generally sufficient to meet most hotel room needs among current users; however, the high costs associated with these properties is a concern.
- Noted challenges of the market include its location/travel distance, winter weather, high costs, air access, and limited hotel inventory.

4.1.4 *Lost Business Analysis*

In order to more thoroughly assess the market for potential DVP events we have evaluated records maintained by Experience Grand Rapids tracking events that at one point considered hosting an event in Grand Rapids but ultimately selected another destination/facility.

A total of 476 lost business events have been tracked since January 2015. Collectively, these events represent an estimated 340,000 attendees and 456,000 total room nights. Primary reasons noted in Experience Grand Rapids records for a lack of interest in the market/facility include (in order):

- A geographical event site pattern that rotates nationally, allowing Grand Rapids to compete only in selected years.
- Lack of availability of DVP event space or adequate hotel room block during desired dates.
- Lack of destination brand recognition.
- Facilities do not meet group's requirements. In many cases a resort destination was preferred.
- High hotel room rates.

Building on this research, event planners representing lost DVP business were surveyed and asked to comment on DVP and the Grand Rapids convention and hospitality package as a whole. A total of 32 responses were collected from planners representing a variety of different events. A summary of our findings relative to these outreach efforts are outlined below.

- Approximately 87 percent of those surveyed indicated a potential future interest in hosting a future event in Grand Rapids. Thirty-nine percent will "definitely" book Grand Rapids in the future.
- A number of destination strengths were noted, including the variety of downtown restaurants and bars, the inventory of attractions, walkability, and the convention center/hotel package.
- Factors impacting the decision to not host events in Grand Rapids include (in order):
 - High costs associated with hotels and DVP rent.
 - Location (distance from Detroit and other bases of membership).
 - Availability of space at DVP during peak periods.
 - Limited event space.
- Noted challenges of the destination include (in order):
 - Hotel pricing.
 - Transportation/parking.
 - Location.
 - Limited event space.
 - Lack of sufficient nearby hotel rooms.
 - Winter weather.

4.1.5 Summary of Convention Center Recommendations

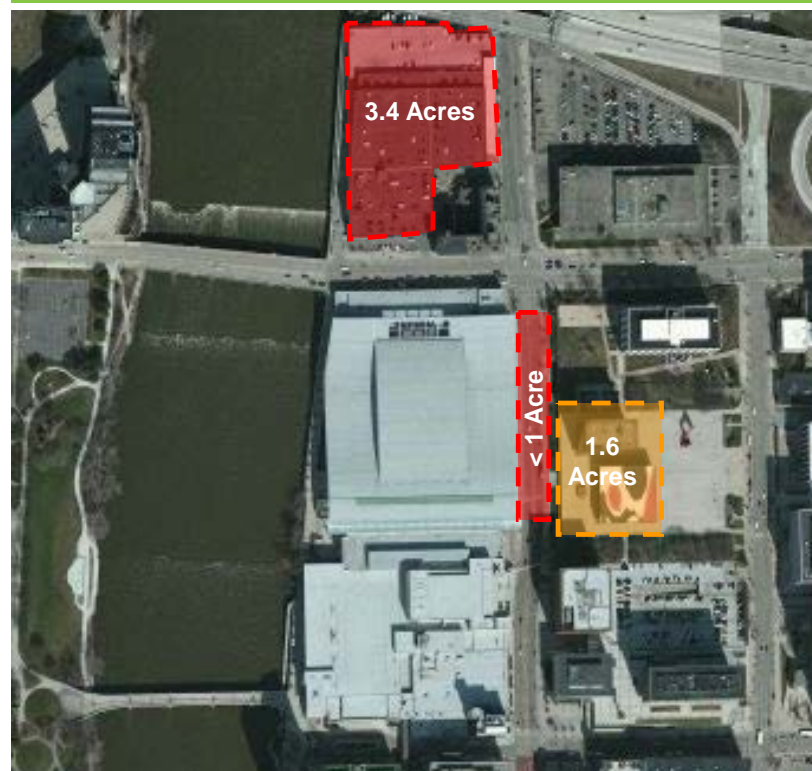
Current occupancy data suggest that future expansion of the DeVos Place Convention Center (DVP) should be considered a potential mid-term priority, versus an immediate need. As occupancy increases, a future DVP expansion should target an increase of 50 percent additional sellable event space, adding approximately 115,700 square feet of exhibit, meeting and ballroom area. This would represent a material expansion, typical of large-scale convention projects nationally.

An expansion of this magnitude could require a footprint of approximately 2.5 to 4.0 acres. We have identified two potential options for possible expansion sites adjacent to the existing DVP. These include the location of the current post office (across Michigan Street to the north) and bridging Monroe Avenue (to the east toward Calder Plaza). Each of these sites present challenges in achieving space contiguous with the existing DVP, existence of existing structures, existing roadways and other factors.

Even though future expansion is not an immediate priority, the challenging site conditions and significant lead time common for these types of projects suggests that consideration should be given to retaining convention center architects in the very near future to develop conceptual plans for future DVP expansion.

Development costs for an expansion adding approximately 115,700 sellable square feet could approximate \$83.3 million. This assumes 173,500 built square feet (including support space) at a hard construction cost of \$400 per square foot and an additional 20 percent for soft costs, furniture, fixtures and equipment.

Exhibit 4 – DVP Expansion Location



Additional hotel inventory will likely help attract events to the existing DVP, and will be required to support any future expansion. We recommend a near-term Request for Qualifications (RFQ) process for the development of a new hotel attached or adjacent to the DVP. Between 350 and 500 rooms should be targeted. Finally, any potential future DVP space additions must be sure to recognize current and future convention industry trends including open space learning, technology (internet/wireless connectivity, lighting, etc.), unique ties to

the community, security, sustainability, interior and exterior signage, food and beverage service, iconic architecture, and public art.

4.2 Arena/Event Center Analysis

Van Andel Arena (VAA) is a 12,000-seat multi-purpose venue that opened in downtown Grand Rapids in 1996 at a cost of \$77 million. The facility features 44 suites and offers 1,800 club seats and typically hosts in excess of 100 events each year, continually ranking as a top performance venue within its comparable set. It is home to the American Hockey League's Grand Rapids Griffins (minor league affiliate of the Detroit Red Wings).

Similar to DeVos Place, Van Andel Arena is owned by the Grand Rapids-Kent County Convention/Arena Authority and is managed by SMG.

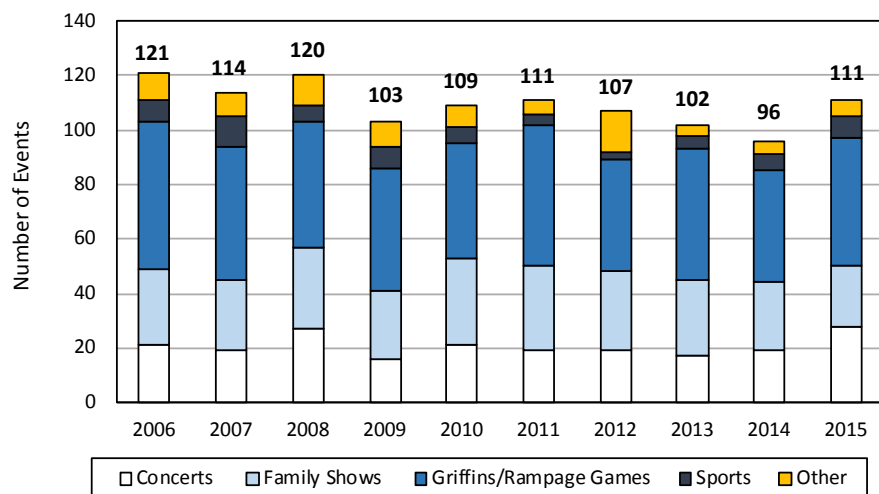
Our analysis of local arena/event center facilities included a review of historical VAA operations, a summary of facility investment and improvements, and conversations with event promoters/producers.

4.2.1 Historical VAA Operations

Van Andel Arena typically hosts in excess of 100 events each year, consisting of a wide variety of concerts, family shows, sporting events, graduations, circuses and other events. The following exhibit presents a summary of event levels by type of event for the ten-year period spanning 2006 through 2015.



Exhibit 5 – Historical Van Andel Arena Event Levels (2006 – 2015)

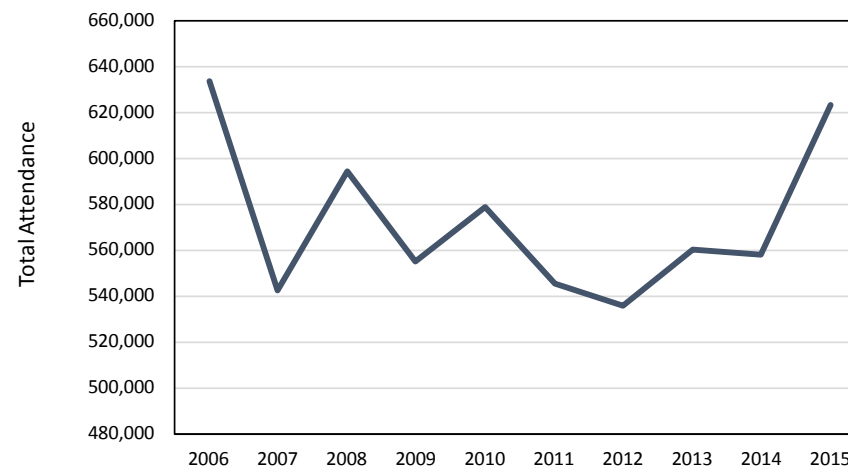


Source: facility management, 2016

In recent years, VAA has hosted between 96 and 121 events each year. Tenant sporting events represent the largest component of event activity at VAA, typically accounting for more than 40 percent of all events. The number of family shows has decreased in recent years, while the venue hosted a high of 28 concerts in 2015. Large concerts, such as the multi-night series of Garth Brooks performances, are able to generate significant levels of non-local attendance, associated economic and fiscal impacts and facility revenues.

Based on summary level data provided by facility management, we have also tracked total VAA attendance levels over the same ten-year period. Data are presented in the following exhibit.

Exhibit 6 – Historical Van Andel Arena Attendance (2006 – 2015)



Source: facility management, 2016

Total attendance among all VAA events has consistently exceeded a half million people each year. During the 2008/09 recession, attendance dipped to as little as 535,000 (in 2012), with lower levels sustained through 2014. However, as the economy has improved and disposable incomes have increased, VAA attendance has since risen to more than 623,000 (in 2015) largely due to growth in concert activity.

In recent years, VAA has received numerous honors and has achieved a variety of notable industry rankings. These include the following:

- “Best Stadium Experience by League for 2014” for minor league/junior hockey (Stadium Journey).
- Fifth highest grossing arena with a 10,001-15,000 seating capacity in the U.S. in 2013, and the 16th worldwide (Billboard Magazine).

- Number 46 in the US in terms of ticket sales among Top 100 Arena Venues of all sizes for 2013 (Pollstar Magazine).
- Ranked 4th in the 2014 Social Media Power 100 list for venues with a capacity between 10,001 and 15,000 (Venues Today).
- Second highest grossing venue worldwide with a 10,001-15,000 seating capacity for the 2000-2009 decade (Billboard Magazine).

4.2.2 *Conversations with Event Promoters/Producers*

In an effort to obtain feedback from the current and potential market for entertainment and sporting events in Grand Rapids, we conducted interviews with a sample of event promoters and producers. These include the following organizations:

- Frank Productions
- Icon Concerts
- Grand Rapids Griffins
- Grand Valley State University
- Live Nation
- Premiere Productions
- Vstar Entertainment

Based on these conversations, the following findings were noted.

- The size of Van Andel is considered intimate relative to larger market arenas and stadiums. It is the perfect size for the Grand Rapids market area population of the area.
- The facility feels new and is very well maintained.

- The location is great for pre- and post-concert meals. It is an attractive environment for young people.
- We always have a good experience using the Arena. The service and support is great.
- The Arena could use more back-of-house dressing room areas.
- Invest in an upper bowl curtain to scale the house down to about 6,000 people for smaller shows and events.
- The population and economic base of Grand Rapids is able to sustain multiple concerts throughout the year. Other markets of a similar size can't sustain large concerts to the same degree.
- Grand Rapids is constantly developing and evolving itself.
- There are many great activities that go on throughout the year (such as ArtPrize) that add to the desirability of the destination. People look for other things to do besides attend the event at Van Andel.

4.2.3 *Ongoing Facility Improvements*

In an ongoing effort to improve and maintain the venue, a series of ongoing investments in Van Andel Arena have helped to keep the facility up-to-date in terms of its amenities and offerings. Examples of some recent facility upgrades include the Intermission Restaurant & Bar (2007); the \$1.2 million concourse expansion project that added 3,500 square feet of concession and lobby space (2010); a new LED ribbon board that encircles the arena bowl (2010); and a new 698 square foot widescreen video board (2013).

Together, these and other continued improvements and additions to Van Andel Arena certainly contribute to its positive reputation within the industry.

4.2.4 *Summary of Market Findings and Recommendations*

Going forward, we recommend that the Authority continue its policies and procedures of actively maintaining and upgrading Van Andel Arena. Possible areas of focus could include improvements relative to dressing room and back-of-house space, as well as purchasing and installing a curtaining system to scale down the perceived size of the venue and create a more intimate setting for smaller events.

Neighboring developments, including the BOB and significant residential and restaurant additions, will positively impact the experience of those attending VAA events. Continued efforts to develop and enhance the walkable environment surrounding the venue are encouraged.

4.3 Outdoor Amphitheater Analysis

Outdoor live music venues have the ability to create a unique summer entertainment experience in markets of all sizes and are growing in popularity throughout the country. The notion of developing a large scale, outdoor amphitheater in Grand Rapids has been considered since the early 2000s. CSL was retained by Grand Action in 2004 to conduct a market, financial, economic impact, funding and site analysis for a proposed amphitheater in the market.

As part of the current destination asset study, we have considered the market potential for the development of such a venue. These efforts included a review of local and regional venues and interviews with primary concert promoters.

4.3.1 *Local and Regional Outdoor Music Venues*

Within Grand Rapids, the Frederik Meijer Gardens Amphitheater provides space for up to 1,900 guests. The highly successful Fifth Third Bank Summer Concerts at Meijer Gardens consists of more than 25 outdoor concerts each summer across a wide variety of musical genres. Fifth Third Ballpark also accommodates larger concerts with a capacity of over 9,000.

Although it is not an outdoor facility, the under-construction 20 Monroe Live music venue (adjacent to the BOB and VAA) will be able to accommodate general admission concerts for up to 2,500 people. Partnering with Live Nation, it is expected to open in early 2017.



Throughout Michigan, several outdoor amphitheater facilities currently exist that attract a wide variety of touring national acts to the state each summer. These include, but are not limited to the following:

- Soaring Eagle Casino & Resort (Mount Pleasant) - 13,000 capacity
- DTE Energy Music Theatre (Village of Clarkston) – 15,300 capacity
- Freedom Hill Amphitheatre (Sterling Heights) – 8,100 capacity
- Meadow Brook Amphitheatre (Rochester Hills) – 7,700 capacity
- First Merit Bank Event Park (Saginaw) - 5,000 capacity

Although there are several venues that would compete with a new amphitheater, currently the only outdoor music space of significant size is located at Cannonsburg Ski Area (which hosts the Grand Rapids Symphony Picnic Pops). There are no *dedicated* outdoor concert venues within 80-miles of Grand Rapids that provide a capacity greater than 1,900.

It should be noted that the following section of this study focusing on outdoor sports discusses the potential for a new Grand Rapids outdoor venue for professional soccer. If developed, such a new outdoor soccer stadium could provide approximately 6,000 to 7,000 seats and would have the potential to attract some level of outdoor concert activity.

4.3.2 *Conversations with Concert Promoters*

To begin to understand the potential market for a large scale outdoor amphitheater in Grand Rapids, we conducted interviews with a select set of concert promoters that could potentially utilize such a venue. Comments among those interviewed are noted below.

- Overall interest in a new outdoor live music venue in Grand Rapids was moderate.
- The economy in Grand Rapids is a strength relative to many Michigan markets.
- Promoters expect that some “A” level acts could be attracted to the facility, but that the majority of event activity would consist of “B” level acts and some “C” level acts.

- A new amphitheater could serve as a stopover venue for acts traveling between markets including Detroit, Chicago, Indianapolis and/or Cleveland.
- Combined, the three suburban Detroit amphitheaters host approximately 90 concerts each summer.
- The touring season for outdoor shows is very compressed in the northern states. There is uncertainty that the market could capture enough shows in limited three-month window to support the facility year round.
- Several existing venues provide summer competition and there are only a limited number of large-scale acts to play them. There are questions as to whether or not the acts would choose to play Grand Rapids with so many other options.

term necessity. As the population of Grand Rapids grows, its universities continue to develop and expand and as the local tourism industry evolves, market conditions should be monitored and the concept reevaluated.

4.3.3 Summary of Market Findings and Recommendations

A large-scale, outdoor amphitheater could potentially fill a gap in live entertainment venue inventory in western Michigan and allow the area to attract large and medium-sized concerts and other events from late May through early September.

However, the level of incremental event activity may not justify the significant investment that this project would require, especially if a new outdoor multi-use professional soccer stadium is developed. Based on past estimates adjusted for current conditions, potential development costs associated with this venue could approximate \$30 to \$35 million.

We therefore recommend the development of an outdoor amphitheater be considered as more of a long-term vision, as opposed to a short-

5.0 ATTRACTING PROFESSIONAL SPORTS

Over the past two decades, Grand Rapids has evolved into a thriving minor league sports market, successfully supporting the Grand Rapids Drive (NBA D-League), the Grand Rapids Griffins (AHL) and the West Michigan Whitecaps (Class-A), all of which are affiliated with Detroit's major league franchises. In a 2015 national ranking of minor league sports markets published by SportsBusiness Journal, Grand Rapids ranked 10th in the country, rising more than 150 spots from the four years prior.

Additionally, the Grand Rapids Football Club (GRFC), a part of the National Premier Soccer League (NPSL), has drawn the attention of Major League Soccer (MLS) for its record fan base in only its second full season. With this success has come discussions of ways in which Grand Rapids may potentially enter into the major-league market.

Opportunities to increase the professional sports footprint in Grand Rapids are evaluated throughout the remainder of this section.

5.1 The Four Major Sports

In order to gain a professional sports franchise from one of the four major leagues (NFL, NBA, MLB, NHL), Grand Rapids would either need to attract a new franchise through a league expansion or acquire an existing franchise. With Detroit currently being one of only 11 U.S. cities that has a professional sports franchise in each of the four major professional sports leagues, the Lions (NFL), Tigers (MLB), the Pistons (NBA) and the Red Wings (NHL), it is currently highly unlikely that Grand Rapids could attract a team in one of these leagues.

However, in speaking with team management and industry experts, the possibility exists for a move from the existing Class-A level in which the West Michigan Whitecaps play, to Class-AA or Class-AAA.

Currently, the Detroit Tigers AAA affiliate is the Toledo Mud Hens, based out of Toledo, Ohio. They are proximately located to Detroit and have been successful in their modern Fifth Third Field ballpark making them an unlikely candidate for Grand Rapids. If the Whitecaps desired to pursue a AAA affiliation, the Iowa Cubs, under the Chicago Cubs, would be a potential option, as they play in a 24-year old stadium and Grand Rapids is relatively proximate to Chicago. However, lack of alignment with the Detroit Tigers may hamper the ability to generate desired attendance levels.

Detroit's AA club, the Erie SeaWolves, of Erie, Pennsylvania, currently play in a 20-year old stadium. Although a more probable option, current conditions create multiple barriers for attracting AA baseball to Grand Rapids. For the franchise to move from A to AA, it is estimated to cost between \$10 million to \$20 million in fees and other capital expenses.

Additionally, and most challenging is the current geographical alignment of the league. There are three existing AA leagues, the Eastern, Southern and Texas Leagues. Akron, Ohio is the furthest west team in the Eastern league. With Grand Rapids being an additional five hours west, it would increase both the time and expenses related to traveling for league play. There have been discussions about potential league realignment to better accommodate the major league affiliates, but there is no definite plan or time-frame as to when and if it would occur. If a geographic realignment of the league did take place,

attracting a AA franchise to Grand Rapids may become a more feasible option and should be considered.

We recommend that the West Michigan Sports Commission and ownership of the Whitecaps stay in close contact with league officials to monitor further plans for geographic realignment. At that point, serious consideration should be given to pursuing a AA franchise for Grand Rapids.

5.2 Professional Soccer Overview

Although Grand Rapids is not likely to attract and support a professional franchise from the four major leagues, opportunity to enter the professional sports market still exists for Grand Rapids, through a professional soccer team.

The Grand Rapids FC had its inaugural season in 2015 as part of the Great Lakes Premier League (GLPL). Drawing an average of more than 4,500 attendees per game, the Grand Rapids FC's fan base



exceeded that of four National Premier Soccer League (NPSL) teams and 17 United Soccer League (USL) teams. Due to their success on the field as well as among fans, the GRFC became a member of the NPSL and played their first season in the league during the 2016 season.

Additionally, the GRFC will be adding a women's team for the 2017 season that will play in the newly formed United Women's Soccer League (UWS), a tier two league below the National Women's Soccer League (NWSL). As mentioned in a previous chapter, the state of Michigan has more than 92,000 youth soccer players making it the largest state without a professional soccer franchise. When considering only those states with a professional soccer franchise, Michigan ranks 9th of 23. With the success of the GRFC, the significant youth soccer participation and "The Grand Army" of fans, professional soccer provides the greatest opportunity for Grand Rapids to attract a professional sports franchise.

In the United States, professional men's outdoor soccer leagues are sanctioned by the United States Soccer Federation ("USSF") into one of three divisions: Division I – Major League Soccer (MLS), Division II – North American Soccer League (NASL) or Division III – United Soccer League (USL). The following diagram highlights the top four levels.

Exhibit 1 – Men's Soccer Divisions



The subsequent sections provide an overview of each professional soccer division.

5.2.1 Major League Soccer

The MLS inaugural season occurred in 1996, and over the past 20 years the League has grown from ten initial teams to 20 current teams. Within the next few years, the number of teams will increase to 24 and the League plans to expand to 28 teams by 2020.

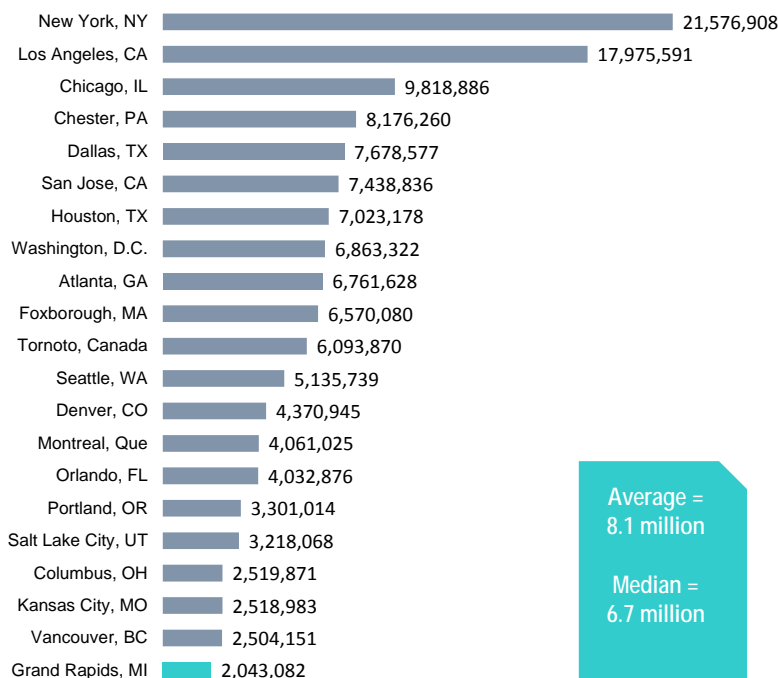
In 2015, the average league attendance per game was approximately 21,600 with a majority of teams playing in modern, soccer-specific

stadiums that offer a seating capacity ranging between 18,000 and 25,000.

Among current MLS teams with new soccer-specific stadiums, total project costs average approximately \$126 million. When including expansion franchise fees, which have ranged from \$5 million in early years to over \$100 million today with the potential to reach \$200 million in upcoming years, total investments for Grand Rapids could be in excess of \$300 million.

It is important to understand Grand Rapids' population relative to other MLS markets to assess its relative strengths and/or weaknesses, as population provides a strong indication of a market's ability to support a professional team as well as a soccer-specific stadium. The following exhibit compares the designated market area (DMA) populations of Grand Rapids to other MLS markets.

Exhibit 2 – MLS DMA Populations



As presented, average DMA population among current MLS markets is approximately 8.1 million, more than four times the DMA population of Grand Rapids. DMA population focuses on a broad region, more reflective of potential sports attendance draw than metro area population measures.

With a low population base relative to current markets, and with current plans underway in Detroit for a \$1 billion mixed use development plan to gain a MLS franchise, it is unlikely Grand Rapids could compete for or support a MLS franchise.

5.2.2 North American Soccer League

The NASL was founded in 2009 and consists of nine U.S. teams, two teams in Canada and one team in Puerto Rico. In 2017, the San Francisco Deltas will join the league, becoming the 13th team in the NASL. Although they do not have a formal affiliation with the MLS, the NASL intends to follow a similar expansion timeline with hopes to expand to 20 teams by 2018. Other markets for potential NASL expansion include Chicago, Hartford, Las Vegas, Orange County, and San Diego.

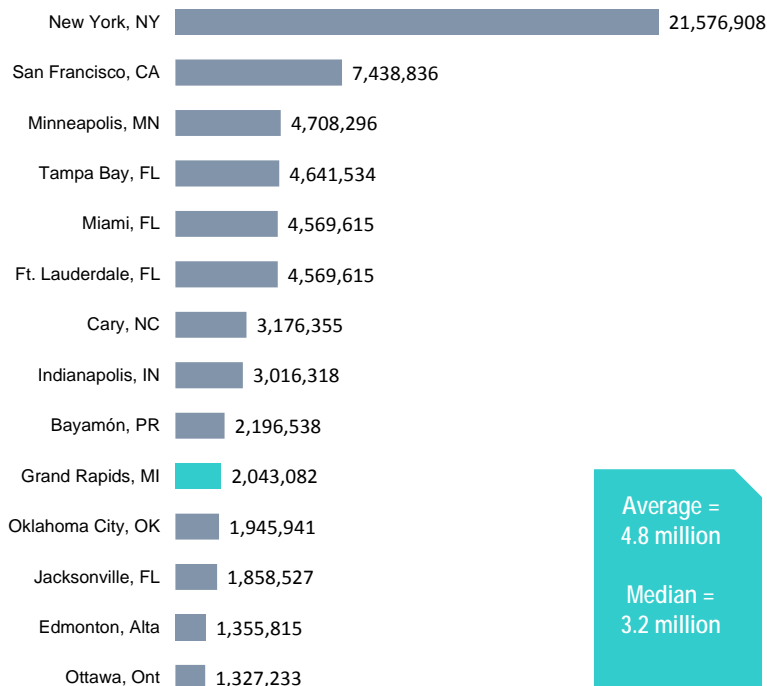
The NASL operates as a group of independent club owners. Under this structure, each team is a shareholder in the league and has an equal vote on league rules, contracts and expansion plans.

NASL teams typically play in multi-purpose stadiums that include high school, collegiate or municipal stadiums that offer seating capacities ranging from 5,000 to 24,000 seats, with an average of approximately 16,000. Average NASL attendance in 2015 was approximately 6,100 per game.

The franchise fees associated with a NASL expansion are significantly lower than that of the MLS, reported at approximately \$3.0 million to \$3.5 million per team.

A population analysis was conducted to understand the relative strength of Grand Rapids to current NASL markets. Exhibit 3 summarizes the results.

Exhibit 3 – NASL DMA Populations



As shown, current NASL DMA populations range from a high of 21.6 million in New York, New York to a low of 1.3 million in Ottawa, Ontario, with an average of approximately 4.8 million. Grand Rapids' DMA population ranks 10th among current markets. With this population level, consideration could be given to securing a NASL franchise for the Grand Rapids market.

5.2.3 United Soccer League

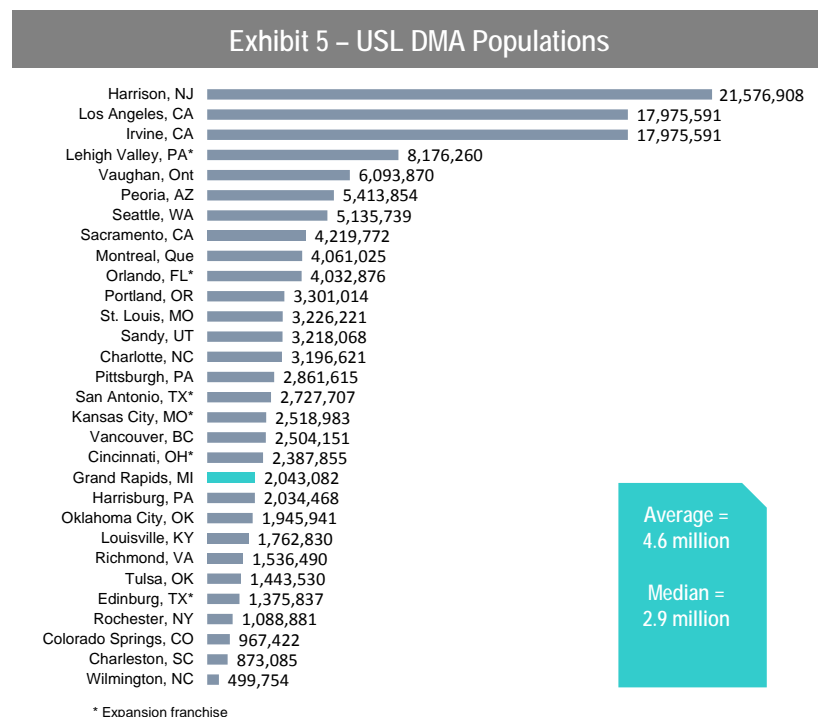
The USL is the third tier of professional men's soccer and began its inaugural season in 2011. Currently there are 29 teams in the league with plans to grow to 40 teams by 2020. The division is divided into two conferences (Eastern and Western), with each team playing 30 regular season games (15 home and 15 away). The top eight teams compete in the single-elimination USL playoffs. Additionally, USL teams compete against the MLS Reserve teams to accelerate player development and strengthen ties between the professional soccer leagues throughout the country.

As of the 2016 season, there are 11 USL teams owned and operated by MLS clubs and nine teams that are affiliated through MLS Reserve teams and training centers. The map below presents the locations of USL franchises.

Exhibit 4 – USL Map



An analysis of DMA populations among current and expanding USL franchises relative to Grand Rapids is presented below.



Grand Rapids' DMA population of approximately 2 million ranks 20th among the existing USL markets, suggesting a viability for a franchise in Grand Rapids.

It is also important to note that smaller market clubs can draw comparatively strong attendance levels relative to markets with significantly larger population bases. The ability to draw high attendance levels is dependent on a variety of factors beyond market size including the overall marketing efforts of team management,

stadium location, game-day environment, cost of attendance, team performance and competition within the local markets for entertainment spending.

The average stadium hosting USL teams has a seating capacity ranging from a low of 2,000 to a high of 40,000, averaging approximately 9,400. It should be noted that the average number of fans per game during the 2015 was approximately 3,220, nearly 1,300 less than the average attendance of GRFC games during the same season. As of the 2016 season, 15 of the 29 teams play in soccer-specific stadiums, five of which have been constructed within the past five years. Seating capacities among soccer-specific stadiums average approximately 8,000. The chart on the following page summarizes select recently developed soccer-specific USL stadiums.

Exhibit 6 – Recently Constructed Soccer-Specific USL Stadiums

	Toyota Field	Highmark Stadium	RGVFC Stadium	Bonney Field	AVERAGE
					
Development					
City, State	San Antonio, TX	Pittsburgh, PA	Edinburg, TX	Sacramento, CA	
Team	San Antonio FC	Pittsburgh Riverhounds	RGV Toros FC	Sacramento Republic FC	
Year Opened	2013	2014	2016	2014	2014
Owner	Bexar County, City of San Antonio	Pittsburgh Riverhounds	RGV Toros FC	Sacramento Republic FC, Cal Expo, Ovations Food Service	Public
Operator	Spurs Sports & Ent.	Pittsburgh Riverhounds	RGV Toros FC	Sacramento Republic FC	Team
Project Cost (\$MM)	\$24.0	\$10.2	\$35 - \$40	\$4.6	\$19.1
Project Funding (% Public/Private)	0/100	26/74	N/A	0/100	9/91
Lease Term (years)	50	5	-	2	19
Facility Details					
Location Type	Suburban	Urban	Suburban	Urban	
Soccer Capacity	8,296	4,000	9,600	11,242	8,285
Total Capacity	13,000	10,000	9,600	15,000	11,900
Field Type	Natural Grass	Natural Grass	Natural Grass	Natural Grass	Natural Grass
Total On-Site Parking Spaces	3,500	-	3,200	15,000	7,233
Premium Seating					
Club Seats	864	200	0	200	316
Average Annual Cost	\$525	\$560	\$0	\$825	\$478
Luxury Suites	16	15	0	-	10
Average Annual Cost	\$25,000	\$28,000	\$0	-	\$17,667
Annual Performance					
Total Annual Events	26	25	-	32	28

As presented, average soccer seating capacities among the stadiums reviewed is approximately 8,300, with total capacities averaging approximately 11,900. Additionally, recently constructed soccer-specific stadiums average more than 300 club seats and ten luxury suites. Toyota Field in San Antonio was strategically built for the purpose of an expansion if able to secure a MLS franchise. The current stadium has the ability to be expanded up to 18,000 seats, needed to meet the minimum requirements of the MLS.

The majority of funding for these stadiums was accessed through private sector investment. The Highmark Stadium in Pittsburgh received the most public funding of stadiums reviewed, at approximately 26 percent of total project costs, \$2.2 million of which was provided by Federal New Market Tax Credits, with the remaining public dollars provided by a loan from the Pittsburgh Urban Redevelopment Authority. In addition to development costs of a potential stadium, it is estimated that USL expansion fees range from \$1 million to \$2 million.

There are three core elements in determining whether a market could successfully support a USL franchise; the market population, the local ownership and a soccer-specific stadium. Additionally, consumer fan base as well as corporate base are deemed of vital importance.

Representatives of the USL have noted that Grand Rapids is an ideal market for a potential expansion for their league. In speaking with League representatives as well as local stakeholders, we believe the USL lends the greatest opportunity for Grand Rapids to further penetrate the professional sports market.

In order to best present Grand Rapids as a viable expansion market, it will require collaboration among many local organizations including, but not limited to, the GRFC, local investment partners, City officials and the West Michigan Sports Commission, among others. It is recommended that a soccer-specific stadium analysis be conducted to determine particular sizing elements, economic impacts, stadium features, ideal locations, financial performance, and funding partnership options.

At some point, formal meetings both at the USL headquarters as well as in-market visits should be initiated, followed by the submittal of a formal application. If all of the necessary steps are taken, we believe that Grand Rapids can successfully attract and support a USL franchise and expand the destination brand as a professional sports market.

6.0 ENHANCING AMATEUR SPORTS OFFERINGS

The amateur sports industry is perhaps one of the fastest growing travel segments in the country. A report recently released by the National Association of Sports Commissions stated that travel associated with amateur sports has grown by more than 20 percent within the past three years. Additionally, visitor spending has seen rapid growth, from approximately \$8.3 billion in 2012 to \$9.45 billion reported spending in 2015. The strength of sports tourism can be seen nationwide as destinations are spending millions of dollars investing in state-of-the-industry “megafacilities” and funding new departments with the sole purpose of attracting national sporting events to their facilities and destination. An aerial image of such a complex in Overland Park, Kansas is presented below.

Overland Park Soccer Complex – Overland Park, KS

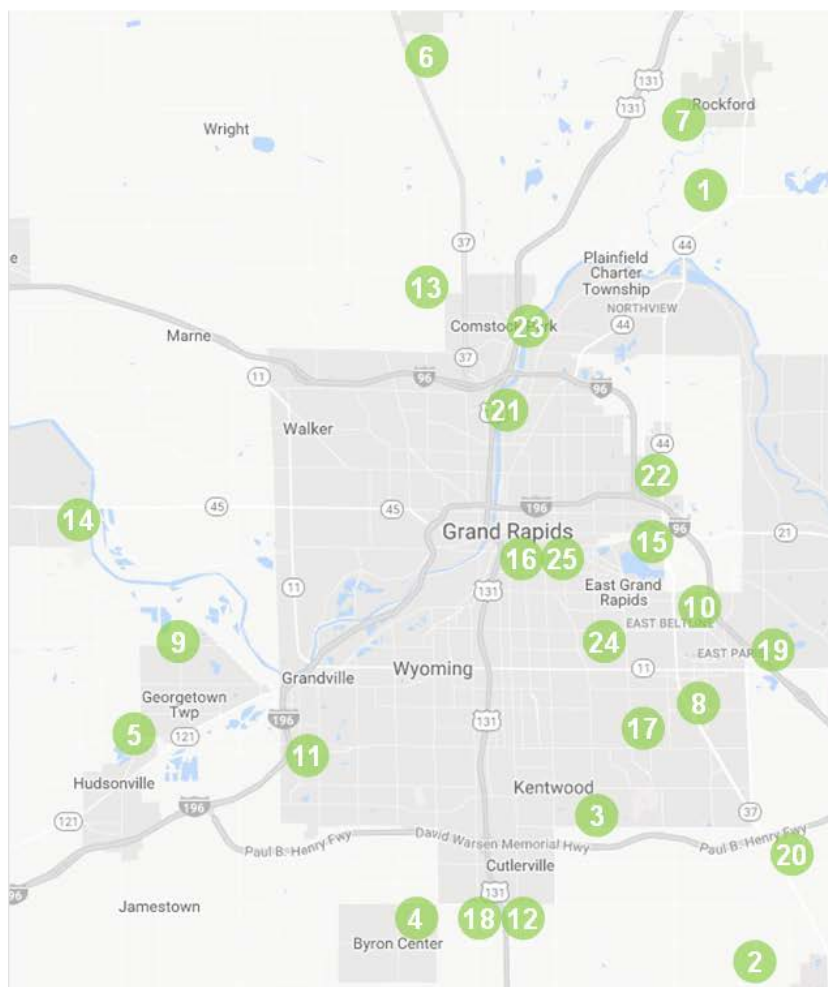


Leaders in Grand Rapids understood the significance of the sports tourism industry, with the creation of the West Michigan Sports Commission in 2006, the Sports Facility Inventory Analysis and Report commissioned in 2007 and subsequent investment in such facilities as the Art Van Sports Complex that opened in 2014. Through these efforts, the Grand Rapids destination has successfully attracted major tournaments and competitions.

In conducting interviews with local stakeholders and sports organizations as well as tournament organizers, among other research, it is clear that Grand Rapids has successfully established itself as a viable amateur sports market. Significant opportunities still exist to allow Grand Rapids to continue to expand as a premier amateur sports destination. The remainder of this section analyzes current conditions as they relate to outdoor amateur sports facilities, and identifies areas of opportunity for potential future investment to drive new revenue and economic impact to the market.

A map of existing outdoor sports facilities is found on the following page.

Exhibit 1 –Greater Grand Rapids Outdoor Fields Map (1)



- (1) Sample only, not a comprehensive list.
 (2) Currently under construction.

Key	Venue	City	Baseball	Softball	Rectangle	Total
1	Rockford High School	Rockford	3	3	8	14
2	Cal-Plex	Caledonia	1	3	7	11
3	East Kentwood High School	Kentwood	2	2	7	11
4	Whistlestop Park	Byron Center	4	4	3	11
5	Port Sheldon Sports Complex	Hudsonville	2	3	5	10
6	Sparta Township Sports Complex (2)	Sparta	1	5	3	9
7	Art Van Sports Complex	Rockford	2	6	0	8
8	Christian Athletic Complex	Kentwood	0	8	0	8
9	Jenison High School	Jenison	2	2	4	8
10	Gainey Athletic Facility	Grand Rapids	2	3	2	7
11	Grandville High School	Grandville	2	1	3	6
12	Earle Brewer Park	Byron Center	0	1	5	6
13	Alpine Township Sports Complex	Comstock Park	0	3	2	5
14	Grand Valley State University	Allendale	1	1	3	5
15	Manhattan Park	Grand Rapids	0	3	2	5
16	Catholic Central High School	Grand Rapids	1	1	2	4
17	Crestwood Middle School	Kentwood	0	0	3	3
18	Douglas Walker Park	Byron Center	0	1	2	3
19	MSA Fieldhouse	Grand Rapids	0	0	3	3
20	Farmers Athletic Complex	Caledonia	1	1	0	2
21	Riverside Park	Grand Rapids	0	0	2	2
22	Dewitt Baseball Stadium	Grand Rapids	1	0	0	1
23	Fifth Third Ballpark	Comstock Park	1	0	0	1
24	Grand Rapids Christian High School	Grand Rapids	0	0	1	1
25	Houseman Field	Grand Rapids	0	0	1	1
Total			26	51	68	145

As shown, there are currently a large number of facilities in the region, a combined total of more than 150 triangle and rectangle fields. However, the facilities are fragmented throughout the greater Grand Rapids area and overall there is a lack of a significant concentration of such facilities in a single location. Large regional or national amateur sporting events (often using twenty or more fields) would require the use of five to ten broadly dispersed facilities in order to accommodate the tournament.

A potential new sports complex within an area that offers a critical mass of fields for a particular sport would likely make the Grand Rapids area a more marketable tournament destination, as the potential complex could serve as the central tournament location, rather than spreading games across a number of smaller field facilities.

The following recommendations are intended to support Grand Rapids' effort to significantly increase event and room night activity from the amateur sports sector.

6.1 Baseball/Softball Fields

As previously presented, there are more than 80 baseball/softball fields in the greater Grand Rapids area. The largest facilities are the Art Van Sports Complex, Christian Athletic Complex, Sparta Township Sports Complex and Whistlestop Park, which offer between six and nine fields. Since the opening of the Art Van Sports Complex, Grand Rapids has attracted large tournaments that have generated significant economic impact to the area, exceeding booking projections within its first year of operations. Long term consideration should be given to expanding the Art Van Sports Complex in line with existing Phase 2 plans that include:

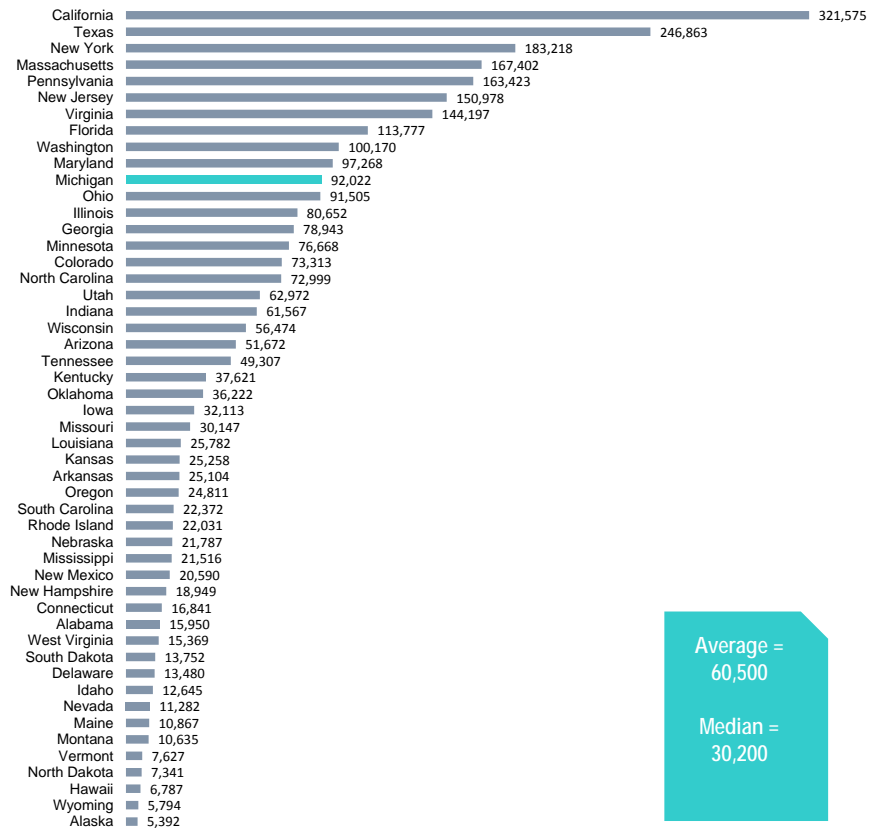
- Four 300-foot fenced fields with skinned infields and portable mounds
- Restroom and concessions building
- Covered dugouts
- Bleacher seating (100 seats per side, per field)
- Scoreboard and foul ball netting
- Warm-up areas
- Parking for 807 cars (initial phase to accommodate 400+ cars)
- Boulevard landscaping
- Play structure
- Picnic shelters

6.2 Rectangle Fields

According to US Youth Soccer, the state of Michigan has one of the largest and fastest growing youth soccer participation levels in the country. The exhibit on the following page summarizes youth soccer participation across the US during the 2013/2014 season.

As shown, during the 2013/2014 youth soccer season, there was an average of approximately 60,500 participants per state in the country. Michigan, with more than 92,000 youth soccer participants, ranks 11th in the nation, and first in the Midwest region. Additionally, Michigan has seen an increase of more than 2,000 players from two years prior.

Exhibit 2 – 2013/2014 US Youth Soccer Players by State



According to Esri, a geographic information software, in 2016, the City of Grand Rapids had more than 5,700 households that participated in soccer within the past 12 months. Further, there were nearly 17,400 households who participated in soccer within the past 12 months throughout Kent County. With the limited inventory of current facilities, there appears to be a significant amount of unmet demand for amateur soccer facilities in the greater Grand Rapids area. For example, when local groups host state or regional tournaments, they are forced to spread games across eight to ten facilities.

Multiple organizations have proposed or have begun to investigate opportunities and funding for a major complex development within the greater Grand Rapids area. Ultimately, in order to accommodate the needs of local organizations as well as large non-local tournaments, serious consideration should be given to the development of a field sport tournament complex. The exhibit on the following page summarizes comparable existing complexes including facility offerings, development costs, funding and annual performance measures.

Exhibit 3 – Comparable Rectangle Facilities

	Grand Park	Chappapeela Sports Park	Elizabethtown Sports Park	Overland Park Soccer Complex	Dick's Sporting Goods Park	Toyota Soccer Center	Maryland SoccerPlex	Lawrence Soccer Complex
Development and Funding								
Market	Westfield, IN	Hammond, LA	Elizabethtown, KY	Overland Park, KS	Commerce City, CO	Frisco, TX	Germantown, MD	Lawrence, IN
Year Opened	2014	2013	2012	2009	2007	2005	2000	2000
Construction Cost	\$49 million	\$17 million	\$31 million	\$36 million	\$51.5 million	\$80 million (1)	\$22.1 million	\$5.7 million
Project Funding (% Public/Private)	100/0	100/0	100/0	100/0	82/18	69/31	41/59	100/0
Funding Details	TIF, sponsorship revenues, City infrastructure fund	15-yr ad valorem tax	2% City restaurant tax; \$1.7 mil in surplus funding reserved for capital improvements	General Bond secured by hotel tax increase from 6% to 9%	-	-	-	-
Facility Size								
Total Acreage	360	90	150	96	140	140	-	60
Rectangle Fields	31	23	12	12	24	17	24	15
Triangle Fields	26	12	12	-	-	-	-	2
Total Fields	57	35	24	12	24	17	24	17
Annual Event Performance								
Annual Tournaments	75	36	20	23	30	25	17	8
Annual Attendance	664,700	-	-	996,000	500,000	350,000	650,000	285,000

(1) Includes a 21,200-seat stadium

As shown, the eight identified facilities have opened within the past 16 years ranging in costs from a low of approximately \$5.7 million to a high of \$80 million. Five of the eight facilities were funded 100 percent publicly through TIF financing, increased taxes (i.e. restaurants, hotels, etc.), revenues from sponsorships, among other sources.

The average facility offers 20 full-sized rectangle fields. Comparable complexes host between a low of eight and a high of 75 tournaments annually, with an average of 29 tournaments and average annual attendance of approximately 574,300.

Understanding that the goals of a potential multipurpose sports complex are to meet the needs of local citizens, drive new revenues, and generate economic impact through new visitation and associated spending, a building program recommendation has been developed for Grand Rapids consisting of 12 to 20 rectangle fields. Specifically:

- Rectangle fields = 12 to 20 multi-sport fields:
 - synthetic turf with some grass fields.
 - 345' x 210' per field.
- Additional characteristics/amenities:
 - Lighting for all fields to maximize utilization periods.
 - Restroom and concession facilities.
 - Pavilion and field operations building.
 - Warm-up areas.
 - Park entrance signage.
- Parking capacity for minimum of 75 spaces per field.

Site acreage requirements:

- Minimum rectangle requirements = 1.7-2.1 acres per field (195'-225' x 330'-360' with minimum 10' clearance on all sides).
- Based on a review of state-of-the-industry complex developments, actual per field acreage deployment (including parking, circulation, support facilities, etc.) = 4.5 – 5.0 acres per field.

Although synthetic turf fields can cost upwards of \$800,000 to install (versus \$300,000 for natural grass), annual maintenance for a synthetic turf field can cost approximately \$10,000, while natural grass can cost upwards of \$40,000 per year for rectangle fields. Fast moisture draining, recovery and durability of synthetic fields result in a significant reduction in cancelled tournaments and games due to inclement weather relative to natural grass/dirt fields. This leads to enhanced marketability for tournaments and higher, and more consistent, use/attendance levels. Synthetic fields also are estimated to increase the number of playable hours by approximately 50 percent due to the ability to withstand weather conditions, and have a useful life of between 10 and 15 years. Once synthetic turf fields are in need of replacement, costs to re-install are half of the initial costs as the foundation, base, and drainage system can be re-used.

In addition to soccer, a complex of this magnitude has the ability to accommodate the growing popularity of local field hockey, flag football, lacrosse, rugby, ultimate Frisbee, among others.

7.0 LEVERAGING THE GRAND RIVER

The existence of a major river in any downtown area can be leveraged as a highly valuable and impactful visitor asset. Cities from Minneapolis, MN to Augusta, GA are considering opportunities to better leverage their urban rivers as an asset for both residents and visitors.

An urban river area can “check numerous boxes” with respect to competing in the visitor industry, including providing a unique and authentic experience, catering to increasing interest in outdoor adventure, leveraging relevant commercial development (restaurants, retail, etc.), and serving as a form of urban attraction.

In GR Forward, the Grand River was referred to as:

“the game-changer for Grand Rapids that can help to attract talent and elevate the City as a unique destination, a catalyst for development and an amenity for the region. The River corridor presents the opportunity to offer a range of connected, unique experiences around outdoor adventures not usually found within urban centers.”

Ultimately, the River component of GR Forward seeks to guide the creation of a unique and desirable place for the people that live and work in the area. Elements of whitewater rafting, kayaking, canoeing, fishing and walking are carefully laid out. Connectivity to regional trails including the White Pine, Butterworth and Grand River Edge trails are called for. Access points to the River are identified at numerous areas, including a new Adventure Park south of Sweet Street, the area near Coldbrook Street and the River, Canal Park, Lyon Square and the

Public Museum in the downtown area, and the area near Fulton Street and the River.

The initial restoration project is currently budgeted at approximately \$35 million to \$40 million, with construction on the three phased project targeted to begin in 2017/18 with completion by the end of 2023. Specific objectives of the project include:

- Restore the River as the draw and create a connected and equitable river corridor.
- Reinforce the Grand Rapids whitewater initiative.
- Make Grand Rapids a hub in a regional trail system.
- Enhance neighborhood access to the River.
- Create the Outdoor Adventure City.

Beyond the initial investment tied to the restoration project, longer term plans envision private hospitality investment for restaurants and retail components, and continued public investment in supporting the River including overlooks and a highly active River island concept. This type of long term investment would create a destination asset that is highly unique and authentic, and that can help attract visitors to the market.

In this Destination Asset Study, we focus on the Grand River more directly from the perspective of the visitor. Before developing recommendations designed to generate visitation through River investment, we have conducted analysis of several other domestic U.S. markets that have made investment in their urban riverfront.

CASE STUDY

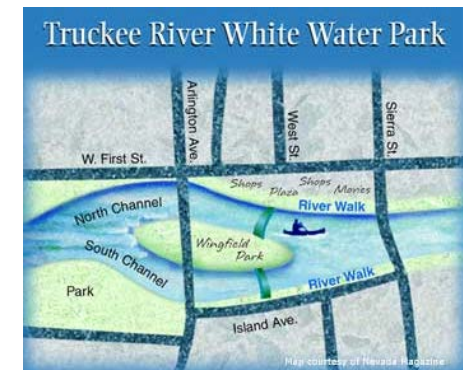
The Truckee River Whitewater Park – Downtown Reno



The Truckee River Whitewater Park in downtown Reno was developed by the Reno Redevelopment Agency, and opened in 2004. The class two and three rapids run 2,600 feet, with 11 drop pools. The rapids can be accessed with kayaks, canoes, inner tubes and rafts. Pedestrian walkways run along the River banks.

There is a very active visitor commercial component to the Riverwalk in the downtown area, inclusive of over 30 restaurants, retail shops, museums and galleries, and other establishments. With the Whitewater Park, these form a very walkable base of visitor assets in the downtown area.

The Riverwalk Merchants Association is active in producing events in the area including the Wine Walk, music festivals, tattoo competitions, and other unique events that are attractive to visitors.



CASE STUDY

RIVERSPORT Rapids – Oklahoma City



Local option sales tax revenues were used to fund a \$45.2 million whitewater kayak, rafting, tubing, and river boarding facility in downtown Oklahoma. RIVERSPORT Rapids offers Class two to four rafting in the downtown area, with raft guides, equipment rental and other features critical to allow for effective visitor access. The facility encompasses the Oklahoma River, and uses a “conveyer belt” to move riders to the headwaters.

The downtown River experience includes an outfitter/retail component, opportunities for lessons, camps, access to bike/hike trails, mountain bike/BMX courses (the largest composite bike course in the country), zip lines crossing the River, ropes courses, rock climbing and other features.

In essence, the Oklahoma River has been used as a base for a world-class outdoor adventure attraction that can generate significant visitor industry impact and cater to residents.

The complex is operated by RIVERSPORT OKC under the umbrella of the Oklahoma City Boathouse Foundation, a 501 (c) 3 nonprofit. The Foundation also manages numerous national and international rowing, canoe/kayak and other water-based events including US Olympic Trials and the International Rowing World Challenge. Foundation and private corporate donations were used to fund several world-class boathouses to facilitate University use and these types of international competitions.

In both Reno and Oklahoma City, a highly unique and impactful visitor amenity has been developed based on the existence of a downtown river feature. These can be considered somewhat of a “proof of concept” for investment in a downtown Grand Rapids river asset and its ability to have a meaningful impact on both visitation and quality of life for residents.

7.1 The River as an Attraction for Visitors

The plans described in GR Forward fully capture the vision for an active, urban water feature, including kayak, fishing and boating. Over time, the River experience in Grand Rapids can become a primary focal point for visitors of all types – leisure, visiting family/friends, and even convention attendees. With a five-year timeline for many of the initial investment and development initiatives, the GR Forward plan for restoration of the River should be aggressively supported and pursued by the public sector, foundations and the private sector.

Further, it is important for leadership, both public and private, to recognize the need to continue River asset development, creating an ease of access for the visitor that is often lacking in other urban locations with river features. Specific initiatives that should be undertaken to create this ease of access are described below.

7.1.1 *Development of a River Destination Center*

Virtually all destination planning initiatives conducted recently for the Grand Rapids area reference the importance of investment in the River. As previously noted, numerous access points are called for within the downtown area, including a major node at Lyon Square. Design planning is underway for this node calling for landscaping, paving, seating, bike racks, lighting, multiuse paths and boat launch capabilities.

To fully embrace the opportunity to serve as a visitor asset, these amenities, particularly the pathways and ability to “get on” the River have to be made highly accessible for the visitor. Visitors to the destination often do not have access to a convenient mode of transportation, necessary equipment, or an understanding of the process required to access the River.

In order to facilitate this access, serious consideration should be given to creating what we refer to as a River Destination Center. This would serve as a type of visitor and interpretive center, inclusive of a retail component; facilitation of kayak, canoe, paddle board and other watercraft rental; bike rental and trail services; River interpretive space; food service; personal item locker or storage space; and other functions. The Center would be staffed to provide many of these services.

In order to be effective, the Center must be located very close to Lyon Square. A portion of the existing Exhibitors Building, owned by the Amway Hotel Corporation, could provide such space. The building corner closest to Lyon Square at the River is currently vacant, however discussions are underway with prospective office tenants. We

recommend immediate discussions with owners to explore the viability of securing approximately 3,000 to 5,000 square feet of space in the building, and the possibility of creating a more open storefront towards the River.

Exhibit 1 – Exhibitors Building – corner on Lyon Square



GR Forward highlights areas along the River that should be targeted for enhanced pathways. DGRI is also researching a downtown bike share program that would include a station at Lyon Square and other points along the River. Other transportation elements that should be developed in accordance with the GR Forward plan include the following.

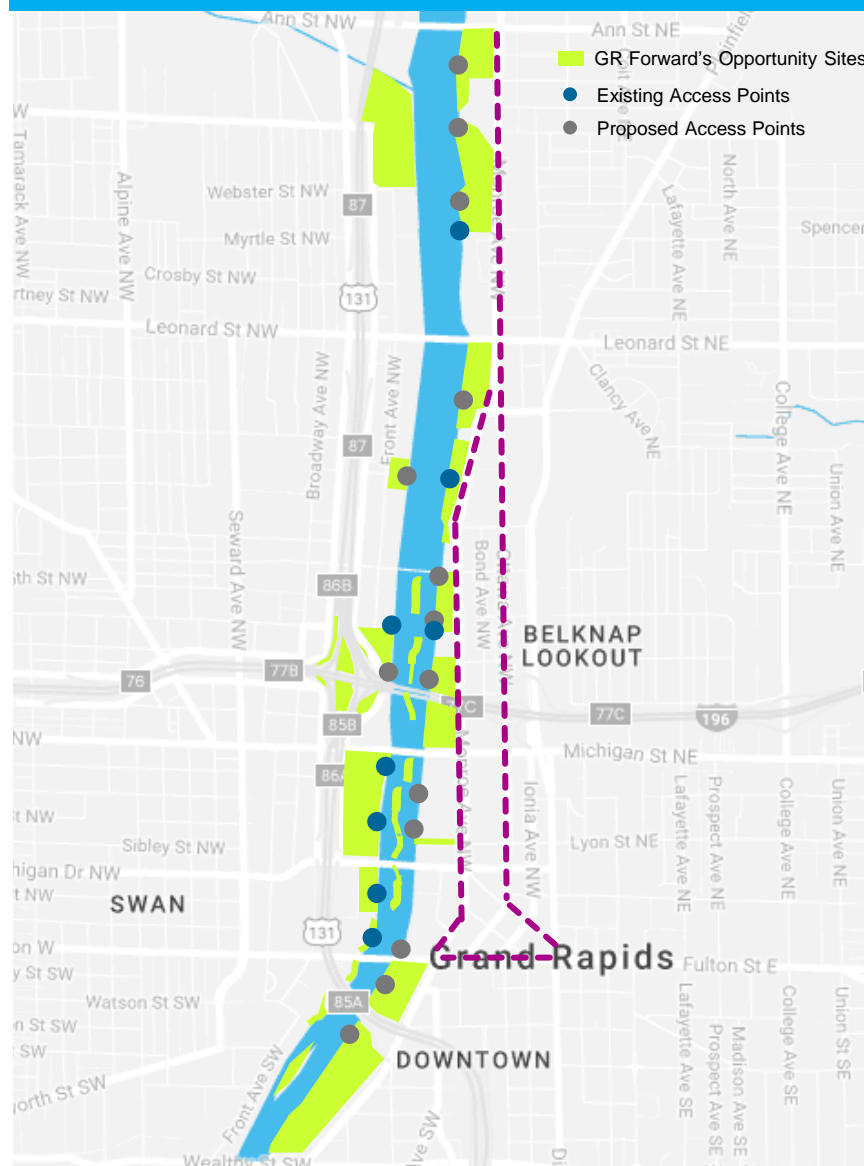
- Allow for bike and pedestrian traffic. This will require a cantilevered solution in some places, referred to in GR Forward as the Medium Cost option.
- Work with the bike share vendor to ensure bikes are located in need areas. This may require transporting bikes from point to point, depending on the volume of rentals and the specific pick-up/drop-off patterns.
- Consider a combined bike/kayak/canoe share system. Such a program is currently under consideration in Minneapolis.

This type of transportation amenity would facilitate the ability of a visitor to experience the River without use of any form of owned personal transportation.

7.1.2 Transportation Elements

As noted above, it will be critical to facilitate ease of transportation for the visitor to key access points on the River north of downtown. The visitor can then use kayak, canoe or other modes to traverse south to one of the designated exit points, either at Lyon Square or 201 Market. To reach the northern access points, the use of bike rentals combined with the redevelopment of Riverside pathways will be critical.

Exhibit 2 – Critical Visitor Industry Opportunity Sites



We also suggest incorporating the DASH system into visitor-oriented River transportation system. Visitors could access the DASH shuttle at the River Destination Center (or other areas downtown on a defined visitor spine), reach key put-in points, traverse the River, and exit at various locations, also serviced by shuttle. The adjacent map highlights the numerous “opportunity sites” outlined in GR Forward, various existing and potential access points, and the points we suggest are critical to the visitor industry.

The map also highlights a potential trolley route connecting a point north at Coldbrook, Lyon Square, and the 201 Market Avenue area to the South.

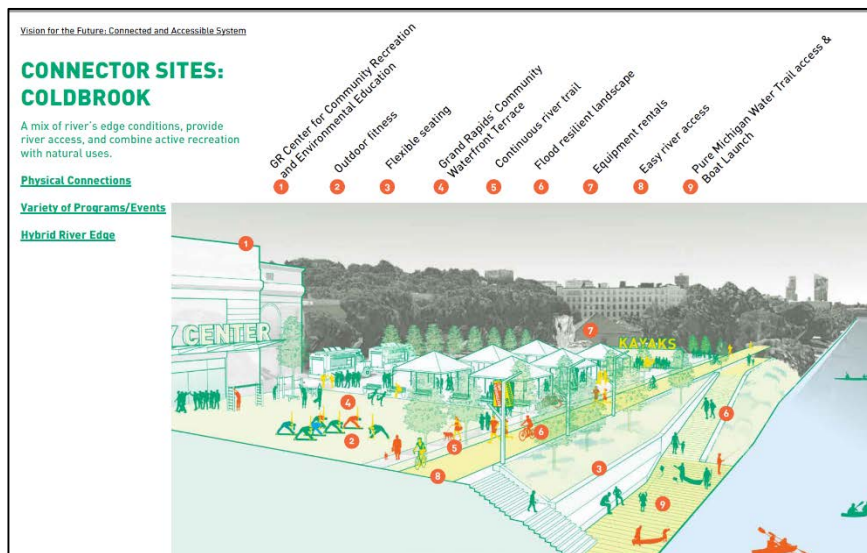
The City GR Mobile and Parking Services Department has reorganized the routes for the DASH shuttle, effective September of 2016. In order to achieve the visitor convenience envisioned in this Study, a further refinement of these routes would be needed. This is discussed in more detail in the Transportation Section.

7.1.3 River Access Points

GR Forward has identified several points north of downtown that could provide river access for kayaks, canoes, paddle boards and other watercraft. These include new Adventure Park and a site near Coldbrook and the River.

The recent Grand Rapids Parks & Recreation Strategic Masterplan highlights numerous elements of River investment, including a key feature at the Coldbrook site just north of Canal Park.

Exhibit 3 – GR Parks & Rec Connector Sites



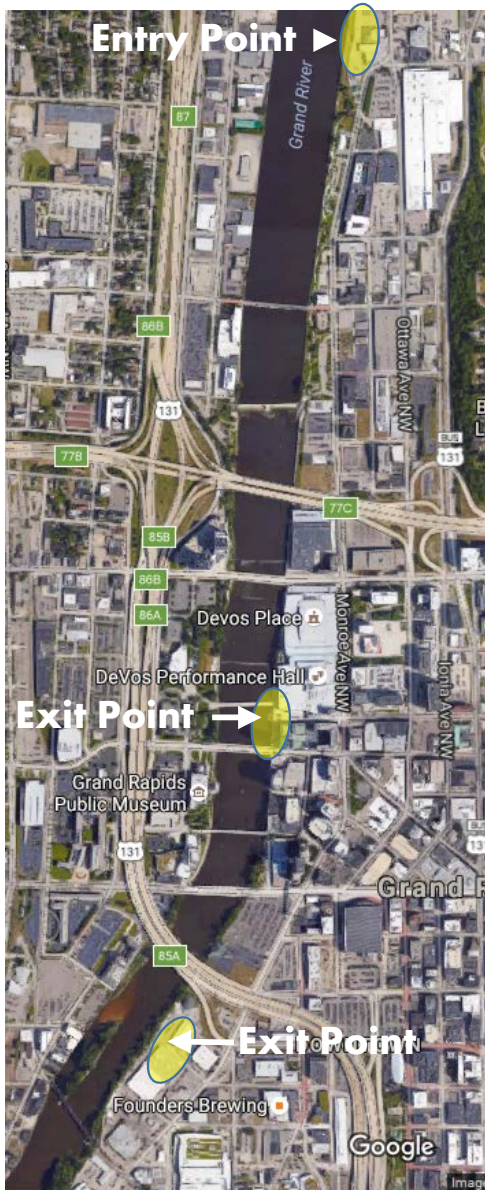
Source: Grand Rapids Parks & Recreation Strategic Masterplan

The image above is highly reflective of the concept we believe is highly appropriate for a visitor-friendly destination asset, working in

partnership with the downtown River Destination Center to create a highly desirable and marketable visitor asset. The Coldbrook location is also sited to allow for a relatively timely trip from downtown (via bike or trolley), and a return trip to downtown via watercraft.

In addition, access at Lyon Square and the city-owned site near 201 Market Avenue should be focused on. DGRI and various planning partners are currently in the conceptual planning stages for the Lyon Square site. In addition, portions of the 201 Market site should be developed in a fashion similar to the Coldbrook site with public River access and a connection to the River trail system. Landscaped pedestrian access from 201 Market to Founders Brewery and other area hospitality establishments should also be developed to enhance the overall River and hospitality experience.

The map on the following page highlights the northern entry point onto the River, and the Lyons Square and 201 Market Avenue sites allowing for exiting the River.



7.1.4 *The River Experience for the Visitor*

The River Destination Center, transportation access and visitor-oriented access sites will create a highly unique, authentic and entertaining experience for visitors to Grand Rapids. We also believe that when marketed extensively, the overall River experience will create increases in visitation and highly valuable national and even international exposure and PR for the destination.

The ability to recruit companies to the market will benefit, as will the ability to attract additional downtown residents. The concept of bringing the rapids back to Grand Rapids becomes a compelling story, as well as a highly impactful destination asset.

Descriptions of the types of visitor experiences that could be facilitated by such a Center can be described in many ways.

- Visitors in town to see friends or relatives plan a day downtown, including lunch at a unique local restaurant, a walk to the River and a stop at the Destination Center, renting bikes and taking a ride along the River trails. After a stop at the Coldbrook site, they take a kayak ride back to Lyon Square. Maybe a repeat performance with another ride on the River. Afterwards, a walk to the Public Museum and later a dinner at another downtown restaurant.
- A convention attendee has a half-day of free time to spend in town, arrives at the River Destination Center and signs up to rent a kayak and the necessary gear. The DASH shuttle takes her to the Coldbrook site to begin a River adventure ride that takes her to the 201 Market Avenue site south of Lyon Square. After getting out, she and her friend walk over to Founders Brewing Company to eat, and later take the shuttle back to the River Destination Center.
- A couple are in town for a concert and plan to stay overnight. Before the concert, they walk to the River Destination Center, sign up for a Segway tour of the River, followed by a guide-led kayak ride. The Segway tour ends at Coldbrook where they jump in kayaks to experience the River. They jump out at Lyon Square, purchase their Grand Rapids shirts and gifts, and return to the hotel to get ready for dinner and a concert.

We expect that these types of activities would take place daily, helping to create a Grand Rapids experience that is highly unique among competitive destinations.

7.1.5 A Navigable Corridor to Lake Michigan

Today, the 18 miles of the Grand River upstream from Lake Michigan are navigable via small watercraft. Studies have been conducted to assess the viability of dredging the remaining 22.5 miles reaching to Fulton Street in downtown Grand Rapids.

Preliminary research conducted in 2012 indicated that approximately 400,000 cubic yards of material would have to be relocated in order to create a 50-foot-wide corridor that facilitated small watercraft navigation capabilities to the Lake. Grand River Waterway, an entity organized by local land owners and developers to advocate for this type of project, operates with the following mission:

The Grand River Waterway Project is a new initiative that will benefit West Michigan by safely linking the Grand River water course from Lake Michigan to downtown Grand Rapids. This effort will result in greater economic vitality for our area of the state through enhanced recreational activities and increased tourism.

Their research suggests that the costs for dredging the proposed channel would approximate \$8.00 to \$10.00 per cubic yard, or \$3.2 million to \$4.0 million. Further research needed to evaluate the project would also yield accurate and detailed information as to objects and structure within the riverbed, helping to increase watercraft safety and allowing for the removal of major impediments.

Given the potentially modest cost, and the potential for visitors to reach Grand Rapids via small watercraft, we believe that further research of

this initiative should be considered for community support from public officials, foundations and economic development entities.

7.2 Operational Elements

While a well-developed River experience in Grand Rapids could be transformative in terms of providing a major visitor asset, this potential can only be realized under the direction of a functional, well-funded development and management entity.

GR Forward and the Grand Rapids White Water Briefing Book put forth recommendations with regards to governance of the River White Water operations. Goals referenced in the Briefing Book are presented below.

LONG TERM GOALS

Grand Rapids WhiteWater supports the formation of a governing body to provide long-term leadership, public engagement, fundraising, programming, stewardship, operations and maintenance services to the river and supporting infrastructure.

The governing body may be structured similarly to a recreational authority-like organization under Michigan law and/or an “improvement district” designation which could provide access to certain funding mechanisms.

SHORT TERM GOALS

- Involve community leaders capable of mounting a successful fundraising campaign and ensuring operating funds for the first 3-5 years after project completion.
- Identify people who can ensure the project is delivered on-time and on-budget by building strong relationships with all partners.
- Include representation from state and federal agencies whose support would prove helpful to securing public funding.

To move the Grand River Revitalization project to the next stage, an interim working group composed of representatives from the City of Grand Rapids, Kent County, Grand Rapids Whitewater and local community leaders committed to the project should be established in order to:

- Implement and further researching recommendations from the fundraising feasibility report and the Grand River Restoration Steering Committee's report.
- Develop a plan to transition the project to a new governing entity and secure trusted leadership needed to launch a formal capital campaign.

Current discussion, led by DGRI and other involved organizations, is taking place relative to future River development operational approaches.

8.0 Outdoor and Adventure Opportunities

There are numerous elements of outdoor and adventure that represent potential for the Grand Rapids market to increase visitation. Within this section, we identify opportunities to invest in and market these types of assets.

Not every market can provide a critical mass of outdoor adventure assets. For those that can, the impact can be significant. A 2015 Resonance Report conducted for the Grand Rapids CVB isolated markets such as Indianapolis, Louisville and Milwaukee as superior performers in the Sports and Adventure sector, with Grand Rapids rating fairly low. The 2015 Longwoods Study focusing on Grand Rapids visitor characteristics and impact estimated that six percent of visitors travel to Grand Rapids for outdoor activities (similar to national averages), compared to 59 percent traveling to the market to visit friends and family.

Given the tremendous magnitude of the outdoor and adventure visitor sector, investment targeted to improving these assets and gaining a greater market share should be considered.

The outdoor and adventure tourism industry is growing rapidly and has had measurable effects on numerous destinations worldwide. A 2016 study conducted by the Outdoor Foundation and the Outdoor Industry Association found that 48.4 percent of the U.S. population participated in an outdoor activity at least once in 2015. A 2014 economic impact report released by OIA calculated the annual spend on outdoor recreation at \$646 billion for equipment, apparel, travel, supplies and other areas.

The OIA report highlighted the most frequent types of outdoor activities participated in:

- Running, Jogging and Trail Running - 91 average outings per runner / 4.7 billion total outings.
- Road, Mountain and BMX Biking - 63 average outings per cyclist / 2.7 billion total outings.
- Freshwater, Saltwater and Fly Fishing - 19 average outings per angler / 886.5 million total outings.
- Car, Backyard, Backpacking and RV Camping - 15 average outings per camper / 587.2 million total outings.
- Hiking - 15 average outings per hiking participant / 542.5 million total outings.

The further development of trails and river amenities discussed later in this Study correlate well with the heavy use of trails for running, biking and hiking; and the prevalence of fishing as an outdoor activity.

To further emphasize the importance of this sector, the U.S. government is now tracking the share of the U.S. economy generated from outdoor activities as part of its Gross Domestic Product measurement.

We also suggest that outdoor adventure is not simply a millennial-focused phenomena. People over the age of 45 still represent the largest share of outdoor recreation participants. Further, we see signs nationally of a “millennialization of the boomer generation”. Adults of all ages are increasingly seeking unique and authentic experiences, oftentimes in the outdoor and adventure sector.

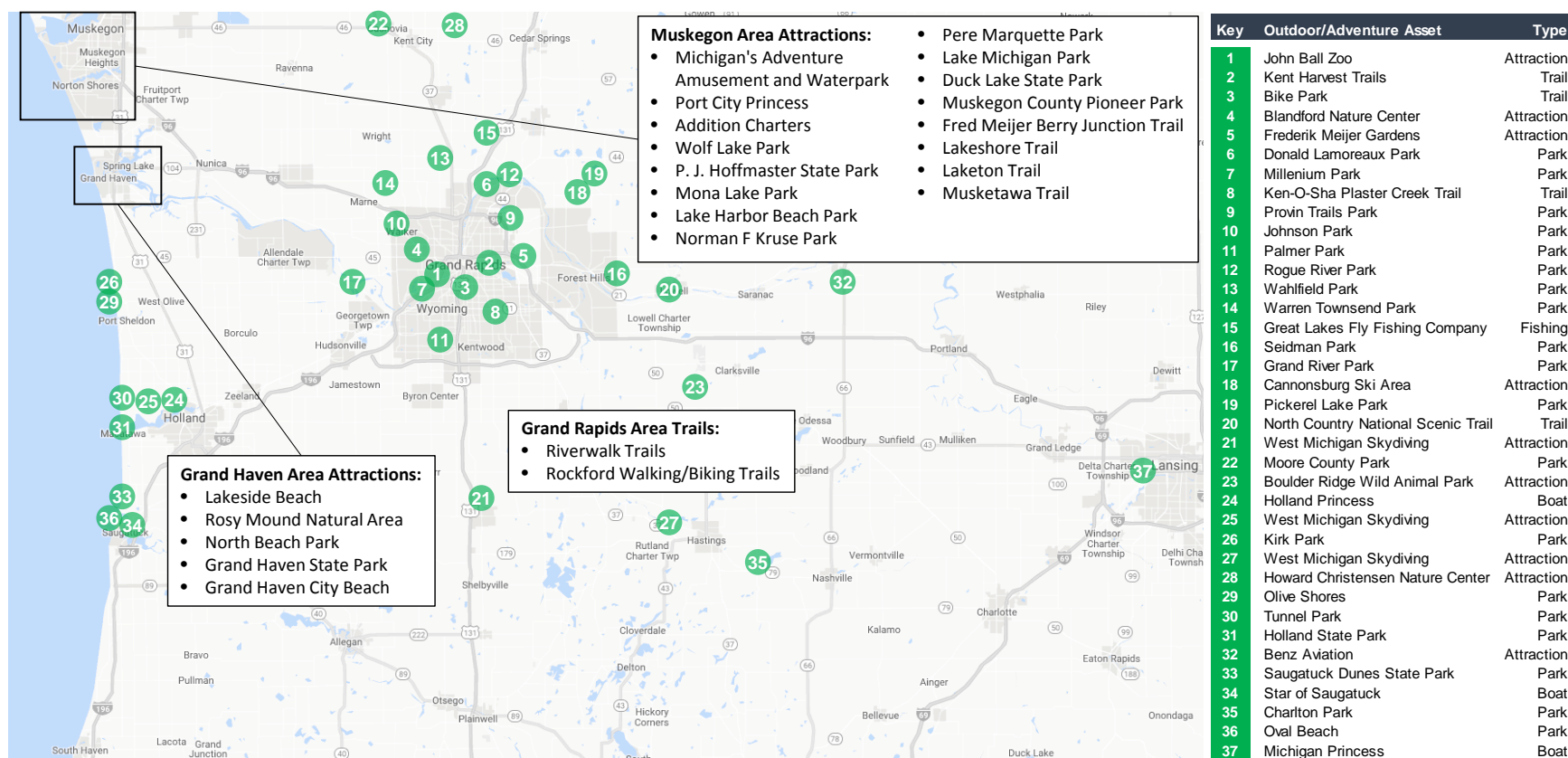
Previously, we presented summaries of many of the assets available in Grand Rapids and the surround area. Several of these existing outdoor and adventure assets include the following.

- Grand Rapids Urban Bike Park
- Ken-O-Sha Trail
- Riverwalk Trails
- Richmond Park Trail
- Millennium Park
- John Ball Zoo facilities
- Grand River
- Numerous professional and amateur sports venues

The combination of event facilities, trails, parks and the River (particularly with the planned restoration project) form a base of assets that can be developed and marketed further to increase visitation from this sector.

However, the assets listed above, by themselves, do not create critical mass. We have therefore evaluated assets within the broader western Michigan region as summarized in the following exhibit.

Exhibit 1 – Regional Outdoor and Adventure Assets



As noted above, there is a significant breadth of regional outdoor and adventure assets, reaching from various communities located on the Lake; regional trails, parks and nature centers; in addition to the assets in the greater Grand Rapids area.

The broader regional assets provide an opportunity to create a series of unique experiences that include overnight stays in Grand Rapids as a center point, traveling along “spokes” throughout the surrounding area.

For example, a multi-day itinerary could include several overnight stays in the Grand Rapids, experiencing the River, event venues, Meijer Gardens and other important assets. On day three, travel towards Lake Michigan by car (or even bicycle) for a two or three day stay at a bed-and-breakfast. Experience the beaches in Saugatuck, spend a day on the Lake. Visit the area parks and trails, and even go sky diving. We will discuss opportunities to continue to market the broader destination as part of a “hub and spoke” model in a later section of this report.

Primary opportunities for capturing a greater share of the outdoor and adventure market revolve around establishing a first class interconnected trail system, and continuing to leverage the Grand River (as previously discussed in this Study). Recommendations presented herein serve to both reinforce existing planning direction, and to add several elements that can create and market accessible product serving the visitor industry.

8.1 Support Plans to Develop an Interconnected Trail System to Connect Regional Assets

Various planning studies for the Grand Rapids area have focused on developing a more interconnected set of bicycle and walking trails. The Grand Rapids Parks & Recreation Strategic Master Plan highlights connectivity between the urban core and anchor areas such as the Butterworth and Coldbrook areas. GR Forward identifies key missing links in the River trail system that need to be addressed. We believe pursuing these initiatives will be vitally important to increasing visitation from the outdoor and adventure sector, and in helping to redefine the unique brand of Grand Rapids as a destination.

8.2 Develop a Visitor-Friendly Set of Urban Trailheads

For a visitor, it is can be challenging to easily access key points of an interconnected trail system. Downtown Grand Rapids offers a highly unique potential for a series of urban visitor access points to a major regional trail system. We therefore recommend a program of investment in key urban trail access points or trail heads that would include clear signage (tied to a consistent trail-wide signage system), restroom facilities, kiosks with information and maps, and in some cases (River Destination Center, for example) a staffed presence. Development of the signage and kiosks also offers an important opportunity to introduce unique and authentic public art components.

8.3 Develop a Unified and Interactive App and Social Media Approach for Outdoors and Adventures

Increasingly, technology has allowed for the efficient and effective introduction of destination assets to the visitor. Sites that aggregate ratings for hotels, restaurants and attractions are allowing DMOs like Experience Grand Rapids to focus less on information warehousing, and more on destination sales, marketing and branding.

We recommend that a comprehensive trail App be developed for Grand Rapids and the surrounding areas. Such an App could serve several critical functions.

- Providing an interactive map of trail routes, including a trail rating system similar to those used for alpine skiing (black diamond, blue, green, etc.).
- Real time weather conditions along the various trails.
- Any trail closures or trails under construction.
- Ability to create itineraries for an entire day or stay that can combine trail rides, whitewater activities, nightlife and other activities, and to share itineraries with friends, relatives and colleagues.
- Social media links providing the opportunity to upload pics and video, sharing destination experiences to a broad on-line audience.

Experience Grand Rapids could also utilize social media interaction to accumulate images of visitors at destination attractions to be used in marketing efforts (subject to limitations on publishing user generated content). Software can be used to track designated hashtags on Instagram and Twitter posts, and post them in a centralized location. An outdoor and adventure social media display could be developed on ExperienceGrandRapids.com. It could feature daily updates of visitors enjoying and photographing the Grand Rapids and surrounding area outdoor attractions.

While helping generate enthusiasm among visitors to share their Grand Rapids experiences online, it could informally monitor the success of

marketing campaigns or taglines developed by Experience Grand Rapids.

8.4 Interactive Mapping

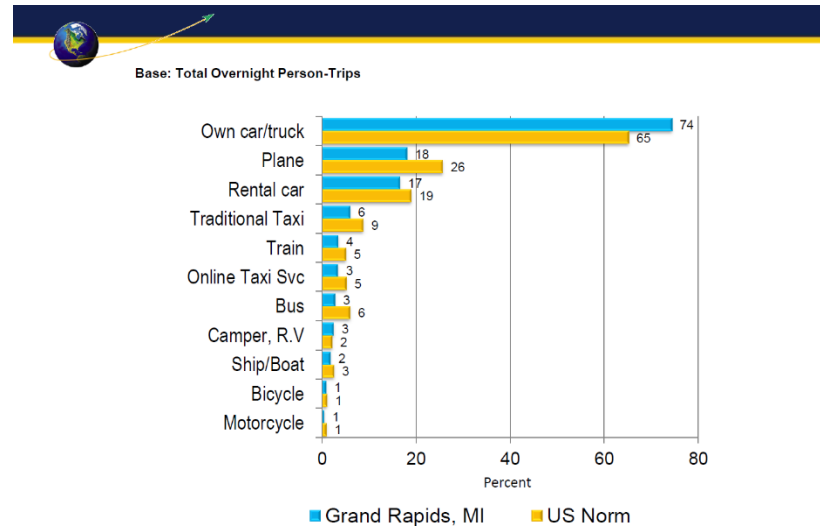
Consideration should be given to mapping the Grand Rapids destination by partnering with companies that are highly experienced in destination-mapping using drones, satellite imaging and handheld cameras to fully capture a city or landscape on video in order for internet users to view the destination in intricate detail online.

Visitors could be encouraged to access the website and preview their whitewater experience, hiking route, biking trail, sky diving and other regional experiences. After their trip, visitors could give their friends an enticing firsthand look at where they adventured in Grand Rapids. The software can also be linked to social media web pages such as Facebook and Twitter.

This interactive map could be featured as a link on the Experience Grand Rapids website or in the mobile app, in addition to the webpages of individual hotels and attractions.

9.0 DOWNTOWN TRANSPORTATION FOR THE VISITOR

Visitors arrive to a destination in numerous ways, primarily via air or personal vehicle. Those arriving through the Gerald R. Ford Airport may rent a car, use a taxi or other shared ride vehicle, or rely on friends or relatives to reach their in-market destination, while visitors driving to the destination have access to a personal vehicle. A 2015 Longwoods Travel USA Grand Rapids Visitor Report identified the various modes of transportation used by visitors to Grand Rapids.



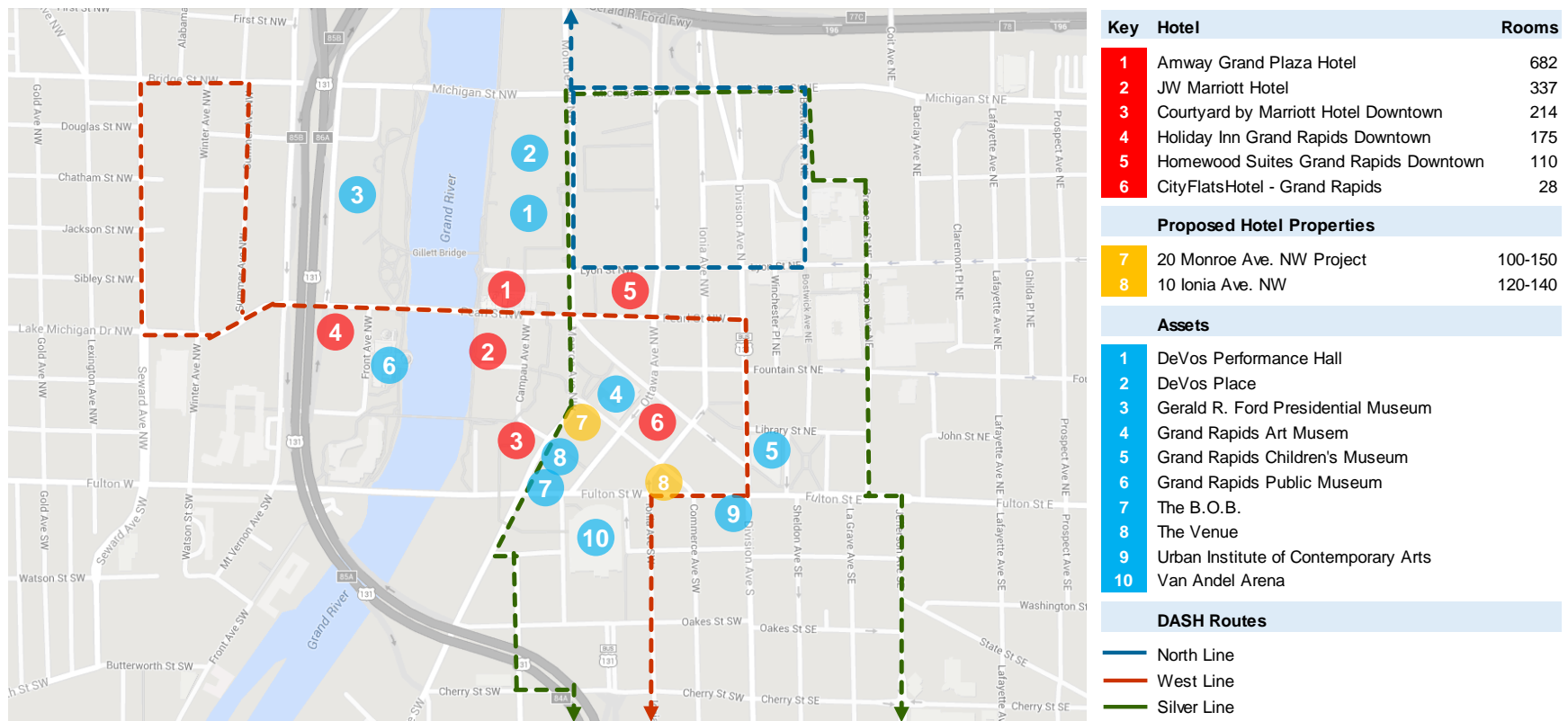
As noted above, the large majority of visitors arrive to the destination via personal vehicle. Eighteen percent of visitors arrive by plane, and the majority of these rent cars to reach their in-market destination. A variety of other transportation modes are used while in-market, including taxi, bus, bicycle and motorcycle.

9.1 Current Conditions

Regardless of mode of transportation to the destination, the issue of how to move around the downtown and surrounding areas in a visitor friendly manner is important. Currently, the DASH Circulator operates within the downtown and adjacent areas. Historically, the DASH system has been operated to move local residents from parking spots surrounding downtown into the core. More recently, the Grand Rapids Mobile GR & Parking Services department has refined the DASH routes and schedule in an attempt to cater to both residents and visitors.

The current route structure, introduced in September of 2016 is summarized below, along with a summary of various downtown visitor assets and attractions.

Exhibit 1 – DASH Routes



The original four routes have been consolidated into two primary routes, with more consistent scheduling and shorter wait times. In addition, the Silver Line, stretching along Division between downtown and 60th street SE, will operate free of charge in the downtown area. The lines operate between 6:30 am and 10:00 pm during the week on six to seven minute intervals. The routing structure provides access to downtown from parking lots east of Highway 131, the Medical Mile and neighborhoods west and south of downtown.

The type of equipment used on the DASH routes is reflective of a typical public bus vehicle. It is often the case that visitors to a destination are somewhat reluctant to use public transportation, particularly a traditional bus system. This may cause challenges to leveraging the DASH system, even with the new routes, for the visitor industry.



To address these challenges, we have prepared the following recommendations.

9.2 Visitor Oriented Transportation Recommendations

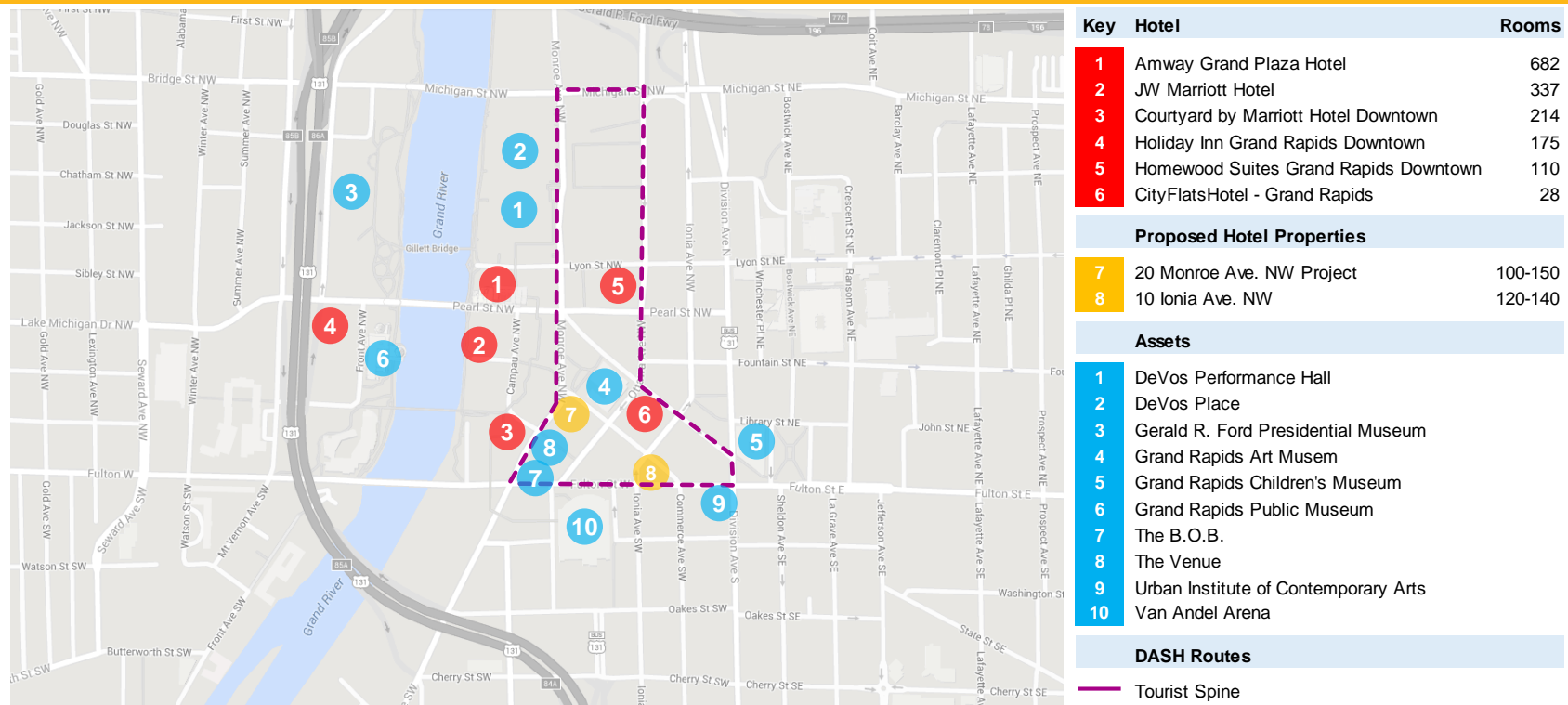
In developing recommendations for visitor oriented transportation, we have focused on routing and equipment, as discussed below.

9.2.1 Visitor Routing

We recognize that the routes for DASH and the Silver Line have just been refined and consolidated. It would therefore be difficult for us to recommend a significant near term modification. Rather, it would be prudent to operate the current routes for a period of time to assess their effectiveness. However, consideration should be given in the near term to extending hours of operation to the weekends to better accommodate downtown visitors.

In the longer term, consideration should be given to creating a distinct DASH route or spine that can be considered a “visitor circulator”, running on a simple, consistent route connecting a majority of downtown visitor assets. A potential route is presented in the following map.

Exhibit 1 – Potential Visitor Spine Route



A route of this type would help to reduce the element of confusion and complication that many visitors associate with a typical public transit system. The stops of the route would be branded with very clear and consistent signage to allow hotel, restaurant and other front-line visitor staff to direct a guest to stops that will conveniently take them to all key visitor areas in downtown. The specific visitor route taken could include a spur, as shown, along Bridge Street to capture the emerging entertainment in this area.

At some point, consideration could also be given to extending this circulator to add a segment heading north to the Coldbrook River access site to facilitate the visitor access to River activities, and south to the 201 Market site, location of a previously recommended exit point for kayak, canoe and other water craft. Extending the visitor circulator west to the emerging hospitality district along Bridge Street could also be considered.

9.2.2 Equipment

We also suggest that the type of equipment used in the downtown area be evaluated, particularly if a new visitor oriented circulator route is established. There are numerous options for a more tourism-oriented trolley that involve diesel (see trolley examples in adjacent images) or hybrid vehicles.



Another option that has emerged nationally is an all-electric option. Proterra, a firm based in California with manufacturing operations in California and South Carolina, has developed an all-electric bus in 35 foot and 40 foot lengths. An image of their product in Louisville is shown in the adjacent image.

The cost to acquire the type of equipment described above can vary, generally between \$350,000 and \$500,000 for a diesel vehicle, and approximately

\$1.0 million for the electric vehicle. With five new trolleys, the initial purchase could be as high as \$1.75 million for diesel, and \$5.0 million for all electric.



9.2.3 Getting Outside the Transportation Box

While a bus, trolley, light rail and other such systems are highly prevalent in the U.S. for visitor and resident transportation, numerous markets internationally have developed or are exploring the development of a highly efficient cable transportation system. Two are described below.



Metrosystem in Medellín, Columbia – The system, started in 2004 carries an average of 30,000 passengers daily along three separate lines. The system itself has become a tourist attraction.



The Tlemcen Telecabine in north-central Algeria – The system serves as a transportation asset for residents, and as a tourist attraction, connecting various destination assets. The system is part of a national effort to provide cable transportation, with similar systems installed in Constantine and Skikda.

These types of systems are also in operating in numerous South American cities including the Teleférico do Alemão in Rio de Janeiro and the Metrocable Caracas.

In the U.S., the City of Chicago is considering the develop of a major, urban gondola system, as highlighted in the following image.



While further research into this concept would be needed, the opportunities provided by such a system in Grand Rapids could include:

- An added attraction, connecting key downtown and nearby assets.
- Ability to move visitors along the River.
- Ability to connect Medical Mile to the downtown core.

Challenges to this type of system, particularly in the near term could include:

- High car ownership in Grand Rapids, and potential reluctance to use public transportation.
- Capacity provided by the new BRT lines.
- The refined trolley system in the downtown area and its ability to move visitors.
- Increasing use of shared ride systems such as Uber.

Ultimately, this type of cable system should be considered a longer term, conceptual option for Grand Rapids, while at the same time recognizing that if the ridership and financial aspects of such a project were to solidify, it could eventually represent both a viable transportation asset for visitors and residents, and an attraction on its own.

10.0 DESTINATION AWARENESS, DIVERSITY & INCLUSION

In order for a destination to be successful in driving tourism and related spending to a market, two main components need to exist; the infrastructure to draw and accommodate the needs of travelers; and the tools needed to influence, inspire and attract visitors to the destination. Several initiatives that could be considered by Experience Grand Rapids to build on their extensive efforts to increase destination awareness are summarized in this section.

In an increasingly diverse domestic and international traveling public, it will also be critical for destination marketing executives in Grand Rapids to leverage existing culturally diverse aspects of the community. In addition, it will be important for the broader community to support diversity in the Grand Rapids hospitality industry to reflect evolving traveler demographics. These issues are also explored in this section.

10.1 Destination Awareness

It is evident that Grand Rapids' redevelopment renaissance over the past few decades has provided a solid foundation for driving tourism to the market. As previously discussed, the Grand Rapids destination offers an abundance of assets that appeal to a variety of segments, attracting more than seven million visitors to Kent County and generating spending of \$688 million annually.

Experience Grand Rapids is the official Destination Marketing Organization (DMO) of the City, with a mission to market Grand Rapids as a tourism and meeting destination. Annually, more than \$3.4 million

is dedicated to attracting visitors to Grand Rapids through the strategic marketing efforts of Experience Grand Rapids. The largest portion of these resources, approximately 27 percent, is allocated to the Pure Michigan campaign, a partnership with the state of Michigan that matches every local dollar invested. Partnership advertising is mainly channeled through targeted TV buy-ins in specific regional markets (Chicago, South Bend, Toledo and St. Louis) as well as nationally.

A 2015 Partnership Advertising Evaluation was conducted by Longwoods International to evaluate the impact of the partnership campaign. The study concluded that of the surveyed travelers in targeted advertising markets, approximately 27 percent of regional markets and 19 percent of national markets were aware of Grand Rapids advertising. An additional evaluation of the advertising revealed that incremental regional and national visits was approximately 778,000 and spending was approximately \$213 million in 2015, an increase of three percent and 24 percent, respectively over the year prior.

In addition to the Pure Michigan campaign partnership, a large portion of Experience Grand Rapids' marketing budget is allocated to website development, search engine optimization, digital marketing efforts and other online tools designed to enhance the user experience and provide the right content to the right audience.

Further, significant efforts to create authentic content through the hosting of travel journalists, bloggers and social media influencers have been undertaken in recent years. Through these and many other marketing investments, Experience Grand Rapids has leveraged the many great assets and successfully promoted "Beer City, USA" as the "Cool City" it is.

In conducting interviews with local stakeholders, visitors, convention attendees and meeting planners, there are other potential opportunities to leverage unique Grand Rapids destination assets relative to the perception of visitors. When asked about their thoughts after visiting Grand Rapids, the most common responses related to their pleasant surprise, their lack of knowledge of the destination or that it didn't coincide with their perception of a modest small town in West Michigan.

Several initiatives that could be considered to help shift the perception and increase awareness of what the Grand Rapids destination has to offer are summarized below.

10.1.1 Measure Destination Awareness

The Grand Rapids destination brand awareness has expanded over the past decade as evidenced by tourism growth, national recognitions, economic investments and the city's improving ability to attract talent. Consideration should be given to annually measuring destination awareness among potential visitors in key target markets, and developing data on perceived strengths and weaknesses. This information would help to create a baseline from which to measure destination awareness progress, and to inform both future destination marketing efforts as well as strategic destination asset investment.

10.1.2 Outdoor Recreation Expanded in Destination Marketing

Destination marketing efforts should be expanded to provide greater emphasis of both the current outdoor recreational assets and the future proposed enhancements. The uniqueness of the Grand Rapids

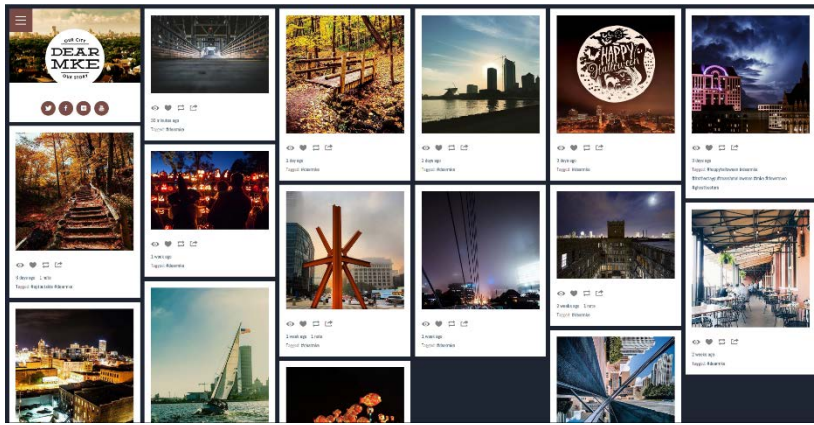
regional outdoor and adventure assets (particularly with white water and enhanced trail connectivity) can enhance destination appeal and help to generate visitor growth. Emphasizing regional partnerships could further enhance the ability to attract outdoor recreation enthusiasts.

10.1.3 Creating an Authentic Message Through Community Collaboration

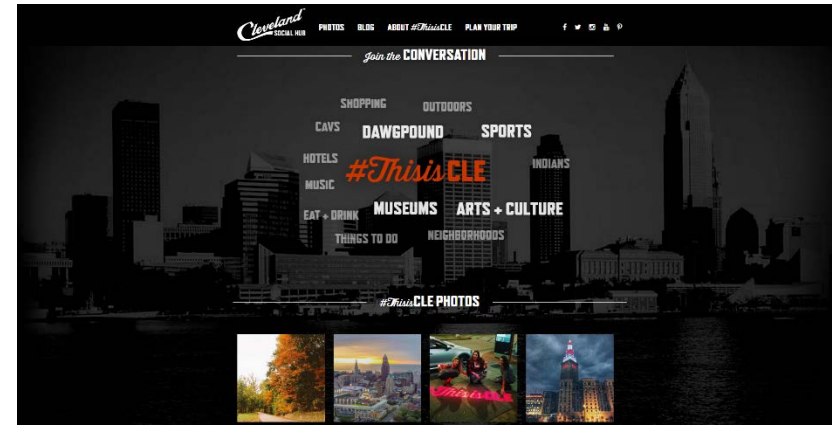
As the destination marketing industry continues to evolve, the role of the DMO is shifting away from disseminating information to creating credible consumer engagement. Today, consumers and travel professionals have access to the same information as destination marketers and bypass established legacy travel information channels with multiple intermediaries and hidden commissions. Consumer trust of promotional messaging is at an all-time low, elevating the position of peer reviews and crowdsourcing as primary purchase influencers." The perspective of residents and visitors that have *experienced* assets in the destination is paramount.

The following page presents case studies of successful content campaigns through community engagement.

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Visit Milwaukee emphasized the importance and impact of storytelling, and in 2012 unveiled DearMKE, a “love letter” to Milwaukee from Milwaukeeans. The Dear MKE project began with 14 short documentaries produced by all-local creative teams providing an organic and unscripted view into the life of everyday Milwaukeeans. The goals of this unique image campaign was to drive brand awareness by dispelling old perceptions and increase tourism to the market through user-generated stories, pictures and videos of what makes Milwaukee so great. A website and dedicated social media accounts were created to publish the content and to engage with the community. To encourage local pride, residents who uploaded their stories, images or videos with #DearMKE were entered into a contest to win a \$1,000 Milwaukee prize package. The results of the earned media far exceeded expectations, an approximate \$38 million in public relations advertising value within two years. Additionally, Dear MKE has more than 3,500 Facebook fans, 3,600 followers on twitter and 5,500 Instagram followers.



In 2014, in an effort to combat low visitation due to negative perceptions, Destination Cleveland created the “This is Cleveland” campaign, focused on rebranding the destination through community collaboration. A study conducted by the CVB in the year prior revealed that less than half of Cleveland residents would recommend the destination to visitors. The campaign was designed as not only a tool to reach visitors, but to also change the self-image within the community. Destination Cleveland created a challenge for residents, to get out and experience the city with a list of ideas, to take pictures along the way and to post their messages to social media with the tag #ThisisCLE. During the initial launch, to entice participation, every submission was entered into a contest to win a one night hotel stay downtown, tickets to the Rock and Roll Hall of Fame and more than \$300 in gift cards at downtown restaurants and bars. The submissions were posted on social media sites and then curated on the www.thisiscle.com website for potential visitors to see. Within its first year, the #ThisisCLE social media campaign reached 39 million users, and increased the positive attitudes of residents by 20 percent.

By asking the question of “What is your Grand Rapids?” or “What is your Grand Experience”, residents and visitors can be the storytellers of why Grand Rapids is such a great place to visit and live. Examples of community experiences that could be marketed include:

1. Take the Grand Rapids brewery tour, snap a picture of your favorite beer.
2. Take your bike through John Ball Zoo and on to Millennium Park for the day. Show us the natural setting that exists so close to downtown.
3. Head down to the Grand River, take a picture and tell about your River experience.
4. Grab a bite to eat at the Linc Up Soul Food Café in Southtown and share your favorite dish.
5. Take your bike over to Central District Cyclery in the North Quarter for a tune up and head out to Riverside Park.
6. Pick up groceries at the Supermercado Mexico in Southtown and share your authentic Mexican recipe.
7. Check out Heritage Hill Weekend Tour of Homes and take a picture of you in front of your dream home.
8. Pick out an event in Experience Grand Rapids’ Music Trail Brochure and share the music scene.

These testimonials could then be channeled and posted to a specific website and social media pages with the unique tag line and could be incorporated into or have links shared on the Experience Grand Rapids website.

10.2 Expanding Diversity and Inclusion

DMO’s are making more intentional efforts to highlight diversity in the neighborhoods, cultural assets, historic areas, culinary and other primary visitor industry product offerings. Experience Grand Rapids, through their new website, allows visitors to explore the diverse offerings of the Downtown, Heartside, Medical Mile, North Quarter, South Town, Uptown and West Side neighborhoods.

A concerted, community-wide effort to support diversity in key product offerings will be needed to support any marketing effort. Several initiatives that should be considered are described below.

10.2.1 *Apprenticeship/Scholarship/Mentorship*

There are numerous efforts that have been or are being undertaken in the community to support the advancement of minority youth into the hospitality industry. For example, the Grand Valley State University Hospitality and Tourism Management Department just launched the Richard A. Winn Michigan Lodging and Tourism Association Endowed Scholarship that supports minority access to hospitality and tourism education.

Consideration should be given to formalizing an apprenticeship and mentorship initiative, bringing high school and college students into various hotel, restaurant and other hospitality businesses on a multi-month basis to experience all aspects of the hospitality industry work experience. An initiative to pair prospective participants with willing businesses should be undertaken, results of this effort should be

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carefully tracked, and modifications and enhancements should be undertaken as the program evolves.

10.2.2 Recruiting and Training Efforts

Discussions are underway, led by Grand Valley State University, to explore a hospitality training and recruitment effort. This could be modeled on a similar program established in Washington D.C. This type of program should emphasize both entry level employment opportunities, and opportunities to simultaneously gain higher level education in areas of the hospitality industry that can provide for career advancement.

10.2.3 Hospitality Incubator

There are numerous organizations using a variety of tools in Grand Rapids to attract restaurant, retail and other hospitality businesses to the downtown area. As the level of diversity in the downtown Grand Rapids hospitality business ownership community is fairly limited, consideration should be given to targeting some of these efforts to attract minority-owned businesses. Tools can include low interest loans, storefront improvement grants, fee waivers, business planning assistance and related efforts.

10.2.4 Stressing Authentic - A Diverse and Inclusive Approach

As noted above, travelers are becoming more interested in experiencing a destination from the perspective of a local. And with consumer's trust of promotional messaging declining, marketing efforts should consider leveraging the social media approach outlined in section 10.1.3 to emphasize local authentic stories that focus on culturally diverse neighborhoods. This initiative could effectively showcase diverse areas of the community, empower residents to participate in destination marketing efforts, and provide content that could potentially be used to inform future destination marketing efforts.

11.0 CONCEPTUAL COSTS, PROJECT TIMING AND POTENTIAL FUNDING SOURCES

We have considered the primary visitor industry recommendations presented herein from the perspective of conceptual costs and timing, and have evaluated broad opportunities to generate funding for these initiatives.

The conceptual project costs are based on our experience with other similar projects, comparable project costs, per-unit data where appropriate and discussions with representatives in the particular sectors. *It is important to note that the cost estimates developed for this Study do not include land assembly or demolition.*

Funding options are based on our experience in other markets with respect to major public project financing, discussions with individuals experienced in financing aspects unique to Grand Rapids and Michigan, and information contained in the various Grand Rapids planning studies conducted recently.

Finally, this section presents a listing of the types of local organizations that should be involved in planning and implementation for each of the recommended destination asset development projects.

11.1 Conceptual Project Costs and Timing

We have developed a conceptual cost assessment for the following projects.

- River restoration
- Enhanced River navigability
- DeVos Place expansion
- Amateur sports facility investment
- USL Soccer stadium development
- Amphitheater development
- New visitor shuttle system
- Development of trail heads

Other initiatives described herein that focus on marketing collaboration and inclusiveness initiatives do not have a specific price tag, and in fact should be undertaken under any circumstances given their likely benefits. The cost estimates developed for this Study are summarized in the following exhibit.

Summary of Project Descriptions, Costs and Timing

	Project Description	Conceptual Costs		Year 1 to 2	Year 3 to 5	Year 6 to 10	
Public Facility Opportunities	DeVos Place	Added 115,000 square feet of sellable space - mid term priority.	\$83,000,000		DeVos Place Conceptual Site and Program Planning - retain national convention center architect. Develop land acquisition plan.	Conduct feasibility for DeVos Place expansion.	Finalize site and architectural plans for DeVos Place expansion. Begin construction.
	Hotel Development	Conduct RFQ process for new hotel development.	\$50,000		Develop and issue RFQ, evaluate responses.	Initiate development of new hotel adjacent/connected to DeVos Place	
	Amateur Sports	15 to 20 rectangle fields with necessary amenities. Site area (with parking) of approximately 5.0 acres per field.	\$20,000,000		Market and Financial Planning Study for Developing Large-Scale Amateur Field Sports Venue - Retain national expert in this field.	Initiate development of Amateur Sports Complex	
	Professional Soccer	USL professional soccer stadium with necessary amenities. Site area minimum of 6.0 acres excluding parking.	\$40,000,000		Market and Financial Planning Study for Attracting USL Soccer - Retain national expert in this field.	Initiate development of USL (or NASL) soccer stadium.	
Leveraging the Grand River	Restoration	Initial project to restore the rapids.	\$35 million to \$40 million		Continued Planning and Fundraising for River Restoration Project.	Initiate River Restoration Project.	
	Visitor Assets	Development of River Destination Center, Coldbrook site and bike paths.	\$30 million to \$35 million		Continue architectural planning for Destination Center, access sites and bike paths.	Initiate Destination Center, access point development and selected pedestrian/bike paths.	
	Commercial	Extensive public/private development of overlooks, River trails, hospitality business, public art and other features.	Undetermined			Continue to develop planning and funding for River island, overlooks, River trails and commercial development.	Continue to implement River investment plan, focusing on public access/overlooks and River trails, and on restaurant, retail and other commercial development - ongoing effort.
Transportation	Acquisition	Five to seven trolley busses, either diesel or all-electric.	\$350,000 to \$1.0 million per vehicle			Research viability of new visitor-oriented DASH route and new equipment. Acquire new visitor-oriented trolley/bus equipment.	
	Operations	Incremental annual operating costs. \$100 per hour, 6,570 hours per year, less cost savings from reduced DASH needs.	Negligible				
Outdoor & Adventure	Trail Heads	Five to ten defined urban trail heads with amenities.	\$1.25 million to \$2.5 million			Conduct architectural and landscaping work for urban trail heads. Initiate development of urban trail heads. Launch new outdoor/adventure app and social media initiative.	
	Marketing	Incremental annual costs to market outdoor and adventure.	\$100,000				

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Public Facility Opportunities

Estimates of project costs for eventual DeVos Place expansion are based on per-square-foot costs of \$400 applied to the targeted expansion program and a 20 percent soft cost factor. This budget should also allow for modest upgrades to existing space.

Costs for amateur sports, USL stadium and amphitheater projects are based on research of other similar projects and our work in markets looking to develop these types of assets.

Leveraging the Grand River

As noted above, estimated costs for the River restoration project range between \$35 million and \$40 million. Costs for development of Lyon Square between Monroe Avenue and the River, development of the Coldbrook site as a visitor asset, and widened bike path access between these points are estimated at between \$30 million and \$35 million.

These estimates are certainly subject to change as planning moves forward, but are used for purposes of this Study. The types of future public and private commercial investment in River assets not part of estimated costs could include a new Park Island and City Island feature that creates public spaces within the River to be used for events, enhanced River access, park space and other community and visitor uses.

In addition, restaurant, retail, public overlook and other assets could be developed over time along the River. Public and private sector costs

for these assets will depend on the level and type of development that actually takes place.

Transportation

Costs to acquire equipment for a new visitor-oriented trolley route are based on published information and discussions with transportation representatives in markets that have acquired these types of vehicles.

Outdoor and Adventure

Costs for trail head development are based on discussions with architects and planners familiar with these types of investments.

We have also developed a general timing outline for the various projects recommended herein. The scheduling is conceptual in nature, but provides an indication of near versus long term priorities for destination asset development. Our assessment focuses on three time periods: the next two years, years three to five, and years six to ten. For each time period, we discuss the types of project planning that should be undertaken, and the asset construction/development that should take place.

The next two years should focus on extensive planning for recommended destination asset investment, as well as consideration of various destination marketing initiatives designed to increase brand exposure.

In years three to five, various planning initiatives should continue, and physical development of various assets should proceed. This includes

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development of a new USL soccer stadium, amateur sports complex, River restoration, urban trail heads, River navigability expansion and acquisition of new visitor-oriented trolley equipment.

In years six to ten, expansion of DeVos Place and continued investment in River assets should be considered.

11.2 Potential Project Revenue Sources

We have evaluated potential sources of revenue to fund the types of destination development projects outlined above. Obviously, the costs for many of these projects is significant, and the full build-out of the River vision will eventually encompass several hundred million dollars in investment. In addition, several concepts will require on-going operating and marketing resources.

The broad revenue sources discussed herein may require local approval, or may even require state legislative action. We have not attempted to evaluate likelihood of implementation, but have simply identified funding sources that are somewhat common in other markets, or that are reflective of opportunities unique to Grand Rapids. These funding sources are discussed below.

Targeted Revenues for River Restoration

Significant discussion has taken place with respect to funding the estimated \$35 million to \$40 million needed for the River restoration project. A third-party firm has been retained and is evaluating opportunities involving foundation, state and federal funding sources. To date, they have targeted a financing of approximately \$14.4 million

in local/regional foundation contributions, \$6.0 million in state resources, and \$14.0 million in federal resources. As of earlier in 2016, a large share of the foundation resources had been committed, with planning for accessing state and federal resources underway.

Tax Increment Financing

There are several existing tax increment financing (TIF) districts operating in Grand Rapids. These include the Benson and Grand Avenue TIF used to partially support a \$53.8 million apartment complex project, The Fulton Square TIF used to support an \$8.7 million mixed use project, and a Kingsley Building TIF, used for the \$11.3 million project.

There is an on-going discussion at state and local levels as to the desirability of retaining a tax increment financing (TIF) model for local use in the state of Michigan. There have been concerns at the county level that a TIF district, once established, doesn't reset, or is never adjusted to reflect the funding needs of the community.

There are also concerns that the incremental property tax revenue that would normally accrue to school districts, libraries, parks and other important public entities is often lost, with no opportunity for revenue sharing or increases.

It appears likely that state legislation will be enacted that provides restrictions and modifications to how a TIF district can be set up and administered, however ability to establish these districts will not likely be eliminated. Consideration may also be given to a mechanism to

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capture incremental sales and income taxes, in addition to current models focused on property tax increment.

This legislation will likely allow for designating parcels along the Grand River as a TIF district in order to generate funding, possibly for on-going operations and maintenance of River assets. If the value of the designated parcels along the River increase (which is likely over time), a revenue stream would be created. Local units of government can currently establish and approve TIF districts, and new legislation will likely continue to allow for this type of approval mechanism.

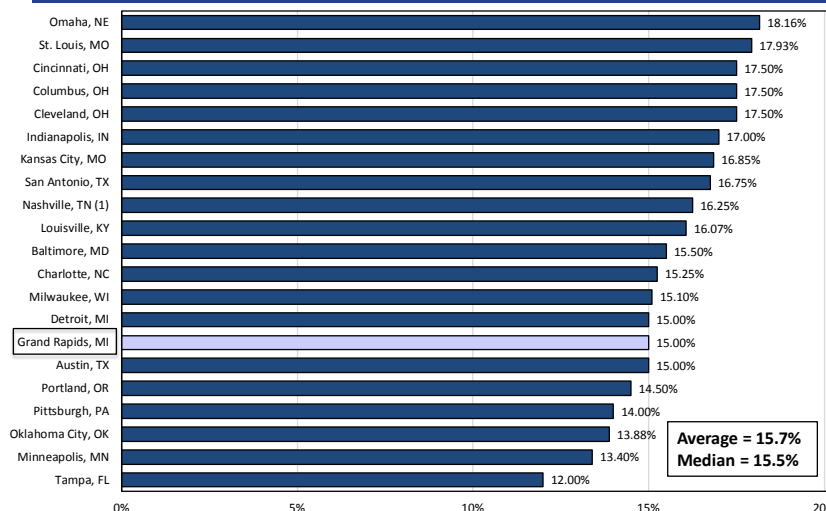
Consideration could also be given to establishing a Brownfield TIF, which allows for capture of incremental tax revenue for projects on contaminated sites to be used to reimburse a developer for specific costs including demolition, site preparation, public infrastructure improvements, parking and storm water management systems.

At this point it is difficult to establish a revenue estimate for any new River TIF district. This will depend on the amount of privately owned land within the district boundaries, the possibility of sale of portions of publically owned land into the private sector, the types of taxes included in the TIF (pending state legislation), and the type of value growth realized within the district over time.

Hotel, Food and Beverage Taxes

Many communities throughout the country rely on various forms of hotel, food and beverage taxes to fund major public/visitor industry projects, including convention centers, arenas and stadiums.

Summary of Comparable Market Tax on Room Sales



(1) Figures include a \$2.50 per room per night hotel occupancy tax and assume a nightly rate of \$249.
Source: Destination Management Association International, 2015; HVS, 2015

In Grand Rapids, the current total tax on hotel rooms is 15.0 percent, comparable to the rate charged in markets such as Milwaukee, Louisville, Detroit, Austin, Baltimore and St. Louis. Markets such as Cincinnati, Indianapolis and Omaha have total tax on rooms at 17 percent or more, and Cleveland, San Antonio and Columbus have rates of at least 16 percent as summarized in the adjacent exhibit.

The breakdown of the 15 percent tax on rooms for Grand Rapids is summarized below.

Kent County Lodging Excise Tax	5 percent
Michigan State Sales Tax	6 percent
Kent County Hotel Marketing Assessment	4 percent

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It may be possible to generate added revenue with a modest increase in tax on rooms without impacting rooms demand. Legal authority exists to increase the Kent County Hotel Marketing Assessment by 1 percentage point. A one-point increase in the rate would generate approximately \$1.8 million on a projected 2016 tax base of \$183 million.

We also see the implementation of prepared food and beverage taxes in many markets throughout the country in order to fund public hospitality industry projects. Taxes such as prepared food or restaurant taxes can be assessed in a number of ways, including on a city-wide basis, within a district, on restaurants with a minimum gross revenue (helping to avoid small/fast food restaurants), on restaurants that serve alcohol, etc. These types of restrictions can be designed to focus more on establishments that cater to visitors.

In Grand Rapids, the only tax on prepared food and beverages is the 6.0 percent state sales tax. A sample of other markets with various separate prepared food taxes is presented below based on Tax Foundation data.

Milwaukee	0.05 percent
Charlotte	1.00 percent
Kansas City	1.23 percent
Chicago	1.25 percent
Indianapolis	2.00 percent
Omaha	2.50 percent
Minneapolis	3.00 percent
Denver	4.00 percent

As a dedicated food and beverage tax is not currently collected, we do not have a specific assessment of the tax base for a food and/or beverage tax for Grand Rapids. Additional research should be undertaken, working with city and county representatives to generate these data.

The primary impediment to establishing any type of food and/or beverage tax in Grand Rapids is the requirement of state enabling legislation. Such legislation would conceivably provide local elected officials with the authority to enact such a tax, or to seek voter approval for the tax. To be prudent, the prospects of such legislative approval should be considered as long term.

Local Option Sales Taxes

There are numerous markets nationally that rely on voter-approved sales taxes to fund various types of public projects. In many cases, successful application of a local option sales tax relies on (1) a defined term, after which the tax expires, and (2) use of tax proceeds to fund a defined list of projects versus general economic development initiatives.

In other cases such as North Carolina, local option sales taxes are used to fund critical public services. According to the Tax Foundation, 38 states allow for approval of local option sales taxes. The highest average local option sales taxes are currently assessed in Louisiana (5.01 percent), Alabama (4.93 percent), Colorado (4.54 percent), New York (4.48 percent), and Oklahoma (4.28 percent). It is more common for local option sales taxes to approximate 1.0 percent. A prime example of a successfully applied local option sales taxes is summarized in the following case study.

CASE STUDY

Transformation of Oklahoma City through the MAPS Program

Oklahoma City was economically stressed in the 1990's, with representatives of prospective business relocation targets citing a poor quality of life as an impediment. City officials prepared an economic development and investment plan that involved a voter approved sales tax increase to fund projects selected by the community. Key elements of this plan included the following.

- A slate of projects is identified by city leaders to go before the voters for approval. The set of projects address needs and amenities for a wide variety of demographic groups in order to generate community-wide support, and projects are voted on as a group, versus individually.
- A specified increase in the sales tax is required (1.0 percent), and all projects are funded out of this revenue, with no debt incurred. An operating endowment for each project is also funded out of sales tax proceeds.
- A volunteer Citizens Advisory Committee is appointed to recommend architects, help develop planning documents and identify contractors. These findings and recommendations are presented to city council for approval.
- The Program is overseen by a volunteer citizen's advisory committee, whose recommendations for architects, plans and construction documents, contractors, and change-orders are forwarded to city council for approval.

The term of the original MAPS program was five years, with the sales tax expiring at the end of this term. The following projects were funded over this period.

- Renovation to the Civic Center Music Hall.
- Renovations and expansion to the Cox Convention Center and construction of Bricktown Ballpark (AAA baseball stadium).
- Renovations to the Oklahoma State Fairgrounds.
- Construction of Ford Center, now Chesapeake Energy Center and home to the NBA Thunder.
- Construction of the Bricktown Canal to help establish a vibrant entertainment district.

- Construction of a dam and recreation structures on the Oklahoma River, allowing for world class canoe, kayak and rowing competitions.
- Development of a new library and learning center.
- Development of a new trolley bus system for the downtown and surrounding areas.

Combined, these projects have been significantly transformative for the city, and have helped to spur hundreds of millions of dollars in private sector investment in the community.

Due to the success of the first MAPS program, voters approved a second "MAPS for Kids" sales tax increase (again 1.0 percent), raising \$700 million to pay for significant upgrades and investment to over 100 schools in the Oklahoma City school district. The duration of the tax was seven years.

In 2009, voters for a third time approved a large scale MAPS program, this time a 1.0 percent increase raising \$777 million for projects including the following.

- A new state-of-the-art downtown convention center and Oklahoma State Fairgrounds upgrades.
- A massive, 70-acre public park in the downtown area.
- A new streetcar/transit system.
- New senior health and wellness centers throughout the city.
- Oklahoma River improvements, including RIVERSPORT Rapids whitewater rafting and kayaking center.
- Biking and hiking trail system upgrades to improve interconnectivity.
- Neighborhood sidewalk construction.

The three MAPS programs have dramatically improved the quality of life for residents in Oklahoma City, and created a significantly more desirable destination for visitors. With MAPS 3 expiring at the end of 2017, consideration is being given to a 2-year MAPS 4 that could generate sufficient funds to resurface every road and bridge in the city.

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The parallels between Oklahoma City and Grand Rapids in terms of project needs are striking, including River development for white water and canoeing activities, hiking and biking trails, major sporting venues and related projects.

We do not have a clear assessment of the sales tax base for the city and county. Additional research should be undertaken, working with city and county representatives to generate these data. We also note that state enabling legislation would be required to implement this approach. Grand Rapids public and private sector leadership should consider advocating for this type of authority.

Other Revenue Sources

Private Corporate – In some markets, private corporate funding is generated, usually through facility naming rights, advertising and sponsorship opportunities. Arenas, stadiums, convention centers, amphitheaters and other venues across the United States have been financed in part, or have generated operating revenue from these types of sources. In Grand Rapids, it is more common for the naming rights of a venue to be tied to substantial foundation or family donations.

Given the need for a corporation to generate a supportable return on any such facility investment, it is unlikely that this source would represent a significant component of funding for the recommended Grand Rapids destination assets.

Foundation Contributions – Obviously, foundation participation in major projects throughout the Grand Rapids area has been prevalent for many years. Convention Center, Arena, Millennium Park, Meijer

Gardens, Public Market and many other projects have benefited from significant foundation participation. The River restoration project has already secured an element of foundation support. We expect that this will continue to be the case in the future, and that many of the projects presented as part of this Destination Asset Study will secure foundation support.

Car Rental Taxes - Car rental taxes have been used in several markets to support convention center and sports facility funding. The current taxes assessed on car rental spending at the Gerald R. Ford Airport are summarized below.

Concession Fee Recovery	11.11 percent
Customer Facility Fee	\$9.00 fee
Energy Surcharge	\$1.49 fee
Vehicle License Cost Recovery	\$3.51 fee
State sales tax	6.0 percent

We do not have a clear assessment of the tax base for a car rental tax increase for Grand Rapids. To assess the revenue potential for increased taxes/fees charged for rental car sales, additional research should be undertaken, working with airport representatives to generate these data.

11.3 Grand Rapids Organizational Involvement

We have assessed each of the recommended asset development initiatives from the perspective of the types of local organizations that should be involved in planning and implementation. This assessment is summarized on the following page.

Summary of Projects and Participating Organizations	
Project Type	Participating Organizations
Hotel Development and DeVos Place Expansion Planning	Experience Grand Rapids SMG Convention/Arena Authority Grand Action
Amateur Sports Complex	West Michigan Sports Commission Experience Grand Rapids Grand Rapids Parks & Recreation Kent County Parks
USL Stadium Development	Experience Grand Rapids SMG Convention/Arena Authority Grand Action DGRI
River Restoration	GR Whitewater City of Grand Rapids DGRI Grand Action Experience Grand Rapids The Right Place, Inc.
River Entry/Exit Points and Paths	GR Whitewater City of Grand Rapids DGRI Grand Action Experience Grand Rapids
Downtown Transportation	Mobile GR and Parking Department DGRI The Rapid - Interurban Transit Partnership Grand Action
Outdoor Asset Development	DGRI Experience Grand Rapids Grand Rapids Parks & Recreation Kent County Parks

As noted in the adjacent exhibit, numerous organizations should actively participate in destination asset planning and development, with an extensive role for Grand Action, Experience Grand Rapids and DGRI. We also assume active city and county participation, and certainly there are other organizations that will contribute to the planning and development for each of these project areas.

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Appendix 1 - Grand Rapids Organizations Interviewed

Asset Visits & Interviews	Interviews (continued)	Interviews (continued)
DeVos Place/ DeVos Performance Hall	Amway Grand Plaza Hotel	Iron/Osteria Rossa
Downtown Market	ArtPrize	JW Marriott
Gerald R. Ford International Airport	Convention Arena Authority	Kendall College of Art and Design
Gerald R. Ford Presidential Museum	CWD Development	Kent County - Administrator/Board Chair
Grand Rapids Art Museum	Destination Consultants	Kent County Hotel Advisory Board
Grand Rapids Public Museum	DeVos Family Foundations	Land and Company
Grand Rapids Whitewater	DGRI Ambassadors	The Apartment Lounge
John Ball Zoo	Downtown Grand Rapids Inc.	McAlvey, Merchant & Associates
Meijer Gardens and Sculpture Park	DP Fox Sports	Mercy Health - Saint Mary's
Millennium Park	Ellis Parking	Michigan Trails System
Van Andel Arena	Essence Group	Michigan Travel Commission
	EXGR - Diversity Advisory Committee	MSU College of Human Medicine - Secchia Center
Downtown Surrounding Neighborhoods Visits	Experience GR Customer Advisory Board	Orion Construction
Arena District	Experience Grand Rapids	Pioneer Construction
Arts/ Education District	Ferris State University/ Kendall College	Republic/Rockwell
Bridge Street/ West Side	Frey Foundation	Reserve
East Hills	Gerald R. Ford International Airport	Rockford Construction
Eastown	Gilmore Group	Saugatuck/Douglas CVB
Heritage Hill	Grand Action	SMG
Medical Mile	Grand Rapids Area Chamber of Commerce	Spectrum Health
Wealthy Street	Grand Rapids Community Foundation	Steelcase Foundation
Cherry Street	Grand Rapids Griffins	The Rapid
Creston	Grand Rapids Mayor/City Manager	The Right Place
	Grand Rapid Parking Service	Van Andel Institute
	GRCC-Secchia Culinary Institute	Wege Foundation
Interviews	GVSU- Hospitality	West Michigan Sports Commission
616 Development	Hispanic Community/Chamber of Commerce	Western Michigan Whitecaps
Amway Restaurant Collection	Holland CVB	
Amway Corporation Events Department		