

SECTION V

ESTIMATED UTILIZATION

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A. INTRODUCTION

Section III indicated that there is sufficient market demand to justify the construction of a convention center with approximately 80,000 square feet of gross building area, and 40,000 square feet of net meeting space. Section IV provided an analysis of the potential sites that could accommodate a convention center, and presented the recommendations for the optimal facilities that would comprise the convention center. This section provides an overview of the projected utilization levels that the recommended facility would generate given its location, size, and physical attributes. We have assumed that the first full year of operation for the proposed convention center is 2002.

B. UTILIZATION DAYS

Utilization is based on the historical market performance of the competitive and comparable facilities interviewed, the results of our demand interviews, the meeting planner survey, and our knowledge of the industry. The number of events by meeting/show type, average duration, and average move-in and move-out days (required to set up and take down equipment) were based on our demand interviews, as well as the mix of events obtained at comparable and competitive facilities. The number of events were multiplied by the average duration and average move days to get the corresponding number of event days and move days, which were added to attain the total number of utilization days.

Association meetings (national, regional, and state) typically have a two-year booking cycle. Based on our survey of meeting planners, the profile and frequency of association meetings held in New Mexico, we estimate associations to utilize the facility eight times per year on average in the stabilized year for **national and regional meetings**, with an average duration of four days. Based on these assumptions of average duration, coupled with the estimated average move-in/move-out days of 1.5, national and regional associations are expected to occupy the facility 80 days per year in the stabilized year of operation.

Regarding state association meetings, we estimate that they would utilize the facility at a higher rate of 16 times per annum on average in the stabilized year, with an average duration of three days. Based on these assumptions of average duration, coupled with the estimated average move-in/move-out days of 1.0, state associations are expected to

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occupy the facility 96 days per year in the stabilized year of operation.

Banquet, social, and civic functions, or local demand, were estimated based on our interviews with Las Cruces hotel managers and area suppliers of banquet space. There is presently a need for more hotel-quality banquet space in Doña Ana County, and a quality facility located in Las Cruces would be able to serve the city as well as nearby communities such as Alamogordo, Fairacres, Organ, and Mesilla. We estimate there will be 52 banquets in the first year, which is one per weekend. We anticipate fewer weekends available for banquets as utilization by association meetings and consumer shows increase through the stabilized year, stabilizing at 48 events per annum. As banquets typically occupy the facility less than one day and do not require any extra days to setup, utilization days are estimated at half-of-one day, or 0.5.

Given these assumptions of average duration, banquet, social, and civic functions are expected to occupy the facility 24 days per year in the stabilized year of operation.

Consumer shows were estimated based on our interviews with comparable facilities and regional consumer show promoters. While comparable facilities have at least one show per month, the small population base of Las Cruces leads us to estimate that three consumer shows would be attracted to the proposed convention center in its first year of operation. As the facility gains momentum in the region, and as the Las Cruces commercial community grows, we estimate that there would be approximately ten consumer shows in a stabilized year, with an average duration of 3.0 days. As indicated in Section III, the 33,000-square-foot Dickerson's Barn in Las Cruces hosts an average of five consumer shows per annum.

Based on these assumptions of average duration, coupled with the estimated average move-in/move-out days of 3.0, consumer shows are expected to occupy the facility 60 days per year in the stabilized year of operation.

The following tables calculate the estimated annual utilization days for the proposed convention center by demand segment for the first (2002), second (2003), and stabilized year (2004). As can be noted in 2004, or the stabilized year of operation, the total utilization days are estimated at 260 days, which renders an average stabilized utilization rate on the order of 71.0 percent (260 divided by 365 days). It is our opinion that this stabilized utilization rate is appropriate for the proposed convention

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center in Las Cruces given the city's location, population base, and very limited direct air-transport accessibility.

CALCULATION OF UTILIZATION DAYS - YEAR 1						
Demand Segment	Number of Events	Average Duration (Days)	Event Days	Average Move In/Out (Days)	Move Days	Total Utilization Days
Association Meetings - National & Regional	2	4.0	8	1.5	12	20
Association Meetings - State	4	3.0	12	1.0	12	24
Banquet, Social, & Civic Functions	52	0.5	26	0.0	0	26
Consumer Shows	2	3.0	6	1.0	6	12
Total/Average Utilization	60	0.9	52	1.7	30	82
Source: <i>PKF Consulting</i>						
CALCULATION OF UTILIZATION DAYS - YEAR 2						
Demand Segment	Number of Events	Average Duration (Days)	Event Days	Average Move In/Out (Days)	Move Days	Total Utilization Days
Association Meetings - National & Regional	4	4.0	16	1.5	24	40
Association Meetings - State	8	3.0	24	1.0	24	48
Banquet, Social, & Civic Functions	48	0.5	24	0.0	0	24
Consumer Shows	6	3.0	18	1.0	18	36
Total/Average Utilization	66	1.2	82	1.2	66	148
Source: <i>PKF Consulting</i>						

CALCULATION OF UTILIZATION DAYS - YEAR 3 (Stabilized Year)						
Demand Segment	Number of Events	Average Duration (Days)	Event Days	Average Move In/Out (Days)	Move Days	Total Utilization Days
Association Meetings - National & Regional	8	4.0	32	1.5	48	80
Association Meetings - State	16	3.0	48	1.0	48	96
Banquet, Social, & Civic Functions	48	0.5	24	0.0	0	24
Consumer Shows	10	3.0	30	1.0	30	60
Total/Average Utilization	82	1.6	134	1.1	126	260
Source: <i>PKF Consulting</i>						

C. ATTENDANCE

The number of events resulting from the previous estimations of average utilization by event type from our demand interviews and analysis of competitive convention centers form the basis for the estimated attendance levels. The events were multiplied by estimated average daily attendance levels (indicated in Section III) in order to calculate group attendance. Daily event attendance multiplied by the average event days (not including move-in/out days) yields an estimated total annual attendance of approximately 88,000 on a stabilized basis by 2004, or close to 7,000 attendees

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per month. It is our opinion that this level of attendees is appropriate for the proposed facility given the regional market supply and demand dynamics.

CALCULATION OF ATTENDANCE - YEAR 1					
Demand Segment	Number of Events	Estimated Average Attendance/Day	Total Group Attendance	Average Event Days	Estimated Total Attendance
Association Meetings - National & Regional	2	400	800	4.0	3,200
Association Meetings - State	4	500	2,000	3.0	6,000
Banquet, Social, & Civic Functions	52	250	13,000	0.5	6,500
Consumer Shows	2	1,500	3,000	3.0	9,000
Total/Average	60	313	18,800	1.3	24,700
Source: <i>PKF Consulting</i>					

CALCULATION OF ATTENDANCE - YEAR 2					
Demand Segment	Number of Events	Estimated Average Attendance/Day	Total Group Attendance	Average Event Days	Estimated Total Attendance
Association Meetings - National & Regional	4	400	1,600	4.0	6,400
Association Meetings - State	8	500	4,000	3.0	12,000
Banquet, Social, & Civic Functions	48	250	12,000	0.5	6,000
Consumer Shows	6	1,500	9,000	3.0	27,000
Total/Average	66	403	26,600	1.9	51,400
Source: <i>PKF Consulting</i>					

CALCULATION OF ATTENDANCE - YEAR 3 (Stabilized Year)					
Demand Segment	Number of Events	Estimated Average Attendance/Day	Total Group Attendance	Average Event Days	Estimated Total Attendance
Association Meetings - National & Regional	8	400	3,200	4.0	12,800
Association Meetings - State	16	500	8,000	3.0	24,000
Banquet, Social, & Civic Functions	48	250	12,000	0.5	6,000
Consumer Shows	10	1,500	15,000	3.0	45,000
Total/Average	82	466	38,200	2.3	87,800
Source: <i>PKF Consulting</i>					

The projected level of stabilized attendance would position the proposed convention center in Las Cruces above the average annual attendance levels at Farmington and Santa Fe. Roswell, with an average annual attendee level of 106,000, has an international profile attributed to alleged alien-related incidents that took place nearby in the 1950s, attracting numerous so-called "new age" conventions, while

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Ruidoso (98,000 attendees) benefits from its location in the Sierra Blanca mountain and ski area. Lastly, the Albuquerque Convention Center benefits from its location in the state's governmental and commercial center, and has approximately 168,000 square feet of net meeting space that accommodate close to 480,000 attendees per annum.