

APPENDIX

- A. Main Street & Convention Overlay District
- B. Downtown Springfield Implementation Blueprint Incentives Assessment & Strategy Memorandum
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- D. Master Development Plan Illustrative Package

THE IMPLEMENTATION BLUEPRINT

MASTER DEVELOPMENT PLAN: PHASE ONE INITIATIVES

B. Downtown Springfield Implementation Blueprint Incentives Assessment & Strategy Memorandum

MEMORANDUM (DRAFT)

TO: Tim Brangle
The Chicago Consultants Studio, Inc.

FROM: Craig Seymour
RKG Associates, Inc.

DATE: December 14, 2020

SUBJECT: Downtown Springfield Implementation Blueprint Priority Phase
Incentives Assessment & Strategy

Introduction

RKG Associates, Inc. (RKG) was engaged by Chicago Consultants Studio (CCS) under its contract with the City of Springfield, MA to help advance the near-term priority phase of the City's Implementation Blueprint initiative. As part of CCS' and the City's master development strategy, RKG will evaluate potential redevelopment incentives and related strategies that can be used to attract private investment and leverage public spending in Springfield's downtown casino/convention center district.

The information presented here builds on previous work by Westmass Area Development Corporation¹ (Westmass) by providing a framework for implementation of redevelopment activities in light of immediate opportunities facing the city. The remainder of this memo organizes and focuses the information regarding various financial incentives on the logical sequence of the development process for the district, various parcels in the downtown core and the practical application of incentives across those needs. These include the current Planning stage, followed by Infrastructure (or Horizontal Development), Vertical Development, and Occupancy. The various incentives cited in the Westmass report are generally applicable only within a particular development stage, allowing for an analysis of incentive programs as they may apply within each stage and over a development timescale ranging from the immediate (Planning stage) to the longer term of 5-10 years in the future (Occupancy stage). There will no doubt be overlap between stages as specific projects may be planned and carried out at different times over the next several years and incentives may apply at different points in time.

The various stages include:

¹ City of Springfield, Downtown Development Incentives and Resources (Draft)

- 1) **Planning** phase, incentive programs are available to the City (directly or through its Redevelopment Authority) for pre-development activities needed to attract private investment capital on a district-wide basis or for individual projects.
- 2) **Infrastructure** phase, incentives focus on construction of public and/or private roads, utilities, public realm/streetscape/parks, and other projects that indirectly support redevelopment.
- 3) **Vertical Development** phase, incentives are aimed primarily to leverage private development capital in specific projects.
- 4) **Occupancy** phase, incentives directly benefit tenants or end users.

Other incentives may apply to individual tenants, or to public or private supporting services, and vary in what assistance they provide. These may include state or federal actions that are not specific to downtown Springfield (such as changes in tax regulations or transit funding), or which apply to a broader class of individuals or entities that are represented in the downtown core but are not exclusive to that location (for example local, state or federal MBE requirements for construction projects). Once identified and defined, these other incentives may be applicable to one or more specific stages.

The **Implementation Blueprint** has established an overall priority zone focused on the area of critical need immediately surrounding the Mass Mutual convention center and MGM Springfield anchors.² Within in this zone, the City/CCS have identified four separate but overlapping Downtown Development Focus Areas for redevelopment, which include:

- A. **The Main Street Corridor**
This includes a variety of underutilized buildings and parcels fronting Main Street, including three properties in foreclosure that the City is evaluating for possible control/acquisition. A physical evaluation and financial feasibility analysis of each building has been completed³.
- B. **Court Square Redevelopment**
Projects in this area include redevelopment of 13-31 Elm St into market rate residential and the possible reuse of Old First Church and related public realm improvements to reactive this important downtown civic space.
- C. **Mass Mutual Convention Center Complex**
This effort includes a variety of projects to solve for the convention center's deficiencies including a replacement parking structure to serve the center, potential additional meeting space as well as future convention hotel and/or related lodging immediately adjacent to and directly serving the center itself.
- D. **Willow Street Redevelopment**
This area a block east of Main Street includes near term streetscape/landscape enhancements to improve aesthetics and connectivity, a potential future central

² Implementation Blueprint Priority Plan Excerpts (January 2020)

³ Caolo & Bieniek Associates, Inc. et al; Oct. 7, 2020 Revised



parking structure to serve the area development and corresponding higher utilization of existing surface parking lots for future residential/mixed use development.

This memo provides an assessment of the overall district and potential incentives that would benefit and enhance the whole, followed by more detailed exploration for the identified individual zones, and finally specific incentives to address the near-term efforts around specific projects, beginning with the foreclosed blocks. As there is clear overlap and similarities between the various districts and projects, RKG proposes advancing a range of strategies that can be implemented in parallel.

Planning Phase Incentives

District Wide / Subzones A, B, C, D

As the City continues its proactive due diligence and pre-development efforts in the Main Street and Convention Overlay District, there are a number of funding mechanisms and programs that could be leveraged to assist their immediate planning, assessment, infrastructure and control/acquisition efforts as well as put in place ongoing sources of funds that can be throughout the life of the redevelopment, anticipated to cover the next 15 to 20 years.

These may include:

- Continued Funding provided by the Massachusetts Gaming Commission (MGC) - through the Mitigation Grant program; the 2021 Grant program was recently announced and offers a range of grants that could be utilized; these include Specific Impact Mitigation Grants of up to \$500,000 to address negative impacts from the casino, which could be pursued again to continue to fund the City's stabilization, redevelopment, and implementation efforts; Community Planning Grants of up to \$100,000; Transportation Planning Grants of up to \$200,000 or even Transportation Construction Grant of up to \$1,000,000 which could potentially fund future specific district infrastructure, utility, and corridor improvements.
 - *Using these funds on a short-term basis to help fill the financing "gap" on the redevelopment of one of the Foreclosure properties, may qualify as "specific impact mitigation", especially if it can be set up as an unsecured loan which can be reinvested in future downtown projects.*
- Community Development Fund, as established in the Host Community Agreement to assist the City with advancing the redevelopment efforts of the Implementation Blueprint and Main Street/Convention Center Overlay District with annual payments of \$2.5 million; the fund currently has approximately \$_____ dollars which can be applied across a range of goals and objectives stipulated in the HCA



Exhibit F. Of the seven uses for these funds stipulated in the agreement, the last “betterment of City and its residents” is the most applicable to the downtown redevelopment strategy.

- Federal funding from the Department of Housing and Urban Development (HUD) or the Economic Development Administration (EDA), such as from the EAA Cares Act or other programs. The EAA Cares Act offers various funding mechanisms for communities and businesses impacted by the Covid-a9 pandemic and may be applicable. RKG agrees with the City’s ongoing outreach to the EDA and pursuit of these funds.
- State provided funding from programs such as District Improvement Financing (DIF) which once established can be a source for predevelopment efforts including planning, infrastructure, acquisition, relocation, and other development-related expenses. The amount of funding is directly related to the potential increased tax valuation generated by new development once a district is formed. Over the life of the DIF, which is up to 30 years in MA, these districts can generate substantial incremental revenues which can be utilized in the Infrastructure phase for debt service on City-issued bonds for use in a variety of projects. By way of example, in downtown Quincy MA, the DIF now generates over \$2 million annually which is being used to support over \$60 million in bonded debt, and has been key to funding the planning and construction of public infrastructure improvements, include a new parking garage
- Smart Growth (Chapter 40R) program funding may be available to provide upfront funding up to \$600,000 to the City for specific projects (see next section for more detail).
- Massachusetts Convention Center Authority (MCCA) for facilities or tourism planning. Given the importance of the Mass Mutual Center and Arena as a major anchor and economic engine for the District, as well as their current needs, there may be funding available through this state agency, particularly for development concepts that help expand the MMC’s ability to better meet market needs, such as additional break-out meeting space and supporting hotel accommodations.

Strategic Recommendation:

With the City’s pressing need to evaluate the foreclosure properties to catalyze redevelopment in Main Street Corridor, the following incentive programs should be considered as immediate targets for evaluation and implementation.

- HUD Section 108 Loan Guarantee – an application to HUD by the Springfield Redevelopment Authority⁴ is in-process with the objective of providing \$5 million in seed money for control/acquisition of critical properties within the district. The monies will be treated as a long-term loan to the City and will be repaid from resale of the

⁴ It is assumed that the Springfield Redevelopment Authority is authorized under M.G.L. 121A-B and HUD to serve as the City’s investment arm and that it’s area of jurisdiction includes the Downtown District.

assets or from other sources. RKG concurs that this is an excellent starting point to secure important languishing properties, facilitate redevelopment of downtown and to catalyze more private investment.

- *The City should use this funding to acquire control of the foreclosure properties on Main Street, and instituting a developer solicitation process to find a qualified private partner.*

- District Improvement Financing (DIF) – A DIF program should be immediately instituted for an area that minimally encompasses and likely exceeds the current proposed overlay district. Mass General Laws Chapter 40Q allows a municipality to set up a program in which new incremental property taxes within a defined redevelopment district can be earmarked for funding public infrastructure improvements or other investments needed to support and catalyze new growth. The estimated future incremental taxes are typically used to support debt service thereby allowing larger up-front investments. DIF revenues do not impact current General Fund property tax revenues (the baseline). All or a portion of the incremental DIF revenues can be used for property acquisition and improvements, public infrastructure including parking facilities and for administrative costs related to the DIF District. The creation and operation of a DIF program is approved and undertaken solely by the municipality (through the City Council) and does not require approval or review by state agencies under a 2015 amendment to the 40Q regulations.
 - *Setting up the DIF requires a Plan that defines the District where taxes will be collected from and where they will be invested in, anticipated uses of the DIF funds, and a financial forecast of incremental tax revenues, approved by the City Council after at least one public hearing. The DIF District and Plan can be changed as needed following the same process.*
 - *A quick analysis of the 2 blocks bounded by Main, State, Willow and Park streets indicates the total current assessed value of the 12 parcels is \$9,573,500. If these could be assembled into a single “super block” and redeveloped with 400,000 SF of new mixed-use at an average of \$150 psf, the incremental assessed value would be approximately \$50 million and generate nearly \$2 million in DIF revenues, which could support \$25 million in bonded debt. As the plan and program potentials advances, RKG can refine these projection to help support and validate the need and pursuit of the DIF district.*

- Smart Growth Program (Chapter 40R) – this state sanctioned program allows a municipality to identify a development district and create overlay zoning to permit higher density, mixed use development, often in concert with public transit services. When approved by the state (DHCD), the municipality is eligible for incentive payments of up to \$600,000 (depending on the number of additional units permitted over and above what is allowed by the underlying zoning) and \$3,000 per new housing unit developed. The 40R funds can only be used for capital projects within the



district. In addition, priority treatment is provided for other state incentives. The 40R District can coincide with or be a subset of a DIF District or other overlay or development districts. 40R includes a 20% affordability requirement for any new housing created. The applicability of 40R to the downtown development district should be evaluated to determine when and if funding is still available from the state and if the downtown area qualifies.

- *The Springfield zoning ordinance indicates that in Area A (and much of the remaining downtown zone) are primarily Business B and Business C, both of which allow for dense residential development. Therefore, the benefit of establishing a 40R district may preclude significant incentive payments, but might still include the \$3,000 per unit payments for new housing with at least 20% affordability.*
- **MGM Host Community Agreement (Community Development Fund) and Mass. Gaming Tax Economic Development Fund** — The City should immediately investigate the availability and applicability of these potential funding sources to help enable the redevelopment of the Main Street Block and/or enhance the attractiveness of downtown Springfield to investors and developers. This might include direct investment along with the HUD and DIF funds, or funding for infrastructure improvements, once identified (see next section).
- **EDA Cares Act** – the federal Economic Development Administration recently announced funding through the Coronavirus Aid, Relief, and Economic Security Act for community-based planning and technical assistance. Because of the pandemic's impact on urban living and working patterns, this funding could support on-going revitalization efforts in the downtown District, including on-going strategic planning work and possible augmentation of the HUD Section 108 loan for acquisition and development of specific projects.
 - *As mentioned above, RKG agrees with the City's ongoing outreach to the EDA and pursuit of these EAA Cares Act funds for the ongoing planning efforts around recovery and revitalization.*

2. Infrastructure Phase Incentives

The various programs pursued and established in the Planning phase (DIF, EDA, MGC, MCCA and 40R programs) can carry over to also provide funding for specific public projects identified in the planning phase. The City can begin to activate and enhance the Downtown District by making key public improvements (including demolition) and, in conjunction with the HUD 108 funds, acquire certain properties to facilitate redevelopment. These projects can be done by the City serving as the developer itself, or by partnering with one or more private developers to leverage private equity and debt funding. Once specific projects and needs are identified, this can be augmented by MassWorks grants including - for supporting infrastructure such as local street access,

lighting and traffic control, pocket parks and greenspace, and the construction of public parking facilities

As the master development plan advances and district wide public improvement projects are identified, these programs can be utilized to improve the underlying infrastructure, access, and public amenities which in turn can help attract development partners and investment. Based on the City's planning to date, specific improvements are likely to include:

- Area wide streetscape / landscape enhancements to better identify and delineate the downtown district, build on the character and quality of the MGM Springfield campus into the surrounding area, and create a unique destination development district;
- Public infrastructure including utility upgrades and utility enhancements not completed under the MGM project but necessary to support envisioned higher density mixed-use development that will help attract investment in specific projects by sharing the cost of infrastructure that benefits both the project and the City in general.
- Public parking, in the form of one or more centrally located public structures to allow consolidated, proximate parking to the redevelopment areas, as well as potentially free up underutilized land currently serving as individual surface lots.
- Public amenity / park improvements including Court Square reactivation or the inclusion of smaller "pocket parks" in the zone.

Timing of the infrastructure requirements and potential funding sources is critical so that construction can be started and completed prior to the vertical development of individual redevelopment projects. For example, if MassWorks is seen as a potential funding source for a particular infrastructure project, this must be planned well in advance as these grants must be applied for and competed for on an annual funding basis.

Another potential incentive not described in the Westmass report is the Infrastructure Investment Incentive program, or I-Cubed, which provides grants from the state for public infrastructure investments leading to or supporting new job and new sales tax growth. A specific user (or users) must be identified, and only certain types of employment qualifies towards the amount of funding available. Fund levels are based on the forecast number of *net new jobs* and *net new sales taxes* that are not displace from other locations in the Commonwealth.

Strategic Recommendations:

- *Identify specific infrastructure projects that will benefit/support redevelopment in the downtown district, estimate order-of-magnitude costs and timing, develop a funding strategy, and begin reach-out to funding sources.*

3. Vertical Development

Once specific projects and a qualified development entity are identified, a range of other potential incentives can be used to assist the revitalization/redevelopment process. These are listed and explained in the Westmass report and are focused on individual projects. However, it should be pointed out that some of these programs involve property tax abatements or reductions for individual properties that may reduce the amount of incremental revenues available through DIF, should that program be implemented to fund planning phase needs (such as shared parking facilities or property acquisitions). In summary these include:

- HDIP (Housing Development Incentive Program) provides local and state tax abatements;
- TDI Equity (MassDevelopment) provides financing and assistance for individual projects;
- TIF (Tax Increment Financing) – locally approved tax property tax abatements;
- Chapter 121A – provides for tax payment contracts (that may differ from traditional ad valorem tax payments) for projects within the City’s Urban Renewal area;
- EDA Revolving Loan Funds –funding for individual projects funneled through the City;
- CDBG - funds can be used for individual projects or various assistance programs;
- Opportunity Zone – feasible projects within designated areas may attract low-cost equity capital;
- Historic Tax Credits – apply to certain improvements on qualified buildings, provides substitute equity capital to the developer;
- Low Income Housing Tax Credits – reduces developer’s equity costs for projects that include 20% affordable housing.

While these various programs and sources differ in how (and if) they can be applied to a specific project, they can be summarized as follows:

- Tax Credits (OZ, HTC, LIHTC)– these programs provide the developer, or more likely investors in a project, the ability to lower their tax liability by purchasing credits through investment in a qualified project. Because of this benefit, investors are willing to fund up-front development costs with equity, thus making more capital available to the developer and/or lowering the cost of that capital. These savings in turn can be used to improve the financial feasibility of a project. Over half of the new Main St/Convention Center overlay district lies within an

opportunity zone. This includes the Metro Center area of downtown with a southern border at MGM Way/Stockbridge Street and encompasses the important Convention Center, Court Square and State and Main Street corner area of the plan.

- Tax Benefits (HDIP, TIF, 121A) – these programs reduce (or postpone) tax payments on property, thereby saving money to the developer and improving the financial feasibility of a project.
- Grants and Loans – these programs substitute federal, state or local dollars for private investment in a project, thereby lowering costs and increasing returns.

Strategic Recommendations:

As potential development projects are brought forward by the private sector, a range of incentives can be tailored to specific uses including the likely and desired increases in retail/restaurant, lodging, and residential product. Projects such as the foreclosed blocks are contemplating new reuse scenarios that would likely pair residential over retail.

Specific to the foreclosed blocks and the “funding gap” identified in the CBA and Appleton assessments, RKG suggests that the City assist interested developer pursue the use of HDIP, Historic Tax Credits, Opportunity Zone and other funding sources which in combination will improve viability of the project. These sources are very project specific but in general help to reduce project costs to the developer by enhancing access to private equity investment or providing additional financial leverage. These cost savings, especially when combined with other funding sources or services, can often make an otherwise infeasible project financially viable.

- *As other district wide and sub zone projects are defined and the planning, programming and economics advance for each, RKG can assess and prepare specific strategies to leverage the available grants and sources detailed herein to improve viability, mitigate risks, and attract development / investment.*

4. Occupancy Incentives

There are other incentive programs available to owners, developers, tenants and other users of space within redeveloped buildings in the Downtown District which are also described in the Westmass report. These are applicable once a building is stabilized and occupied. These incentives are typically later phase and smaller dollar amounts which are important to Developers to improve future marketability and tenant draw, as well as for retail and office tenants of buildings, but are less significant to the initial project viability. The City should serve as the central coordinator for information pertaining to available programs, and work with Developer/investors to facilitate federal, state, and local incentives to future tenants.

Strategic Recommendations:

The City should maintain a “resource room” that has complete and up-to-date information on any incentive programs applicable to end users, along with contacts, requirements and other needed information that applicants can utilize as a “one stop shop” during the development and occupancy stages of development.

Summary Near Term Strategic Recommendations

The following key recommendations are focused on short-term actions by the City to initiate an incentives strategy for implementation of the Blueprint:

1. Move ahead with plans to acquire control of the so-called Foreclosure Properties using the HUD 108 Loan augmented by other grant sources such as those related to the MGM Casino. These properties allow the City to be “in the game” and serve as a catalyst for encouraging more private investment in the downtown built environment.
2. Begin the process to set up a DIF District and program for the downtown, with the goal of having it in place within 6 months. The District boundaries should extend beyond the immediate casino/convention center area in order to capture incremental growth in assessed values that result from the initial catalytic projects.
3. Continue to seek additional funding from EDA, MGC Community Mitigation Fund and others for acquisition and stabilization of buildings in the core downtown area.

C. Springfield Convention Center Situation Analysis, Feb 2020



**THE
INNOVATION
GROUP**

**Springfield Convention Center
Situation Analysis**
Springfield, Massachusetts

Prepared for:
The Chicago Consultants Studio, Inc

February 2020

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Springfield Convention Center Situation Analysis

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EXECUTIVE SUMMARY

The City of Springfield (City) through their consultant The Chicago Consultants Studio, Inc (CCS) retained the Innovation Group to assess current performance and market position of the MassMutual Center, a multipurpose arena and convention center in Springfield, Massachusetts, in order to help the City better compete in the regional convention/meeting market now that MGM Springfield has opened. The MassMutual Center consists of an arena, convention center, and ballroom, and it hosts a variety of events – concerts, conventions, meetings, and the MMC is even home to a minor league hockey team. The Innovation Group’s assessment will be used to help guide strategic planning and future market research. These efforts are part of a broader plan by the City that seeks not only the strengthening of downtown Springfield, but regional economic growth being driven by the new MGM development. One element of this plan is to support the growth of Springfield into the center of the region’s meeting, convention, and entertainment business, the multiplier effects of which will provide significant economic benefit to the City and surrounding area.

In this memorandum, we describe the national and regional convention and events market, and we provide context into how the MassMutual Center is performing relative to regional comparables and also draw comparisons to nationwide comparables that are casino-adjacent. We also look at the MMC’s performance trends.

Key findings from our assessment are below.

Overall

- Based on comparisons with nearby competitive facilities, we believe there is potential for the MMC to increase its share within the regional convention market through addressing physical deficiencies, a robust focus on marketing, and fully leveraging its proximity to the MGM Springfield Casino
- The downtown location and unique paradigm of the casino with direct adjacency to both the MMC and other destination attractions provides a compelling competitive advantage which centers such as the CTCC in Hartford cannot directly leverage. Hartford, however, has continued to market the destination attractions of the Springfield area while capturing more than its regional share of business.
- We recommend that the City conduct a broader assessment of how to leverage the \$1B investment in MGM Springfield to enhance MMC’s position in the convention marketplace. We believe based on the preliminary analysis in this report that - with further research and strategic planning - Springfield has an opportunity to establish a lead position in the New England regional convention and meeting business.

We provide additional summary findings below, separated into competitive/performance considerations and potential deficiencies. We conclude this summary with a list of areas of further research.

Market / Competition / Performance

- The regional market extends approximately a two-hour drive from Springfield, with several regional competitors including Hartford, Providence, and Albany. The closest

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comparable competitor is the Connecticut Convention Center (CTCC) in Hartford, CT, less than a 30-minute drive away

- MMC (100,000 sqft) vastly underperforms the Connecticut Convention Center (225,000 sqft) on a gross revenue and a gross revenue per sqft basis, and the CTCC is considering improvements which could widen the gap
- MMC convention business generated 5,646 room nights in FY19 while CTCC booked more than five times as many, with 31,000 hotel room nights attributed to convention visitation
- MMC hosted 238 events last year, while CTCC executed 161 events last year and outperformed MMC on a revenue and revenue per sqft basis. The Rhode Island Convention Center (RICC) in Providence consistently hosts more than 250 events annually
- Competition continues to advance, expand, and reposition
 - Mohegan opened a 240,000 sqft arena which has gained from Hartford in major events and trade shows (e.g. auto show), changing the market in Hartford
 - Hartford has seen a shift to smaller, more regional events, more aligned with MMC but is planning updates and improvements to better attract trade shows – in a recent internal deck, Hartford doesn't even mention Springfield as competition
 - Hartford viewed as underperforming and now developing a 15-year plan to boost its profile as a vibrant attraction and economic driver, by targeting services and amenities now expected by convention and conference attendees.
 - Casinos cited as “worrisome” to Hartford, in that casinos can offer new attractions all under one roof
- Since MGM Springfield's opening, MMC has seen strong revenue growth – gross operating revenues grew from \$4.2m in FY18 to \$5.2m in FY19, and MMC had its 5 largest ever arena events: four Aerosmith concerts and a concert by Cher
- However, MMC has seen high operating expense growth, especially payroll in revenue-producing departments. Overall operating profit is down nearly \$300k versus FY18, despite the strong topline growth

Potential Issues / Deficiencies

- MMC has various physical deficiencies that impact performance
 - Five breakout spaces totaling 8,400 sqft. By comparison, the Connecticut Convention Center (CTCC) has 14 breakout rooms totaling 25,000 sqft, and Albany Capital Center (ACC) has 6 breakout rooms totaling 9,200 sqft despite being a convention center half the size of MMC
 - Lack of attached convention/conference hotel. The MMC has several walking-distance hotel options totaling ~1,500 rooms, but competitive convention centers market attached business-oriented hotels. The CTCC has a 409-room Marriott attached and 1,800+ rooms walkable. The Rhode Island Convention Center (RICC) is attached to the 564-room Omni Providence with a total of 2300+ rooms walkable. The ACC is connected to the Renaissance Albany, a 204-room hotel
 - Lack of attached parking
- Downtown Springfield, the walkable area surrounding MMC, lacks some of the amenities important to conference-goers: a vibrant restaurant scene, brewpubs, coffee and shops. While these exist in the broader Springfield market and while MGM Springfield

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has expanded the market offerings within the casino, the downtown area would benefit from a wider array and diversity of amenities, food and beverage, and entertainment.

- The Greater Springfield CVB (GSCVB) budget – 5 staffers and around \$1 million – is quite small, which may present upside. Hartford is considering developing a CVB, and Providence’s has a budget of \$4m and a staff of more than 20. The GSCVB currently provides only 2-3 convention leads per month to the MMC
- Marketing and branding are limited as a result of the relative size of the CVB
- With MGM Springfield falling short of revenue expectations and in increasingly competitive convention and casino environments, we expect that there is synergy from an increased focus on partnership and packaging of the two entities as key anchors in downtown, particularly given the immediate adjacencies and potential linkages between the two

Capabilities / Areas of Study

Based on the above, we believe that, along with the many indicators that the MMC is a well-run property, there remains ample opportunity for the MassMutual Center to grow and capture the regional events market and also to greatly improve market share in the meetings and events business by aligning offerings, marketing, and management, in turn drawing more regional business to Springfield. Given Springfield’s many attractions including the new Casino district, NBA Hall of Fame, Dr Seuss National Memorial Sculpture Garden, and other enhancements to downtown, the MassMutual Center should be able to gain competitive advantage.

In support of this, we recommend further detailed study to assess:

- Target markets for attracting additional meetings and conventions to the MMC
- Structure and effectiveness of sales, budget, and outreach
- Marketing plan, branding and outreach strategies
- A range of new incentives, assistance, and offerings to enhance convention packages
- Coordination and interface with MGM to market casino and convention together (including leveraging MGM commitment to underwrite major events at MMC/Symphony Center)
- The strength of the hotel market in Springfield, including local hotel supply/demand and would-be revenue impact of additional (attached or nearby) room supply
- Suitability of the physical plant and layout of MMC for satisfying meeting, convention, expo, and SMERF demand; constraints and deficiencies
- Plan for expansion/enhancements to align physical plant with competition and broader market potential (including breakout meeting space, additional storage, ground floor activation, etc.)
- Alternatives for new, proximate, connected hotel/lodging and parking facilities and/or connections to existing
- Enhanced physical linkages and programmatic overlap and collaboration with MGM, as well as surrounding area economic development (restaurants, retail, attractions beyond just MGM) to attract and serve broader convention market
- Impacts of various regional infrastructure improvements, including expanded service and connection to Westover Airport

INTRODUCTION

The Chicago Consultants Studio, Inc has retained the Innovation Group to assess the current performance and market position of the MassMutual Center, a multipurpose arena and convention center in Springfield, Massachusetts. The Innovation Group understands that GSCVB is looking to gain and maintain market share in a competitive convention and trade show environment where attracting clients and generating leads are of paramount importance.

In order to perform the market assessments, a number of considerations were incorporated:

- Size and nature of the market participants;
- The quality of competing convention centers;
- Longevity in the market and customer loyalty; and
- The location of convention centers and the amenity packages offered at each.

Site Description

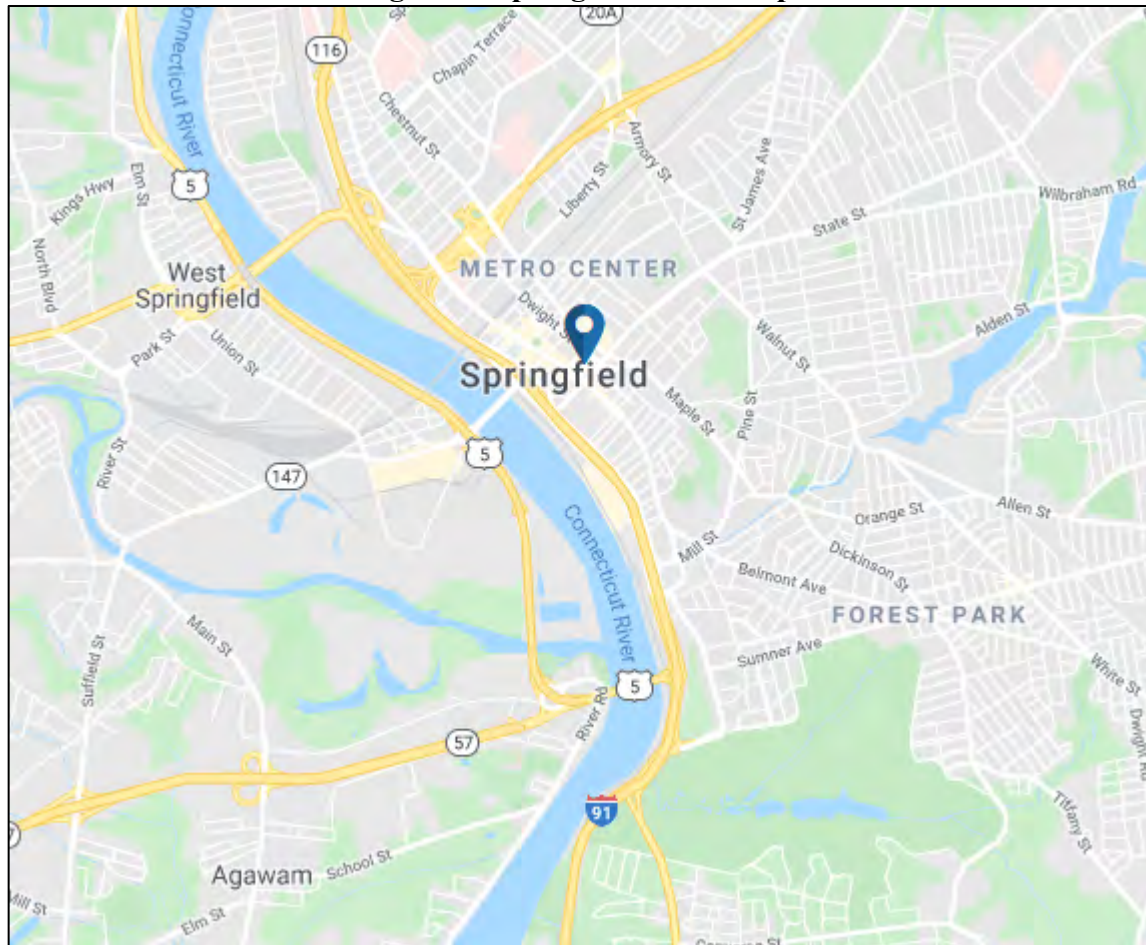
The MassMutual Center (MMC) in Springfield, Massachusetts is in the downtown area, walking distance from the Connecticut River. Consisting of an arena, convention center, and ballroom, it hosts a variety of events from sporting events and concerts to conventions and meetings. The MGM Springfield and Symphony Hall, both adjacent to MMC, also host conventions and other events. MMC is located a short, 25-minute drive from Bradley Airport and half a mile from the Springfield Union station serving both Amtrak and the Hartford Line.

Constructed in 1972, the MassMutual Center underwent renovations from 2003 to 2005. It is owned by the Massachusetts Convention Center Authority and operated by MGM Springfield. The Center's arena serves as the home rink for the American Hockey League's Springfield Thunderbirds and American International College's men's hockey team. In addition to hockey games, the arena also hosts concerts. Notable artists include Cher, Aerosmith, and Stevie Wonder.

The facilities at MMC can host meetings up to 1,500 people, conventions with up to 80,000 square feet of exhibit space, and events in the 8,000-seat arena. The center offers catering, data and telecom connectivity, A/V services, and convention planning to facilitate state-of-the-art and seamless event services. While there are no attached hotel rooms, nearly 1,500 rooms are located within walking distance with an additional 1,000 rooms within two miles of the facility. There is also a variety of nearby amenities and attractions to keep attendees entertained and fed. Adjacent amenities include the MGM Springfield Casino, performing arts centers, museums, and dozens of restaurants within walking distance. Six Flags New England is a 15-minute drive from the facility as well.

The following map displays the layout of the MassMutual Center along the Connecticut River and proximity to Highway 91:

Figure 1: Springfield Area Map



MGM Springfield

MGM Springfield is located a ten-minute walk from the MassMutual Center. The property lies between East Columbus Avenue and Main Street, along State Street and MGM Way. The casino offers 2,500 slot machines, 116 table games, and a poker room. The casino features seven food and beverage options: Cal Mare, an upscale Italian restaurant with New England flair; The Chandler Steakhouse which offers sophisticated fine dining; TAP Sports Bar and Topgolf Swing Suite which both feature casual American dining mixed with sports bar activities; Costa, which offers casual Italian classics; and the South End Market, a casual food court with six options to satisfy guests' cravings. Other amenities include the multi-screen Regal Cinema theater, the TAP arcade and bowling center, a fitness center, full-service spa, and pool. The hotel hosts 252 rooms and 16 suites offering modern amenities, including dog-friendly rooms. Most rooms accommodate two or four guests.

The MGM Springfield opened its doors in August of 2018 and had revenue of over \$263 million in the first year of operations. Projected revenue numbers were higher, however, with

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expectations of \$418 in its first year of operations¹. Below is a table summarizing the financial performance of the casino.

Table 1: MGM Springfield Gaming Revenue

	% Slot	% Table	Gross Gaming Revenue (\$MM)
Estimated Revenue	-	-	\$418.0
First 12 Months	70%	30%	\$294.0
2018	67%	33%	\$101.5
2019	72%	28%	\$252.6
Monthly Average	75%	31%	\$19.7

Source: Massachusetts Gaming Commission, The Innovation Group

CONVENTION INDUSTRY OVERVIEW

The following section provides basic industry terms and recent national trends in the convention industry. The primary purposes for holding meetings and conventions include education, training, decision-making, information exchange, research, sales, strategic planning, team building, new product introduction, problem-solving, and reorganization. It is these factors that, in conjunction with economic and business cycles, drive growth, decline, and change throughout the conventions market.

Industry Definitions and Limitations

We would note that within the National Convention & Meeting Industry there is a lack of clarity regarding the exact definitions for various components of the market. This includes, but is not limited to, consistent definitions for grouping and describing certain meeting types, estimated average occupancy or demand, and determining criteria for denoting business by geographical location. As such, estimates of the market vary widely in terms of analysis used given the original source. Clarity regarding definitions is further hindered given the fact that much of the available industry information is collected at varying levels. For example, while some organizations segregate information on Conventions, Meetings, Exhibitions/Trade Shows, and Fairs separately, others collect market data under the common MICE (Meeting, Incentive, Conference, Event) heading. Some broad categorizations widely accepted by the industry include data from the following organizations:

- The International Congress and Convention Association (ICCA)
- Union of International Associations (UIA)

¹ <https://www.cdcgamingreports.com/mgm-springfields-gaming-revenue-was-144m-below-projections-in-casinos-first-year-new-figures-from-massachusetts-gaming-commission-show/>

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- Meeting Planners International
- Professional Convention Management Association

In addition, there have been various sources which we have found conduct major industry surveys on a biennial or annual basis:

- Events Industry Council (EIC) Research
- Oxford Economics
- Amex/Y-Partnership

We also utilize data from meeting and convention centers. Utilizing these resources, The Innovation Group defined the market, which is noted in the following section of the report.

Meeting Types

The primary purposes for holding meetings and conventions include education, training, decision-making, information exchange, research, sales, strategic planning, team building, new product introduction, problem-solving and reorganization. It is these factors that, in conjunction with economic and business cycles, drive growth, decline, and promote change throughout the meetings market. The following section provides basic industry terms and recent national trends in the meetings industry.

The various types of events held at meetings facilities are defined below to better evaluate the potential market. These events may be hosted by an association, corporation, or other public or private organization seeking meeting space for a particular function. In many instances, a third-party meeting planner is hired on an organization's behalf. With the exception of SMERF business, these events are largely held midweek. Depending on the type of facility and business mix, this can be beneficial in offsetting strong weekend business from a more leisure-oriented business. Where some may overlap in characteristics, each tends to vary in terms of size and venue requirements.

Conventions

These types of events typically include associations, professional groups, and other membership organizations with attendance ranging from 300 to 30,000 or more attendees. The larger meetings usually take place in convention centers with exhibit halls over or above 100,000 square feet. Smaller events are held in hotels, conference centers, and small regional convention centers. Conventions usually consist of a number of simultaneous meetings and one or more general sessions as well as exhibitors. Facility needs typically include assembly or banquet space for general sessions and meals, exhibition space for displays and exhibits, and several meeting rooms for breakout sessions. Most large corporations hold recurring events for training, incentive, product demonstration, and other purposes and many rotate among various destinations within a particular region when planning their annual event.

Tradeshows

Tradeshows, which provide a platform for retailers and wholesalers to transact business with industry buyers, require exhibit halls and are generally restricted to convention centers, as

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opposed to smaller hotel or conference center spaces. Because these events are exhibit-intensive, exhibitors favor column-free, single-story, open-space facilities. Tradeshows tend to be more product and sales-oriented than convention. Some of these groups tend to hold annual events that rotate among various destinations within a particular region, similar to conventions, while others are fixed in specific cities each year.

Public/Consumer Shows

Exhibit-based shows are typically open to the general public and generally draw from the local area. These events tend to charge a nominal fee for entry and typically include events such as home & garden shows, boat shows, auto shows, gun shows, antique shows, career fairs, etc.

Corporate Events

Corporate events include professional conferences, sales meetings, training seminars, merchandise introductions, and management summits. Attendance ranges widely, with an average of 85 people based on a recent PWC study. These meetings are typically held in hotels with meeting space, conference centers, with larger functions sometimes being held at convention centers. Corporate meetings usually require meeting rooms and sometimes banquet space, but typically not exhibition space. Corporate meeting planners and attendees tend to desire facilities with business amenities and a first-rate, professional ambiance.

Conferences

Conferences are events used by any organization to meet and exchange views, convey a message, open debate or give publicity to some area of opinion on a specific issue. While it is not commonly limited in time, a conference is typically short and has very specific objectives. Conferences are usually held by associations, professional groups, and other membership organizations. These events do not typically require exhibition space but are otherwise similar to conventions. They require banquet rooms for meals and/or general sessions and meeting rooms for seminars and breakout sessions. Hotels and conference centers host the majority of conferences. Like conventions, conferences can generate a significant amount of new spending providing a boost to the local economy if a large percentage of attendees originate from outside the area. Conference visitors typically stay multiple nights in the host city and spend money on accommodations, food, retail goods, transportation, and entertainment.

SMERF

Also referred to as Banquets, SMERF business (social, military, educational, religious and fraternal) generates substantial demand for meals, receptions, galas, fundraisers, family reunions, wedding receptions, and other banquet events. Business tends to be primarily local with a majority of events occurring during the weekend. These events often call for a ballroom or multipurpose space where food and beverage services, as well as, entertainment, can be provided. Banquet events are more commonly held in hotels, civic centers, and other banquet facilities as opposed to a convention center. For a given facility, these events can be a considerable source of food and beverage revenue.

Casino-Attached Meeting Space

Casinos often have meeting space included in or adjacent to their hotels. Conventions are a good fit for casino operations because casino hotel demand is naturally higher on the weekends, so casinos can leverage meeting and convention space with attendees bolstering the slower mid-week demand for hotel rooms. Additionally, convention visitors spend more money on food and beverage and entertainment than a typical mid-week, non-convention visitor. Casinos can help in completing the entertainment package that associations and corporate meetings are looking for in a destination; however, casino attachment may also disqualify a venue if gambling is perceived as out-of-line with the event's brand or target audience.

To understand how casino attachment affects convention centers, we look to Las Vegas. With over 7 million square feet of convention and exhibit space, Las Vegas offers more meeting space than any other city in the United States and houses two of the largest convention centers. The city draws more attendees and hosts more large conventions than any other national destination and contains both casino-attached and standalone convention centers. To understand how casino attachment affects convention centers, we compare events hosted by a casino-attached and a standalone convention center in Las Vegas.

The Sands Expo Center is approximately 1.2 million square feet with a nearly 900,000 square foot exhibit hall. It is attached to The Venetian and Palazzo casinos, featuring a combined 225,000 square feet of casino floor. Types of events include Global Gaming Expo (G2E), Automotive Aftermarket Products Expo (AAPEX), International Meeting Expo (IMEX), Shot Show, Consumer Electronics Show (CES), Adobe Summit, Amazon re:Invent. A lot of their events are industry trade shows with a heavy tech association and widespread media attention.

The Las Vegas Convention Center (LVCC) houses nearly 2.2 million square feet of space, with a 909,000 square foot exhibit hall. It is adjacent to multiple casinos but not directly attached to any. The events it hosts include ConExpo-Con/Agg, National Association of Broadcasters, International Builders Show, World of Concrete, National Mining Association MINEXPO, ASD Market Week Winter. There are a lot of construction industry and other professional conferences and events. Events at LVCC range from 500 attendees to nearly 130,000 and can be family-friendly, such as the ABC Kids Expo or the International Pizza Expo. In contrast, there are no comparable family-friendly events at the Sands Expo Center.

In general, convention centers attached to casinos tend to host more adult-oriented or professional events, while stand-alone convention centers can attract a broader range of events, including events targeting children and families.

Meeting Space Characteristics

Convention and meetings facilities are typically evaluated according to their space functions. Typical spaces that are required in a convention and/or meeting facility are; exhibit space, ballroom space, meeting rooms, as well as, pre-function space. All are briefly described below.

Exhibit Space

Exhibit space is generally used for large conventions, trade shows, and consumers' shows. This space is typically characterized by high ceilings and little to no column support. It is the largest single space area in the center and typically very bland and/or neutral which allows for easy decoration for various types of events. These halls are usually seen with minimal finishing and concrete floors to facilitate heavy loads when necessary. It is estimated that in a combined facility, this area makes up approximately 58% of the total available space.

Ballroom Space

Ballroom space is well suited for entertainment and food and beverage functions. Space typically accommodates large corporate meetings, conferences, smaller conventions, assemblies, and other community and social events. This space is normally the most finished in a convention center and features dividable walls to allow for easy manipulation into smaller segments.

Meeting Rooms

Meeting room space is made up of smaller rooms that are separate from the banquet space. This area is often used in connection with a larger conference as breakout space and is typically utilized for smaller corporate and association meetings. Meeting space typically comes in various dimensions catering to a myriad of group sizes and, depending on the facility, can have dividable walls as well. The meeting room segment usually demands a high-quality facility and therefore typically targets city-center hotels, specially designed conference centers, and resort hotels.

Pre-function space

Pre-function space supports the circulation of pedestrian traffic through the facility and is vital in controlling access to and from event spaces. Like a hallway, this area is commonly situated around the exhibit hall and/or meeting space. Pre-function space typically has a consistent quality of finish and is often used as a registration area for major conferences, events, and trade shows.

Industry Trends

As the number of off-premise meetings and conventions held by associations and corporations' climbs, cities across the globe are making attempts to attract those meetings and conventions. It is possible to evaluate the industry in relation to the size and quality of the facility and the geography of its location. The meetings market generally parallels overarching trends in the economy as the total number of meetings as well as the overall attendance and expenditures fluctuate with the market's business cycles.

While the ability to market a convention center in today's market is essential, it is important to note that most facilities, on average, do not turn a profit on their own. Often, the development and successful operation of a convention center involves annual funding – typically public – to support covering items such as operating costs, marketing, and debt. As such, convention facilities are typically designed to be economic development engines for the host city and are often accepted as loss leaders. Many industry experts have noted that the true profitability of a convention center is commonly measured through economic impacts, heavily contributing to surrounding industries such as hotel, transportation, food and beverage, and entertainment. In

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addition, these facilities are known for stimulating overall growth in travel and tourism activities through repeat visits and word of mouth communication. This is especially true when considering national events, which bring in a larger percentage of out-of-market patronage that can result in new, incremental spending. However, as market size decreases, the strength of that economic impact may diminish as smaller markets tend to draw a less significant number of visitors from outside the region.

According to IBIS World reports, the convention and visitor bureau industry has rebounded following the economic decline of the great recession. Travel rates have grown leading to a total industry revenue of \$2.7 billion in 2019. Growth has slowed due to a strong U.S. dollar impacting international travel, particularly from Canada. Regions along the Canadian border could see less growth as a result. The industry itself is tightly connected to travel trends, which are heading upward into 2024.

Based on the *2018 Meeting Market Trend Survey* conducted by Covene, many meeting professionals anticipate notable positive growth in 2019 but address political factors as a potential threat to the industry. The report highlighted the growth in attendance and exhibitors, 3.6% and 2.7% over 2016, respectively, and decreases in budget and event space, 1% and 20% from 2016. Respondents highlighted that while the number of events has increased, room rates have also increased, causing a squeeze in budgets. The emergence and adoption of technology such as virtual events, event-apps, and social media in the meeting and convention industry have increased as well. While some have noted these as threats, others believe they are an opportunity to expand the reach of the meeting and bring in attendees that otherwise were unable to attend the meeting. The sharing economy is becoming a major disrupter: 26% of respondents stated that a number of their participants are likely to use shared-housing, like Airbnb, for events. However, none of the respondents indicated they were working with shared-housing providers when planning events. Price was ranked the most important factor in planning a meeting, followed by the design of space, and food & beverage.

In 2016, Oxford Economics completed a study for the Events Industry Council that evaluated the economic significance of the meetings industry on the U.S. Economy. The original study was conducted in 2010 and has been updated with 2016 data. The study found that the meetings market contributed over \$446 billion to the nation's Gross Domestic Product (GDP) and employed approximately 5.9 million people. They also concluded that there were nearly 1.9 meetings with 251 million attendees. This helped generate \$325 billion in direct spending. The table below provides a summarized breakdown of these meetings by type, as well as the number of participants.

Table 2: The Meetings Industry by Meeting Type

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Meeting Type	Meetings (000s)	% by Type	Participants (000s)	% by Participant
Corporate/Business Meetings	1,355	71.8%	134,110	53.4%
Conventions/Conferences/Congresses	248	13.2%	44,727	17.8%
Incentive Meetings	85	4.5%	15,299	6.1%
Trade Shows	9	0.5%	39,978	15.9%
Other	190	10.1%	17,120	6.8%
Total	1,888		251,234	

Source: Events Industry Council (EIC) and Oxford Economics, The Innovation Group

As illustrated in the chart above, meetings largely consisted of corporate and business events. These account for nearly 72% of business and more than 53% of attendees. We would note that a large proportion of these events consist of smaller corporate clients that are highly local and do not have the budget to support large destination-style events.

Other major highlights from the study are as follows:

- Since 2009 the number of meetings has grown only 5.4%, while the number of attendees and direct spending have grown by 22.7% and 23.4%, respectively. This shows that the average size of the event has increased.
- The majority of participants in meetings were domestic attendees. These are defined as people within the United States but more than 50 miles away from their event destination. Locals, defined as those within a 50-mile radius, are an important feeder market and represent 22% of participants and 4% of direct spending.

The chart below shows the average amount spent by meeting participants on various types of expenditures. Meeting related direct fees and other expenses made up nearly 63% of the amount spent by meeting participants, with travel and tourism making up the remaining 37%.

Table 3: Direct Spending by Commodity (2016)

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Commodities	Direct Spending (\$MM)	Percent	Average per participant
<i>Travel & Tourism Commodities</i>			
Accommodation	\$48,910	15%	\$195
Transportation	\$42,471	13%	\$169
Food and Beverage	\$16,410	5%	\$65
Shopping	\$7,436	2%	\$30
Recreation and entertainment	\$5,197	2%	\$21
Subtotal	\$120,425	37%	\$479
<i>Meeting Planning & Production</i>			
Food & beverage	\$47,931	15%	\$191
Audio/Visual	\$23,161	7%	\$92
Venue rental	\$16,990	5%	\$68
Transportation and tour	\$12,132	4%	\$48
Entertainment/production services	\$10,534	3%	\$42
Other meeting planning and production	\$56,126	17%	\$223
Other Direct Spending	\$37,746	12%	\$150
Subtotal	\$204,620	63%	\$814
Total Direct Spending	\$325,045		\$1,294

Source: EIC; Oxford Economics

Economic contributions to the convention industry have increased as well. Direct spending in 2016 was over \$325 billion, a 23.4% increase from 2009. Employment increased by 2.8% and labor income grew by nearly 20%.

Table 4: Economic Contributions (dollars in billions, employment in thousands)

	2009	2012	2016	% Increase (2009 to 2016)
Direct Spending	\$263.4	\$273.1	\$325.0	23.4%
Contribution to GDP	\$147.5	\$152.9	\$184.2	24.9%
Labor income (wages, salaries, and other)	\$80.4	\$81.9	\$95.9	19.3%
Employment	2,422	2,319	2,489	2.8%
Indirect business sales	\$685.1	\$710.1	\$845.3	23.4%
Indirect contribution to GDP	\$357.2	\$370.2	\$446.0	24.9%
Indirect Labor income (wages, salaries, and other)	\$208.8	\$212.9	\$249.2	19.3%
Indirect employment	5,724	5,449	5,905	3.2%

Source: EIC, Oxford Economics

LOCAL MARKET CHARACTERISTICS

The hospitality network of a host city (i.e. hotels, flight availability, restaurants) significantly contributes to the success of a convention center. In addition, the economic environment and local population provide insight into the economic health of a given market and its ability to support convention business. These factors, in turn, can also be important contributors to the viability of nearby restaurant, retail, and hotel establishments. This creates an interactive relationship for mutual benefits between a convention center and surrounding businesses. The following analysis seeks not only to evaluate this relationship as well as the area’s ability to support existing convention demand and attract new sources of demand. Factors addressed concerning the existing local market include the following:

- Economy & Demographics
- Transportation (Air, Roadways, etc.)
- Local Attractions
- Hotel Market Supply

Economy & Demographics

The following section outlines the economics and demographics of Springfield. These statistics provide insight into the future growth of the area, its ability to support a convention center and its ability to draw meeting demand.

Demographics

The demographics of an area are critical in assessing its economic health given any increases or decreases to the population. In addition, a larger population can create and sustain more demand for certain events such as consumer shows and SMERF business. As a result of the importance of population, The Innovation Group examined the population within Greater Springfield, the Metropolitan Statistical Area, (MSA) surrounding Springfield, and the overall state of Massachusetts.

Population

Greater Springfield includes the economically interdependent Hampden, Hampshire, and Franklin counties. In 2010, the estimated population for the MSA was 621,570. Springfield is growing at a slower rate than Massachusetts and the whole US. The compound average growth rate (CAGR) of Springfield’s population is 0.2%, well below the 0.6% CAGR of Massachusetts and the 0.7% CAGR of the nation.

Table 5: Area Population

	2010	2019 (est)	2024 (est)	CAGR 2010-2019	CAGR 2019-2024
Greater Springfield	621,570	632,910	643,726	0.2%	0.3%
Massachusetts	6,547,629	6,916,527	7,131,739	0.6%	0.6%
National	308,745,538	329,236,175	340,950,101	0.7%	0.7%

Source: IXPRESS/Claritas, The Innovation Group

Annual Household Income

Another major economic indicator is the annual average household income (AAHI) of a host city. The following presents estimates for the surrounding area. The AAHI in Greater Springfield was \$81,000 in 2019 and is expected to grow on average 1.8% annually over the next 5 years. The HHI and its growth rate are below the state and national average.

Table 6: Area Annual Average Household Income

	2010	2019 (est)	2024 (est)	CAGR 2000-2019	CAGR 2019-2024
Greater Springfield	\$51,628	\$81,002	\$88,774	2.4%	1.8%
Massachusetts	\$66,671	\$115,037	\$128,870	2.9%	2.3%
National	\$56,644	\$89,646	\$98,974	2.4%	2.0%

Source: IXPRESS/Claritas, The Innovation Group

Economy

The economic health of a city is critical to and directly impacts the convention industry. In years of economic stagnation or recession, conventions and meetings are often on the front line of business expenditures to be cut. In years of prosperity and growth, however, meetings and conventions can flourish as businesses or organizations are willing to spend money in an attempt to spur new business. The following section outlines recent economic trends and key factors impacting the Springfield economy.

Overview

Springfield is the fourth largest city in New England. Historically, Springfield’s economy has been based on manufacturing, education, and health care; however, tourism has recently played a larger role in the area’s economy. The 2017 opening of the MGM Springfield solidified the area’s commitment to the leisure and hospitality industry. Over 15,500 businesses are supporting 191,000 workers in Greater Springfield. Education and healthcare are the biggest parts of the ecosystem surrounding Springfield: there is a large supply of educated workforce via the Knowledge Corridor and a blossoming medical device manufacturing industry. The cost of living is nearly 50% lower than nearby metropolises like Boston or New York. This lower cost of living is an attractive feature to both employers and residents. Centrally located, its interstate access makes it a quick drive to Hartford, Boston, and New York. Additionally, Union Station connects passengers to rail service, and nearby Bradley International Airport brings even broader accessibility.

The gaming industry is not alone in expanding tourism in the area. The Greater Springfield Convention and Visitors Bureau (GSCVB) has sought to expand the tourism, leisure, and hospitality in the area by rebranding as WesternMass and facilitating a marketing push. Developing the MassMutual Center Arena & Event Center and partnering with MGM Springfield, the GSCVB has developed a blueprint for the growing industries. The tourism industry currently contributes \$750 million to the region.

Employment and Labor Force

The following provides labor statistics and trends for Greater Springfield from 2009 to 2018. The labor force shrank as a result of the great recession and has steadily climbed since 2012. Unemployment decreased after the recession peak of 9.2% in 2010. An all-time low was reached in 2018.

Table 7: Greater Springfield Labor Force Statistics

Year	Civilian labor force	Employment	Unemployment	Unemployment rate (%)
2009	371,403	340,399	31,004	8.3
2010	363,049	329,676	33,373	9.2
2011	360,602	330,483	30,119	8.4
2012	360,193	332,365	27,828	7.7
2013	360,766	332,682	28,084	7.8
2014	365,315	340,582	24,733	6.8
2015	366,237	345,218	21,019	5.7
2016	366,812	349,210	17,602	4.8
2017	372,034	354,930	17,104	4.6
2018	380,389	364,831	15,558	4.1

Source: Bureau of Labor Statistics

The following presents the largest employers in Greater Springfield. A majority are in the healthcare and education sectors. Other notable employees include MassMutual Center and the Air Force base. According to the Chamber of Commerce, approximately 30% of the labor force is in healthcare, while manufacturing accounts for over 11% of the labor force.

Table 8: Greater Springfield Major Employers

Major Employers	Industry Type	Number of Employees
Baystate Health	Health Care	12,000
University of Massachusetts, Amherst	Education	8,200
MassMutual	Financial Services	6,700
Big Y World Class Markets	Retail	5,600
Westover Air Reserve Base	Military	5,000
Mercy Medical Center	Health Care	3,100
Cooley Dickinson Hospital	Health Care	2,000
Smith & Wesson	Manufacturing	1,700
Westfield State University	Health Care	1,600
Center for Human Development	Health Care	1,400

Source: Springfield Regional Chamber of Commerce, Business West

Transportation

The following presents major modes of transportation in and around the city of Springfield. Meeting planners specifically seek destinations that will allow them to maximize the turnout for an event and provide the most convenience to their attendees. As such, the ease and accessibility of transportation are key factors in determining a city's ability to attract and support a given convention or meeting.

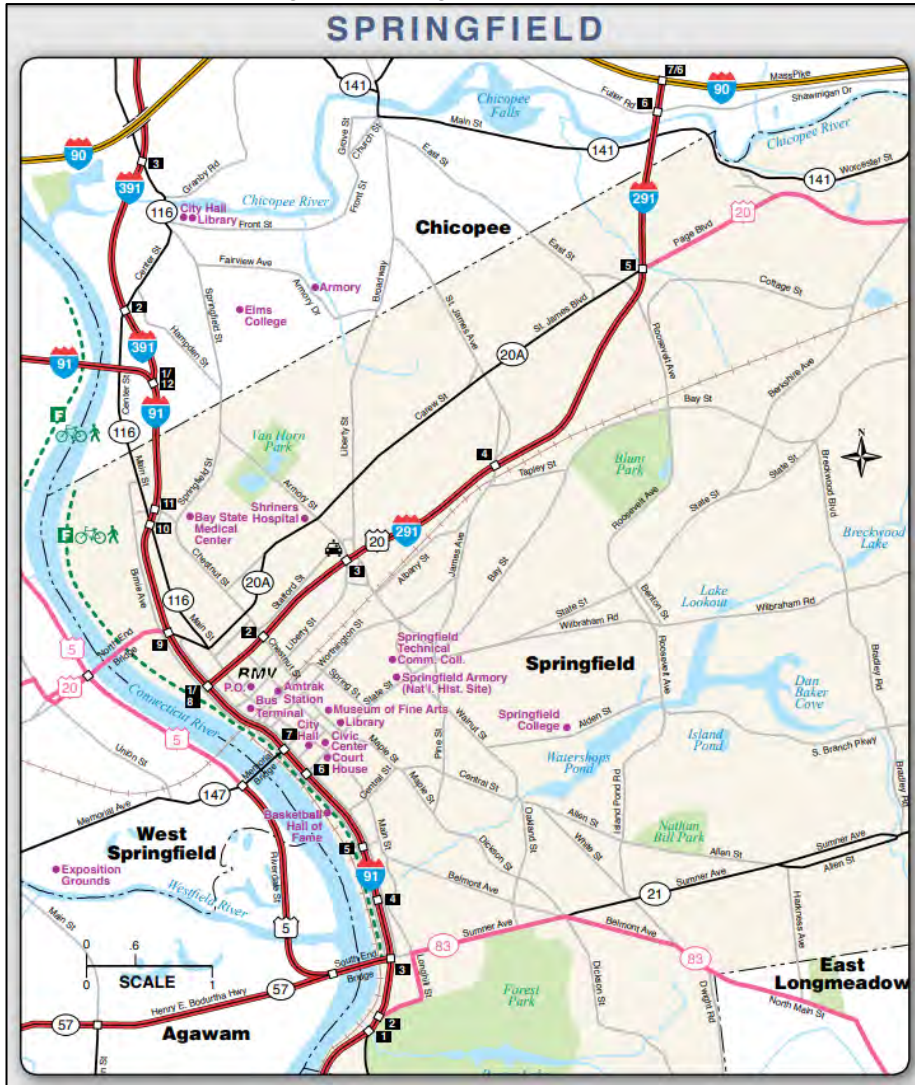
Roadway System

The roadway system in the Springfield area is more than adequate featuring Route 91, which connects Vermont at the Canadian border to New Haven, Connecticut. The two and three-lane highway connects to Interstate 391 in Springfield providing access to Chicopee and Westover Airport. The Massachusetts Turnpike, Route 90, connects Boston to New York state and interchanges with Route 91 just 5 miles north of MassMutual Center.

In addition, the roadways connecting Greater Springfield are also extensive and nicely maintained such as US Route 5, State Street, and Main Street.

The map below, obtained from MassDOT, shows the interstates running through and around Springfield.

Figure 2: Springfield Interstate Map



Source: MassDOT

Airlift and Airport Capacity

Numerous studies have shown the importance of direct air service as this attribute is often ranked along with hotel rooms, cost, and safety as the most important aspects of a location. Thus, understanding the current and future air service situation of Springfield is crucial in forecasting the ability of the county to entertain meetings and conventions.

We have broken down air service into an analysis of air service currently offered in Springfield via the Westover Airport, Westfield-Barnes Regional Airport, and Bradley International Airport.

Westover Airport

Established in 1939, Westover Airport serves as a joint-use between the Westover Air Reserve base and civilian. In 2013 an Airport Business Plan was developed to support the community and

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military. This plan detailed ways to increase charters, operators, and aircraft, and attract a maintenance and repair firm and a low-cost commercial carrier. Located 5 miles northwest of Springfield, the airport is the closest to MassMutual Center, although it does not receive many passengers. Much of its operations come from charter flights. It is much more cost-effective to house planes and crews in Westover and then fly into New York to pick up clients and take them to their destination.

In 2019, the airport reached an agreement with the Air Force to extend hours of operation from 18 hours to 24 hours per day. MGM Springfield and the Department of Transportation provided funds to develop a system in support of the 24-hour operation. MGM has chartered planes to the airport for performers and other guests.

If Westover could expand its service or attract commercial flights it will be able to ease travel to and from the city for potential conventioners and increase the city's overall competitiveness in the region.

Westfield-Barnes Regional Airport

Established in 1923, Westfield-Barnes Regional Airport was constructed to service the war effort. Due to the presence of the Air National Guard Westfield-Barnes has 24/7 operations. Its business comes from charters. The airport is approximately 15 miles from the MassMutual Center.

Bradley International Airport

Located just over 15 miles south of Springfield, Bradley International Airport represents Springfield's closest major airport. The airport is serviced by nine major airlines, Aer Lingus, Air Canada, American Airlines, Delta Airlines, Frontier Airlines, JetBlue, Southwest Airlines, Spirit, and United Airlines.

Total airline passenger volume, often described as people getting on (enplanements) and people getting off (deplanements) aircraft, was over 3.2 million in 2018. These figures were up 3.7 percent from 2017 which saw the airport's total passenger volume at over 3.1 million. While the airport does offer international flights, international passenger volume is very small and made up only 1% of total passenger volume at the airport from 2009 through 2016. Percentage of international has increased to approximately 2.8% in 2018.

Table 9: Bradley International Airport Volumes

	Domestic	International	Total	% Change
2008	2,934,996	65,874	3,000,870	-6.9%
2009	2,595,178	26,530	2,621,708	-12.6%
2010	2,608,933	24,884	2,633,817	0.5%
2011	2,744,403	23,601	2,768,004	5.1%
2012	2,619,153	22,558	2,641,711	-4.6%
2013	2,653,171	23,585	2,676,756	1.3%
2014	2,882,794	24,988	2,907,782	8.6%
2015	2,893,692	27,239	2,920,931	0.5%
2016	2,937,816	39,002	2,976,818	1.9%
2017	3,071,026	85,614	3,156,640	6.0%
2018	3,194,326	78,023	3,272,349	3.7%

Source: Bureau of Transportation Statistics

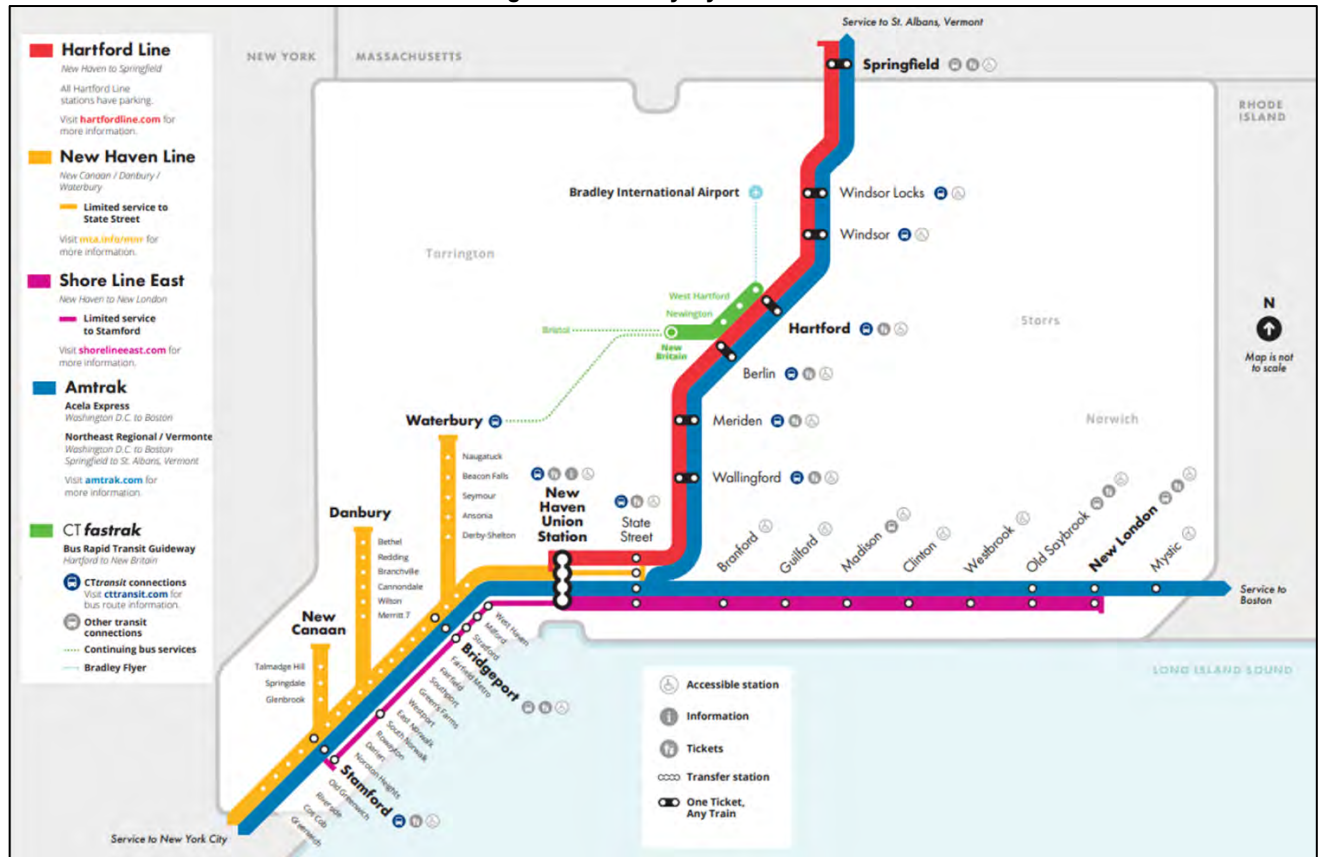
In addition to the passenger volume, Bradley also has 30 direct flights allowing Bradley to draw in passengers from around the United States, Ireland, and Canada.

While Bradley International is only a 30-minute drive from MassMutual Center, it is a 20-minute drive from the Connecticut Convention Center in Hartford. This creates a bit of competition between the two convention centers. Bradley International offers connections to the Hartford Line and Amtrak rail line, but no regular-scheduled shuttles between the airport and Springfield.

Railway System

Springfield is served by the newly renovated Union Station connecting the city with both Amtrak and the new Hartford Line which began service in June 2018. Amtrak connects dozens of cities including Hartford, New Haven, Boston, and New York. The Hartford Line connects Springfield with New Haven, along eight stations and is currently exceeding ridership projections.

Figure 3: Railway System



Source: Hartford Line

Local Attractions

Local attractions are an important amenity to convention visitors and are part of the overall package that makes a particular host city an attractive option for holding an event. According to the Greater Springfield Convention and Visitors Bureau (GSCVB), Western Massachusetts has a variety of attractions to satisfy visitors. In 2018, the economic impact of tourism reached \$928 million, largely drawing visitors from New England. These visitors are likely to be millennials and visiting for vacation². The following presents the major attractions in the area.

² <https://www.masslive.com/business/2019/11/survey-western-massachusetts-tourism-up-thanks-marketing-dr-seuss-museum-mgm.html>

Gaming

The MGM Springfield opened its doors in October of 2017. The casino resort houses a comedy club and TopGolf Swing Suite, and it offers seven dining establishments from a steakhouse to a pizza counter and three bars. Additional amenities include a movie theater, spa, fitness center, pool, arcade, and bowling. Earning just over \$243 million in its first year of operations, it features 116 table games, a poker room, and 2,500 slot machines. The hotel has 252 rooms and 16 suites. The casino is styled as sophisticated with a twist. The entire complex exudes a “Springfield-centric” design and is highly integrated into the urban context through historically responsive architecture and a porosity that provides multiple entries and engagement with the city fabric. A large Wizard of Oz mural harkens to the cinematic origins of MGM while the inside décor has numerous references to Springfield’s unique history and city icons of Dr. Seuss, basketball, Webster dictionary, Indian Motorcycle, and others.

Six Flags New England

Six miles south of Springfield, Six Flags New England offers family-friendly and thrill-seeking entertainment. There are 19 roller coasters, 9 family-friendly rides, and 16 kid-friendly attractions. In addition, there is a seasonal water park with 17 rides and experiences.

Basketball Hall of Fame

The Naismith Memorial Basketball Hall of Fame is located in Springfield. With over 300 inductees, it features interactive exhibits, skills challenges, live clinics, and shooting contests. In addition to the exhibits, the museum features select dining options including a tavern, sports bar, and a small food court. The museum also hosts events in its unique spaces.

Museums

Springfield is home to six museums drawing a variety of visitors including the Amazing World of Dr. Seuss Museum, Springfield Science Museum, and the George Walter Vincent Smith Art Museum. The museums are in a Quadrangle, situated around the Dr. Seuss Sculpture garden within proximity of each other.

Forest Park and Zoo

Located inside of a 735-acre park, the zoo houses a variety of wildlife ranging from farm animals to alligators and timber wolves. There is a gift shop, but no dining options.

Symphony Hall

Adjacent to MassMutual Center, Symphony Hall is home to the Springfield Symphony Orchestra. The Hall hosts dozens of events each year including classical, Broadway, and music from film. The Hall injects culture into downtown Springfield.

Hotel Market Supply

For a convention center to successfully attract major meetings and conventions, it must offer an adequate number of high-quality hotel rooms. The following section examines the hotel market in Springfield.

The city of Springfield has 8 hotels featuring nearly 1,500 guestrooms in their hotel supply, with an average hotel featuring 179 rooms. The vast majority of these facilities are chain hotels and the remaining are either situated within walking distance of a casino or at least within a 2-mile radius.

Table 10: Springfield Hotel Supply

Name of Establishment	Type	Rooms	Opened
Hampton Inn & Suites Springfield/Downtown	Hotel	87	-
Hilton Garden Inn	Hotel	143	-
Holiday Inn Express Springfield Downtown	Hotel	97	2018
Howard Johnson by Wyndham Springfield	Hotel	59	-
La Quinta Inn & Suites by Wyndham	Hotel	203	1960
Sheraton Springfield Monarch Place Hotel	Hotel	325	1987
Tower Square Hotel Springfield	Hotel	265	1972
MGM Springfield	Hotel-Casino	252	2018
Total		1,431	

Source: Greater Springfield CVB Website, Cvnets, The Innovation Group

To attract the attention of meeting planners for major association meetings and conventions, a host city should have an adequate supply of convention-class hotels. This includes well-appointed establishments with a full-service restaurant and expanded amenities and services such as, but not limited to, room service, high-speed internet, a fitness center, and business services. Overall, Springfield's ability to attract conventions to the destination and the proposed center will depend significantly on its inventory of full-service hotel rooms and their location in relation to each other as well as to the MassMutual Center. In addition, it will be imperative to obtain hotel management's cooperation in committing rooms for city-wide events (three to five years in advance) and prospects for the future growth of the hotel supply.

COMPETITIVE ENVIRONMENT

Local Convention Market

The Greater Springfield market includes eleven convention facilities with a combined nearly 900,000 square feet of convention space. Many events have been basketball and agricultural-related, tying into the Naismith museum and Eastern States Exposition. The Innovation Group researched a list of all meeting space facilities available in the region.

The following table presents the local market supply of convention and meeting space in Greater Springfield and Hartford, CT. For our analysis, we restricted to facilities with a capacity of over 1,000 attendees. Except for MGM Springfield, none of the available facilities contain a casino. Those that have dedicated event center space often market them in conjunction with their meeting space. The largest facility in the market is the Eastern States Exposition (ESE) with approximately 355,000 square feet of event space and hosts The Big E, an event that welcomes just over 1.5 million average attendees annually. The ESE predominately hosts agriculture-related events such as horse shows, farming expos, and rodeos. The next largest facility is the Connecticut Convention Center in Hartford, which is better suited for a true convention or meeting event. The facility promotes over 225,000 square feet of indoor space which includes a dedicated event center.

Table 11: Local Comparable Meeting Space Venues

Property	Type	Location	Total Meeting Space	Number of Break out Rooms	Seating Capacity (Max)
MassMutual Center	Convention Center	Springfield, MA	100,000 Sq Ft	5	8,000
Connecticut Convention Center	Convention Center	Hartford, CT	225,000 Sq Ft	19	15,287
Eastern States Exposition	Convention Center	West Springfield, MA	355,000 Sq Ft	10	5,250
Symphony Hall	Concert Hall	Springfield, MA	-	0	2,611
MGM Springfield	Hotel Meeting Space	Springfield, MA	29,205 Sq Ft	10	2,355
Hotel UMass	Hotel Meeting Space	Amherst, MA	76,053 Sq Ft	38	17,465
Sheraton Springfield Monarch Place	Hotel Meeting Space	Springfield, MA	33,213 Sq Ft	22	3,333
Hartford Marriott Farmington	Hotel Meeting Space	Farmington, CT	22,718 Sq Ft	24	1,985
Tower Square Hotel Springfield	Hotel Meeting Space	Springfield, MA	15,000 Sq Ft	11	1,146
Hilton Hartford	Hotel Meeting Space	Hartford, CT	15,000 Sq Ft	20	1,936
Inn on Boltwood	Hotel Meeting Space	Amherst, MA	14,000 Sq Ft	5	1,604
Hartford Marriott Downtown	Hotel Meeting Space	Hartford, CT	13,089 Sq Ft	10	1,288
Average			81,662 Sq Ft	15	5,188

Source: Cvent; Company Websites; The Innovation Group

Many of the facilities in the Greater Springfield market have dedicated or flexible event center space that is predominately used for meeting space availability. As a result, we have a detailed space breakdown amongst these facilities to provide better insight on what the current market has to offer. Of those listed, both ESE and Symphony Hall have fixed, arena-style seating while the

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other properties feature a multipurpose room with removable seating. Only three venues are truly capable of hosting major conventions.

Regional Competitive Market

It is assumed that any convention center competes at a regional level. As a result, The Innovation Group researched other regional convention centers with at least 50,000 combined square feet of space to understand and project the regional market that includes Massachusetts, Connecticut, Rhode Island, Maryland, New York, Vermont, and Maine. It should be noted there are no comparable convention centers in New Hampshire. In this region, we were able to find a convention center meeting our criteria in 12 cities. Upon identifying these cities, we examined the amount of ballroom, meeting room and exhibit space (as a note, our space estimates do not take into account outdoor space or corridors/hallways/pre-function space). Lastly, we also collected information regarding whether or not each convention center had an attached hotel(s) and if so, the number of rooms available. Understanding the locations sizing and attached hotel supply helps to fully clarify a center's competitiveness and attractiveness in contrast to others in the regional supply.

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Table 12: Regional Competitive Landscape

Property	Location	Total Meeting Space (Sq Ft)	Number of Break out Rooms	Seating Capacity (Max)	Exhibit Space	# of Hotel Rooms
Hotel Umass	Amherst, MA	76,053 Sq Ft	38	17,465	0	116
MassMutual Center	Springfield, MA	100,000 Sq Ft	12	8,000	40,000	0
MGM Springfield	Springfield, MA	29,205 Sq Ft	10	2,355	0	252
Eastern States Exposition	West Springfield, MA	355,000 Sq Ft	10	5,250	110,000	0
Boston Convention & Exhibition Center	Boston, MA	707,423 Sq Ft	86	71,063	516,000	0
John B. Hynes Veterans Memorial Convention Center	Boston, MA	314,963 Sq Ft	38	21,536	176,480	0
Mohegan Sun	Uncasville, CT	275,000 Sq Ft	49	27,994	145,000	1,600
Connecticut Convention Center	Hartford, CT	225,000 Sq Ft	19	15,287	140,000	409
XL Center	Hartford, CT	100,000 Sq Ft	9	5,276	68,855	0
Rhode Island Convention Center	Providence, RI	110,000 Sq Ft	28	15,040	100,000	0
Baltimore Convention Center	Baltimore, MD	383,352 Sq Ft	50	12,102	300,000	0
Albany Capital Center	Albany, NY	55,000 Sq Ft	6	5,624	25,000	0
Empire State Plaza Convention Center	Albany, NY	50,000 Sq Ft	10	2,465	26,000	0
Oncenter Complex	Syracuse, NY	216,822 Sq Ft	22	21,327	65,250	0
Barre Civic Center	Barre, VT	54,374 Sq Ft	9	1,940	0	0
Cross Insurance Center	Bangor, ME	50,000 Sq Ft	18	8,360	40,000	0
Average		193,887 Sq Ft	26	15,068	100,574	49

Source: Cvents, Company Websites, The Innovation Group

Regional Facility Characteristics

Below is a brief description of each regional competitor.

Massachusetts

Within Massachusetts, Springfield, West Springfield, and Amherst are the only cities offering the scale of events within scope. The following breaks down the offerings at each of the three cities.

Amherst

Located adjacent to the University of Massachusetts, Amherst, Hotel UMASS offers 116 guest rooms. The largest available space in their event center is 19,000 square feet. The venue does not feature an exhibit hall but has abundant meeting space and a multipurpose 10,000 seat facility in the Mullins Center.

Boston

As the capital of Massachusetts, Boston's convention facilities are relatively large. The Boston Convention and Exhibition Center (BCEC) features over 707,000 square feet with over 500,000 square feet of exhibit space. While there are no attached hotel rooms, the BCEC is located within one mile of thirteen hotels. The John B. Hynes Veterans Memorial Convention Center has nearly 315,000 square feet of meeting space, and 22,000 square feet of exhibition space. There are 23 hotels within one mile of the Hynes.

Springfield

Springfield's offerings include MassMutual Center, the MGM Springfield and Symphony Hall. Most of the space, 100,000 square feet is from MassMutual Center, but the center can be augmented with MGM Springfield's 29,000 square feet and the 2,600 seat Symphony Hall. As all three are managed by MGM Springfield, they can be grouped for joint events.

West Springfield

West Springfield is home to Eastern State Exposition, which offers agriculture, car and other community events. The multi-building campus includes an arena with over 5,000 seats and 110,000 square feet of exhibit space and draws an average of 1.5 million attendees each year for the state fair, The Big E.

Connecticut

Within Connecticut, the Innovation Group identified Hartford and Uncasville as regional competitors due to the proximity to the MassMutual Center and the recent construction of the Mohegan Sun Convention Center.

Hartford

Hartford offers two competing facilities, the Connecticut Convention Center and XL Center for a combined 325,000 square feet. The convention center has a 140,000 square foot exhibit space and is one of the few regional competitors with attached hotel rooms. The XL Center is far smaller by comparison with nearly 69,000 square feet of exhibit space and seating capacity at just over 5,000.

Uncasville

The Mohegan Sun casino in Uncasville, Connecticut remodeled its existing hotel and casino to add a 275,000 square foot convention center in 2018. The center also includes a 10,000 seat arena and 420 seat theater. The attached 310,000 square foot casino features over 4,000 machines, more than 40 dining options, and a 1,600 room hotel.

Rhode Island

The Innovation Group identified a single competing regional market in Rhode Island, Providence. As the capital city of Rhode Island, it can draw in a larger number of visitors than other regional markets.

Providence

The Rhode Island Convention Center Authority operates three facilities, the Rhode Island Convention Center, the Dunkin' Donuts Center (DDC), and The Vets. The convention center has 100,000 square feet, 28 meeting rooms and can hold approximately 15,000 seats. It is connected to the 564 room Omni hotel, DDC and the Providence Place Mall via pedestrian bridges. The DDC is an arena with 14,000 seats and a combined 79,000 square feet of event space. The Vets is comparatively small with under 6,000 square feet of event space and 2,275 seats, but it is similar in size to Springfield's Symphony Hall and a short walk from the convention center. The combined venues are impressive in size and can handle very large events.

Maryland

Due to size and national recognition, Baltimore is competitive on a national level. As such, it can target much larger shows and meetings than would be typically seen at regional centers.

Baltimore

The Baltimore Convention Center features over 380,000 square feet of space, including 300,000 square feet of exhibit space. It is capable of 50 individual meeting rooms and has a seating capacity of just over 12,000. It is quite a bit larger than the MassMutual Center; however, the facility is dated.

New York

The Innovation Group identified two regional competitors in both Albany and Syracuse.

Albany

The Albany Capital Center was constructed in 2017 as part of the Capital Complex. It features 55,000 square feet, only six meeting rooms, and a limited 25,000 square feet of exhibit space. The Capital complex is comprised of four venues: the Capital Center, Empire State Plaza Convention Center, Times Union Center, and The Egg Performing Arts Center. The Empire State Plaza Convention Center houses 26,000 square feet of exhibit space with an additional 14,000 square feet of meeting space and eight meeting rooms. Times Union Center is a 30,0000 square foot arena with a 32,500 square foot concourse that can seat 15,000. The Egg has two theaters seating just under 1,500 people combined.

Syracuse

The 215,000 square foot Onocenter Complex in Syracuse was constructed in 1992. Housing over 65,000 square feet of exhibit space and 22 meeting rooms the Complex can host over 21,000 attendees.

Vermont

The Innovation Group researched the New England area and identified Barre, Vermont as a regional competitor.

Barre

The Barre Civic Center is just under 55,000 square feet, features nine meeting rooms, and can host just around 2,000 attendees. It is a complex with three structures: the Alumni Hall Complex, a multipurpose gymnasium; the barre municipal auditorium; and the BOR Arena. The Civic Center primarily hosts agricultural events.

Maine

In the Maine market, The Innovation Group identified the city of Bangor as a regional competitor.

Bangor

Bangor is home to the Cross Insurance Center, a modest 50,000 square foot center with 18 meeting rooms and 40,000 square feet of exhibit space.

CURRENT PERFORMANCE AND ANALYSIS

Current Performance

The total number of events hosted at MassMutual center has seen a 4% compound average growth rate from the fiscal year 2017 through 2019. The number of arena events in the same period has decreased, indicating that all the growth is in the convention center. Total event operating income saw a decrease in 2018, attributed to a sharp decline in operating income for the arena. The Innovation Group was able to source additional data on the financial performance of MassMutual Center from the MCCA, which indicated that total operating revenue for MassMutual Center has increased, from \$3.9 million in 2017 to over \$5.2 million in 2019. Over the same period operating profit has decreased, largely attributed to increased payroll expenses. The table below presents these numbers.

Table 13: MassMutual Center Financial Performance

		FY2017	FY2018	FY2019	CAGR FY17-FY19
Arena	Events	115	110	90	-12%
	%	52%	49%	38%	-15%
	Net Operating Income	\$1,215,406	\$757,228	\$999,442	-9%
	%	50%	36%	41%	-10%
	Attendance	265,361	214,480	-	
Convention Center	Events	106	113	148	18%
	%	48%	51%	62%	14%
	Net Operating Income	\$1,194,952	\$1,329,571	\$1,455,676	10%
	%	50%	64%	59%	9%
Total	Events	221	223	238	4%
	Gross Operating Revenue	\$3,927,424	\$4,203,786	\$5,261,951	16%
	Net Operating Income	\$2,410,358	\$2,086,799	\$2,455,118	1%

Source: MassMutual Center, MCCA Annual Reports, The Innovation Group

CVB Coordination and Marketing Budget

Advertising and marketing of a convention center can be an important factor in both developing and sustaining the meeting and convention landscape for a destination. Communication with meeting and convention planners, both through direct and indirect marketing channels has importance for both established and blossoming convention centers. Often a CVB's budget will play a critical role in its ability to effectively advertise to potential planners, which in turn may help to increase business in the region. For this reason, The Innovation Group has examined the regional competitive landscape's CVB budgets where available. As a note, several CVBs choose not to share their budgetary information as a result of the public/private mix of their enterprises.

Table 14: FY 2017 CVB Budget

	Budget (MM)	Budget per capita	Budget/ Accommodation Businesses
Springfield, MA	\$1.00	\$1.58	\$6,944.44
Hartford, CT (CTCSB)	\$0.45	\$0.37	\$1,704.55
Providence, RI	\$4.01	\$2.46	\$7,761.63
Albany, NY	\$1.57	\$1.77	\$5,943.15
Syracuse, NY	\$1.91	\$2.93	\$8,059.07
Bangor, ME	\$0.06	\$0.40	\$645.16

Source: Various City/Count/State CVBs, The Innovation Group

As the chart shows, FY2017 CVB budgets ranged from \$60,000 in Bangor to more than \$8 million in Syracuse. Hartford, CT does not have a CVB, however the state’s Convention and Sports Bureau allocates a portion of its budget to Hartford. As CVBs are sometimes funded by different tax revenue streams, the funds available often are in flux. In addition, cities that place less emphasis on tourism often have smaller CVB budgets than cities that actively promote their tourism industry.

To account for the relationship between CVB budget and tax revenue, we normalized the budget amounts by statistical area population and by the number of businesses in the accommodation industry (NAICS 721). In both cases, we find Springfield lagging behind its competitors. We also note that Hartford and the CTCC have hired a consultant and are exploring the development of a CVB specifically geared toward marketing Hartford and the CTCC³.

Greater Springfield Marketing Leads

Data on leads generated for MassMutual Center reveal the number of leads generated has grown 3.8% annually over the last six years. Growth is driven by WesternMass, the Greater Springfield CVB, which could be a result of steadily increased funding, effort, or systematic changes that have occurred over time. We expect an expanded CVB budget could increase lead generation and in turn conversions.

³ <https://crdact.net/wp-content/uploads/2019/09/9192019-JohnsonStudy-BoardPresentation.pdf>

Table 15: Greater Springfield Annual Leads Generated

	MMC	GSCVB	Total	% MMC	MMC Avg/Month	GSCVB Avg/Month
FY2012	39	50	89	44%	3.3	4.2
FY2013	39	41	80	49%	3.3	3.4
FY2014	29	94	123	24%	2.4	7.8
FY2015	38	72	110	35%	3.2	6.0
FY2016	45	72	117	39%	3.8	6.0
FY2017	35	72	107	33%	2.9	6.0
C.A.G.R.	-2.1%	7.6%	3.8%			

Source: Greater Springfield CVB

Market Position

Within Portfolio Performance

MassMutual Center is owned by the Massachusetts Convention Center Authority (MCCA), which also owns the Boston Convention & Exhibit Center (BCEC), and the Hynes Convention Center. Using data from MCCA, The Innovation Group researched operating revenue per square foot for each venue and total operating revenue for each property. Our findings are summarized in the chart below. Compared to other properties owned by MCCA, MassMutual Center does not perform as well, averaging only 4.3% of the Authority's annual convention facility revenue despite representing 8.9% of its meeting space. That said, both the Boston Convention & Exhibit Center and the Hynes Convention Center are located in the Boston area, and their premium location is partially driving the performance disparity. Out of the three facilities, MassMutual Center has experienced the fastest growth in revenue per square foot over the last three years, growing on average 8.6% annually.

Table 16: MCCA Gross Revenue per Square Foot by Facility

Venue	Square feet	2016	2017	2018	C.A.G.R.
MassMutual Center	100,000	\$24.57	\$24.37	\$28.98	8.6%
BCEC	707,423	\$56.89	\$55.66	\$59.47	2.2%
Hynes	314,963	\$49.88	\$57.48	\$57.38	7.3%
Total	1,122,386	\$52.04	\$53.38	\$56.17	3.9%

Source: Convention Center Annual Reports, Cvents, Company Websites, The Innovation Group

Comparable Convention Centers

To understand MassMutual Center's position in the regional convention market, The Innovation Group compiled data on other comparable convention centers in the northeast that offer meeting

space and exhibit space. For our sample, we specifically evaluated state and government-run facilities in New England. The chart below summarizes the revenue, and size of centers in our sample. The Rhode Island Convention Center Authority is omitted, as its reports aggregate revenue for the RICC, Dunkin Donuts Center, and the Vets.

We measured revenue per square foot to normalize data for comparable analysis. The MMC is vastly underperforming the CTCC, its closest competitor, on a gross revenue and gross revenue per square foot basis. We also note that Hartford is looking toward making improvements to grow its share of regional convention and event revenue, which has the potential to further disadvantage the MCC.

Table 17: Revenue per square foot Comparable Analysis (FY2017)

	Revenue (\$MM)	Square Footage	Gross Rev/Sqft
MassMutual Center	\$2.44	100,000	\$24.37
Albany	\$1.03	55,000	\$18.72
Connecticut (CTCC)	\$10.57	225,000	\$46.96
Average	\$4.68	126,667	\$30.02

Source: Convention Center Annual Reports, Cvents, Company Websites, The Innovation Group

National Comparable Meeting Spaces

In addition to the comparable spaces within New England, The Innovation Group examined casino resorts in the United States that offer meeting space. While not technically attached to a casino, MassMutual Center’s proximity to MGM Springfield means the facility may behave similarly to casino-attached meeting spaces. For confidentiality purposes, the names of the facilities within the following table have been removed to ensure anonymity. In the following table, “N.A.” refers to a Native American owned/operated facility.

We measured revenue per square foot to normalize data for comparable analysis. Total revenues for the casino resort comparables include gaming revenue from attendees, but these figures give a sense of the revenue opportunity available by future integration of the MMC and MGM Springfield properties. Casino properties see around three times the revenue per square foot in their event and convention spaces versus the revenue currently being attributed to the MMC.

Table 18: National Comparable Meeting Space Visitation and Revenue

	Total Sq Ft	Attendance	Rev (000s)	Rev/SqFt
Midwest N.A. Casino Resort	18,910	26,031	\$1,394.90	\$73.77
Midwest N.A. Casino Resort	25,368	93,750	\$3,219.40	\$126.91
Midwest N.A. Casino Resort	46,689	102,903	\$5,159.40	\$110.51
Large-scale Western US N.A. Hotel & Casino	38,700	132,499	\$3,200.00	\$82.69
Large-scale Atlantic City	80,000	33,629	\$2,849.20	\$35.62
Average	41,933	77,762	\$3,164.58	\$85.90
MassMutual Center	100,000		\$3,927.40	\$24.37

Source: Convention Center Websites, ICCA, Company Websites, GGA 2014, The Innovation Group

[1] Revenue per square foot is sourced from MCCA annual reports

Local Competition

The Connecticut Convention Center in Hartford, CT is the closest competitor to MassMutual Center. Both are serviced by the Bradley International Airport. Given their proximity, we presume macroeconomic trends will impact both facilities similarly and provide a clean comparison of MassMutual's performance. MassMutual Center earns just under half the Connecticut Convention Center on a revenue and revenue per square foot basis. The Connecticut Convention Center attributed more than 31,000 hotel room nights to its convention visitation, while MassMutual Center business generated 5,646 hotel room nights in fiscal year 2019. The Connecticut Convention Center has also hired a consultant to evaluate and improve the facility, marketing, and increase market share, meaning they will become even more competitive.

Table 19: MassMutual Center and Connecticut Convention Center Comparison (2018)

	Connecticut Convention Center	MassMutual Center
Gross Operating Revenue	\$10,833,470	\$4,203,786
Square Footage	225,000	100,000
Revenue/Sqft	\$48.15	\$28.98
Events	161	223

Source: Convention Center Annual Reports, Cvents, Company Websites, The Innovation Group

RECOMMENDATIONS

Based on our research into the national and regional convention industry as well as a comparative analysis of MassMutual Center's performance to its regional competitive set, we believe that the MassMutual Center performs average for the region. However, we believe that there is opportunity for improvement in regard to market share and increased regional business; we recommend the following areas of future research:

- Determine how current market hotel supply impacts MassMutual's performance. If low market hotel supply is hindering performance, assess the availability of creative alternatives, such as establishing partnerships with vacation rental sites like Airbnb, which has developed a separate program aimed at serving business travelers
- Assess the suitability of physical plant of the facility in satisfying the needs of existing and future meeting, convention, expo, and SMERF demand
- Identify enhancements to better align physical plant with broader market potential (including breakout meeting space, additional storage, ground floor activation, etc.)
- Enhanced physical linkages and programmatic overlap and collaboration with MGM, as well as surrounding area economic development (restaurants, retail, attractions beyond just MGM) to attract and serve broader convention market
- Assess management and ownership structure identifying any obstacles to maximizing performance
- Coordination and interface with MGM to leverage casino complex and MGM commitment to underwrite major events at MMC/Symphony Center (limited 5-year commitment with less than four years remaining)
- Range of new incentives, assistance, and offerings to enhance convention packages
- Target markets for attracting additional meetings and conventions to the MMC
- Structure and effectiveness of sales, budget, and outreach
- Marketing plan and outreach strategies
- Forecast convention demand and overall economic impact if Westover Airport expanded operations
- Review transportation options between Bradley International Airport and Springfield and recommend improvements to compete with Hartford
- Determine whether MassMutual's position as the lone casino-adjacent casino center in the regional competitive set is being properly marketed and monetized. Additionally, evaluate to what extent casino activity is cannibalizing commercial activity in the convention center

DISCLAIMER

Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

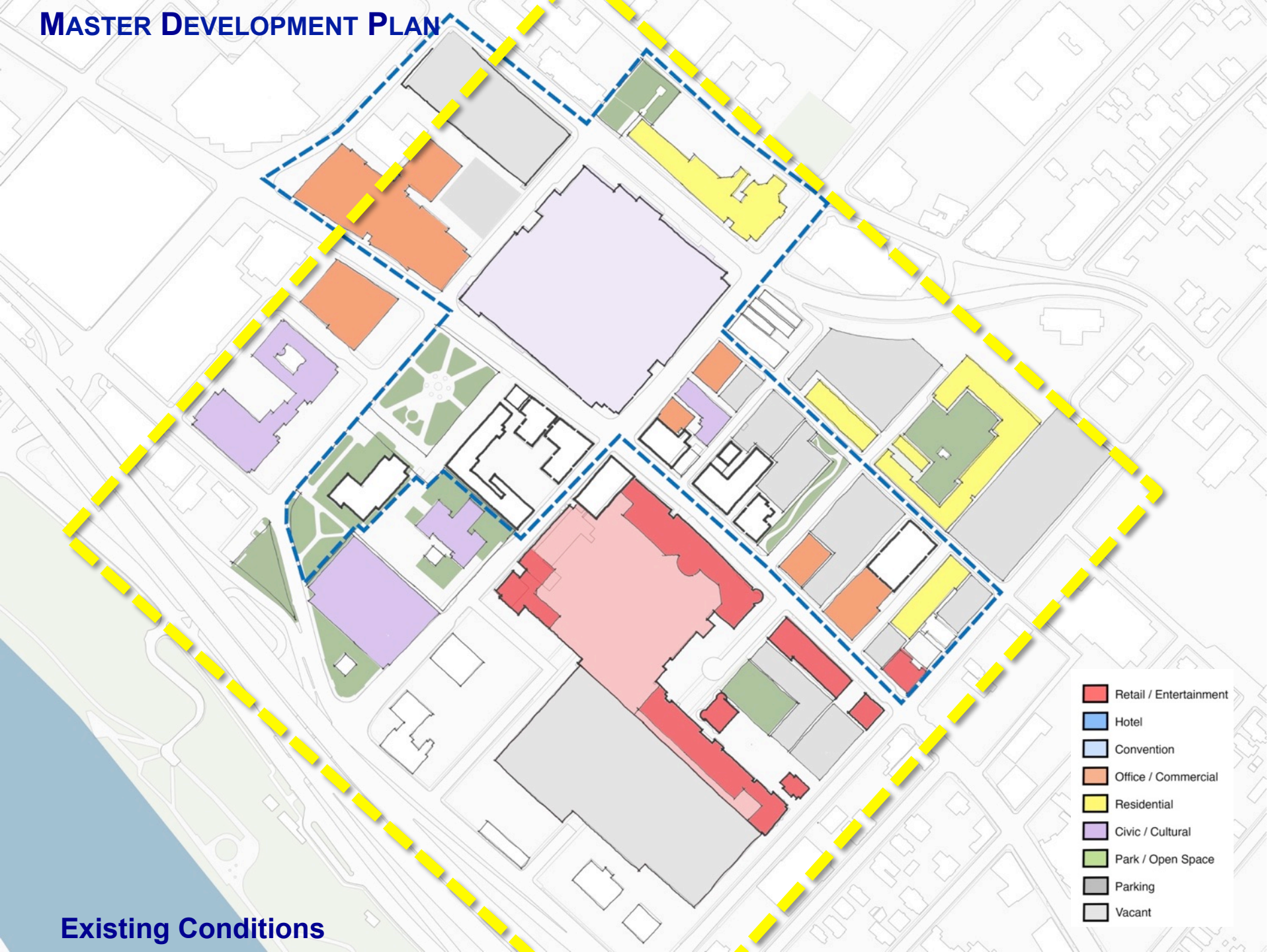
Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, The Innovation Group accepts no liability in relation to the estimates provided herein.

THE IMPLEMENTATION BLUEPRINT

MASTER DEVELOPMENT PLAN: PHASE ONE INITIATIVES

D. Master Development Plan Illustrative Package

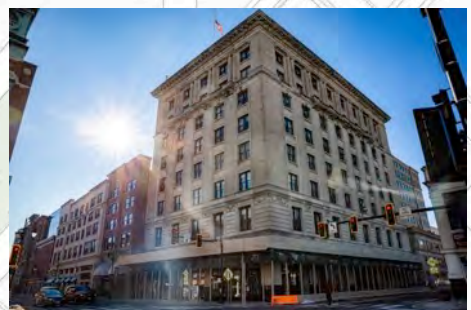
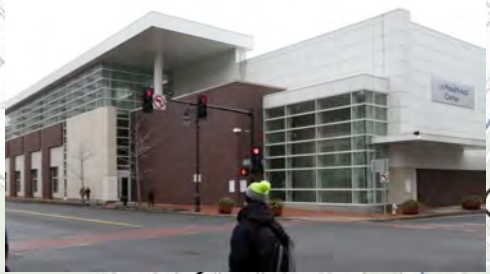
MASTER DEVELOPMENT PLAN



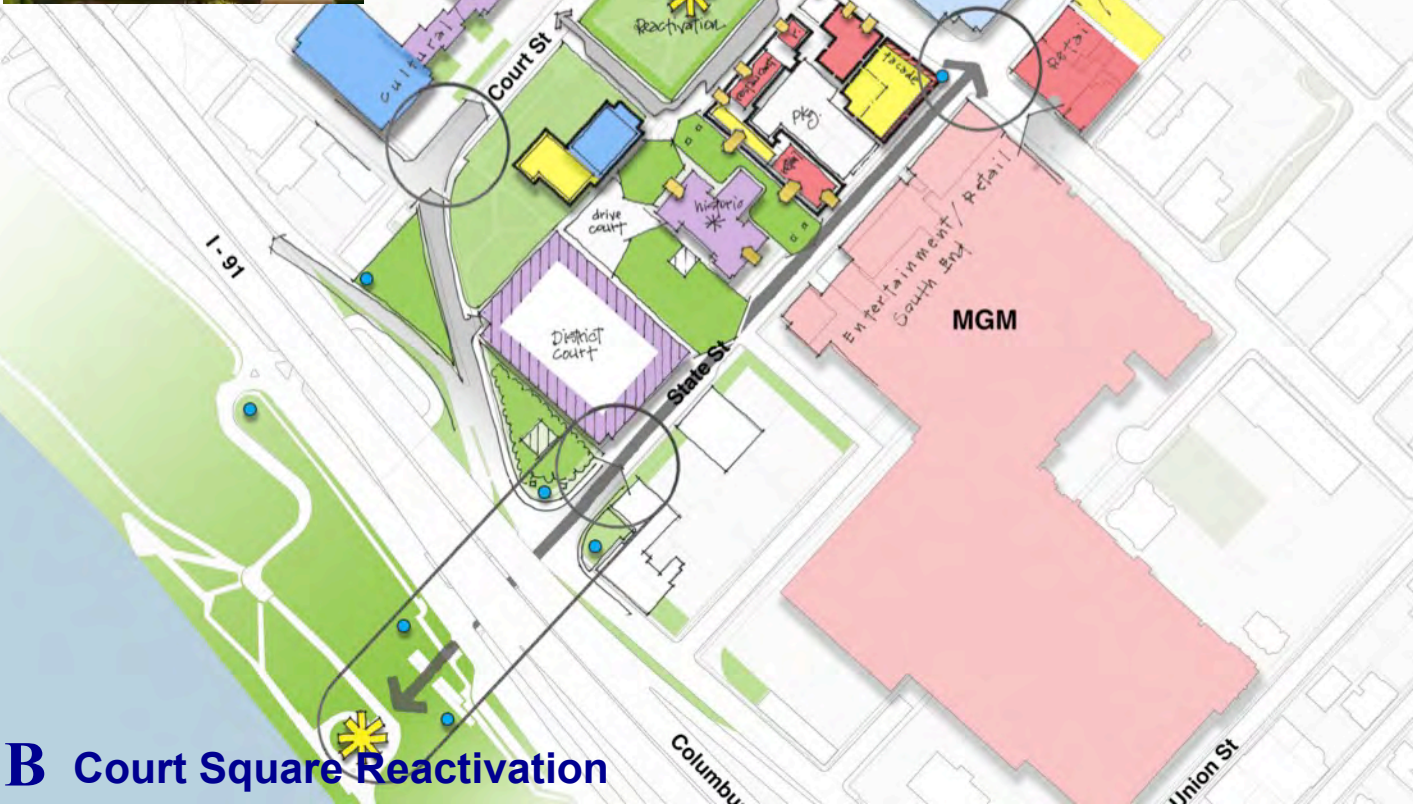
- Retail / Entertainment
- Hotel
- Convention
- Office / Commercial
- Residential
- Civic / Cultural
- Park / Open Space
- Parking
- Vacant

Existing Conditions

MASTER DEVELOPMENT PLAN



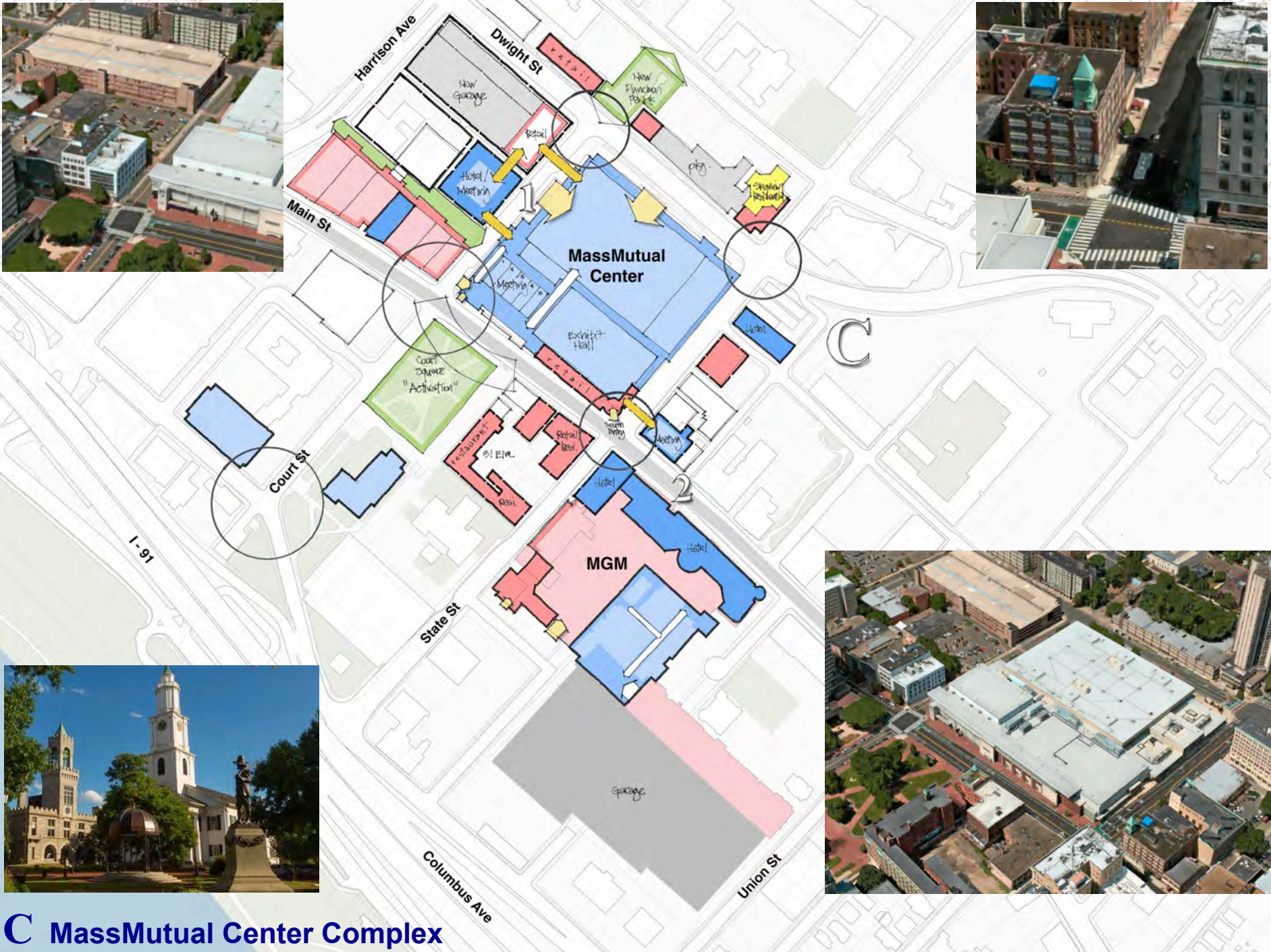
MASTER DEVELOPMENT PLAN



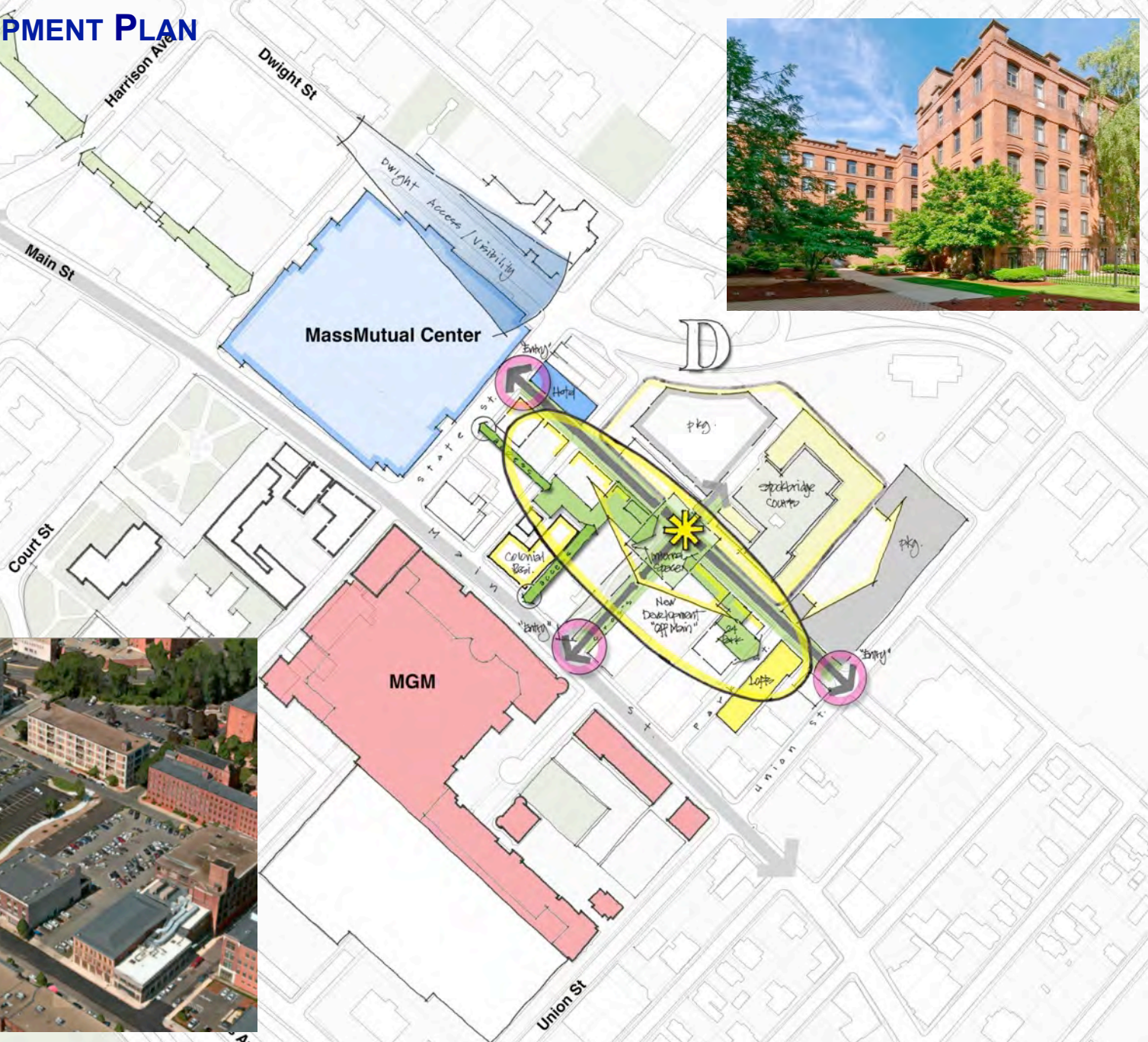
B Court Square Reactivation



C MassMutual Center Complex



MASTER DEVELOPMENT PLAN



D Willow Street Area Connection / Enhancements

MASTER DEVELOPMENT PLAN

Main St

Harrison Ave

Dwight St

B

I-97

Court St

State St

Union St

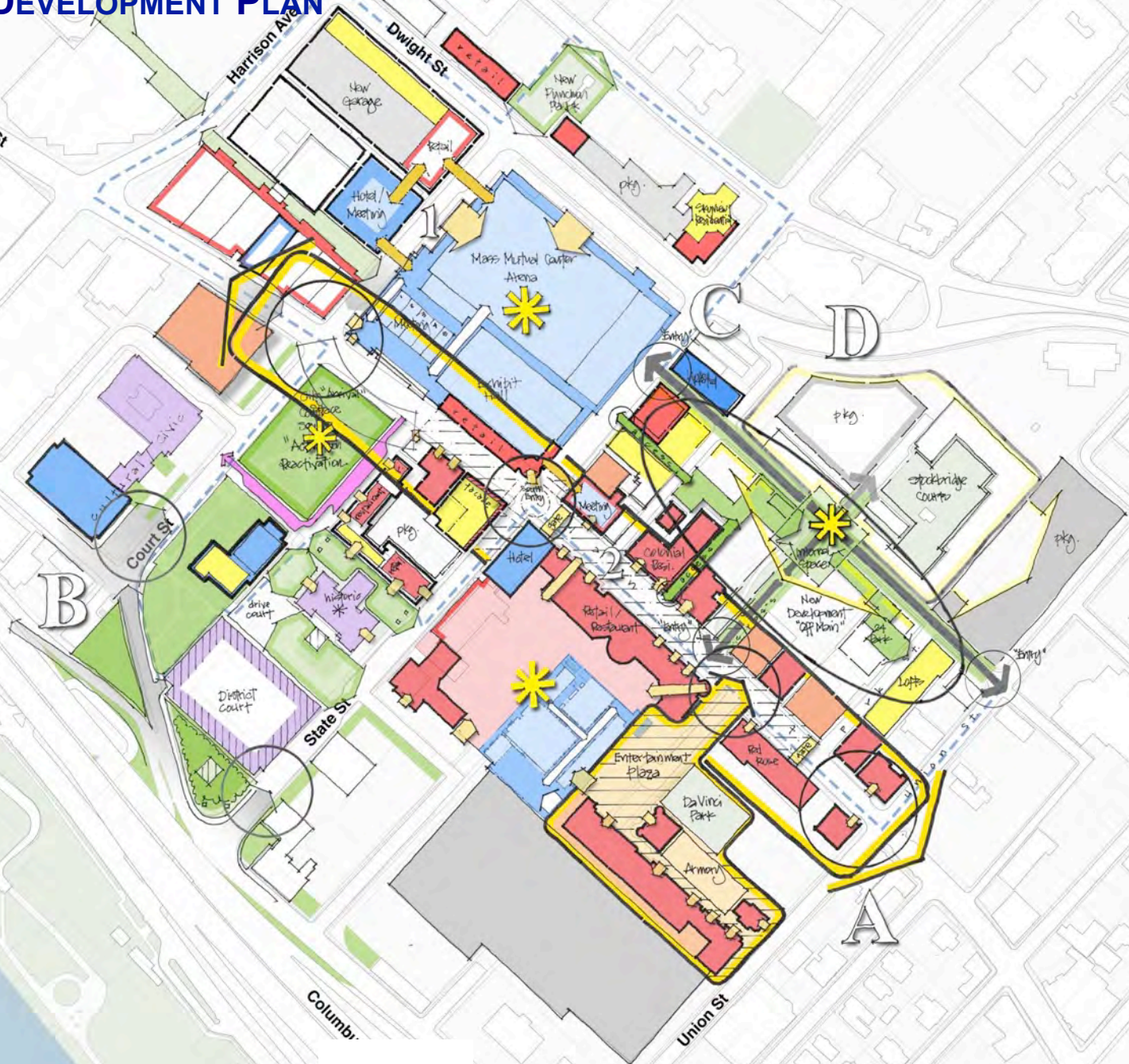
Columb.

C

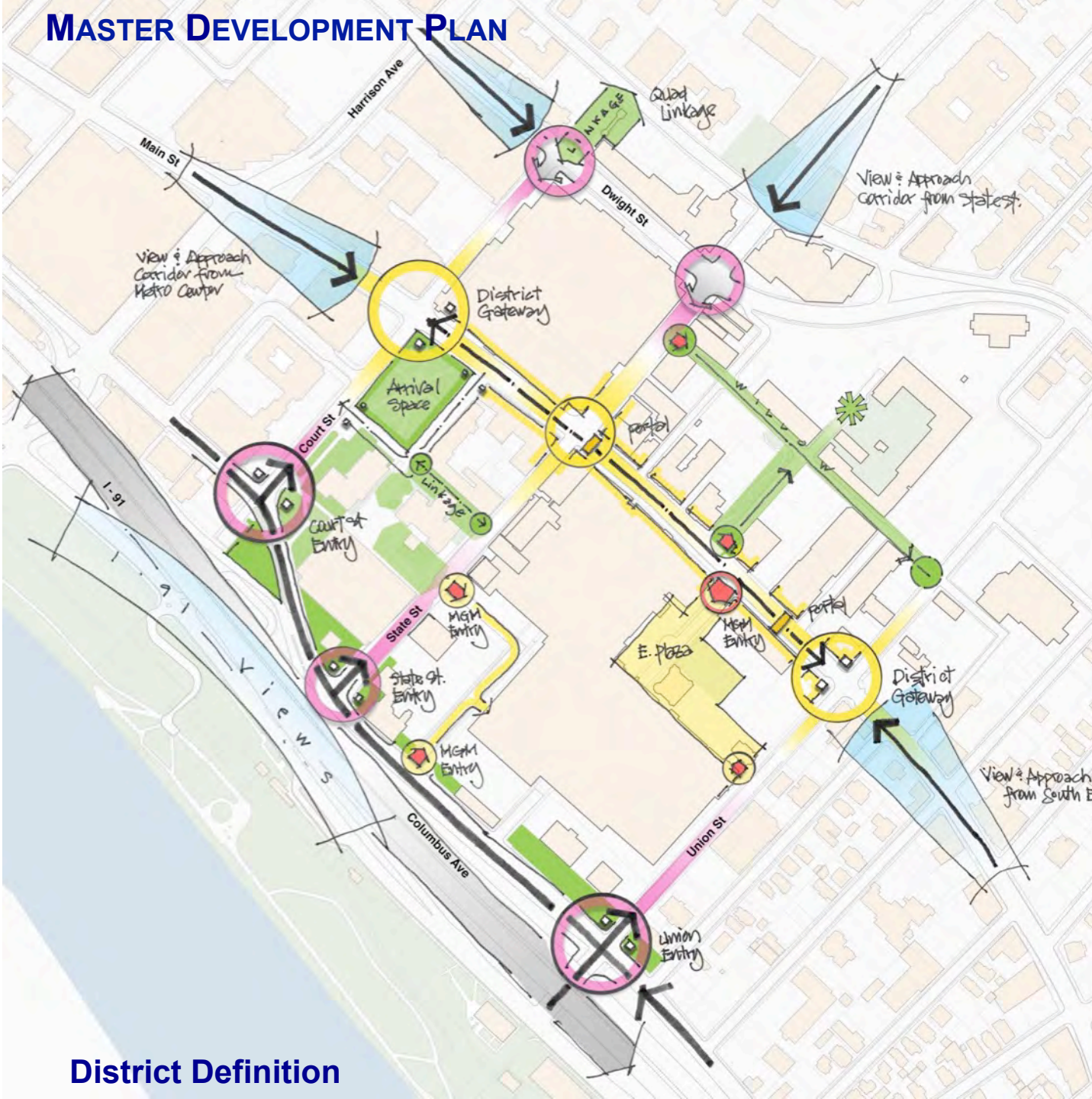
D

A

One Cohesive District

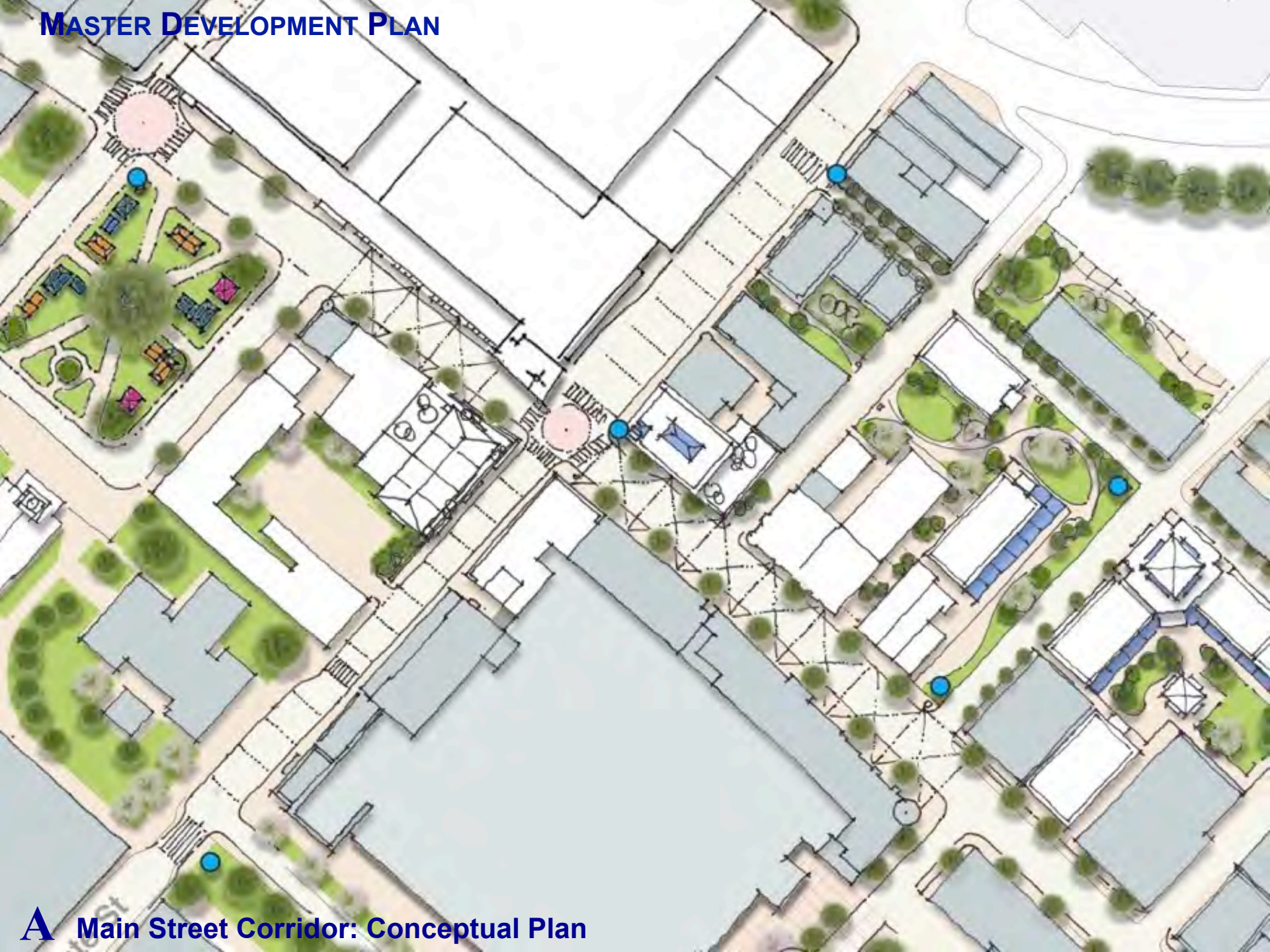


MASTER DEVELOPMENT PLAN



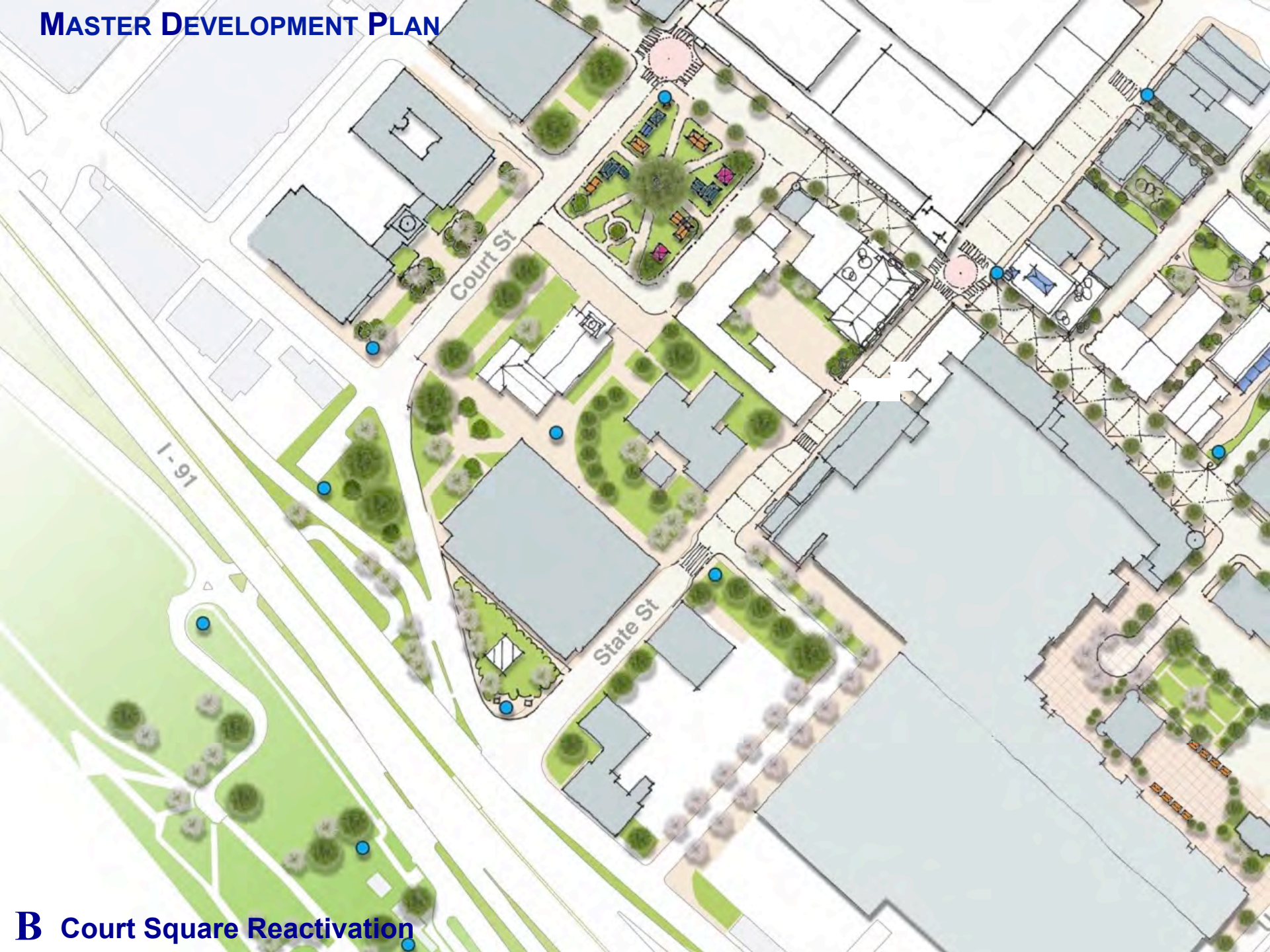
District Definition

MASTER DEVELOPMENT PLAN



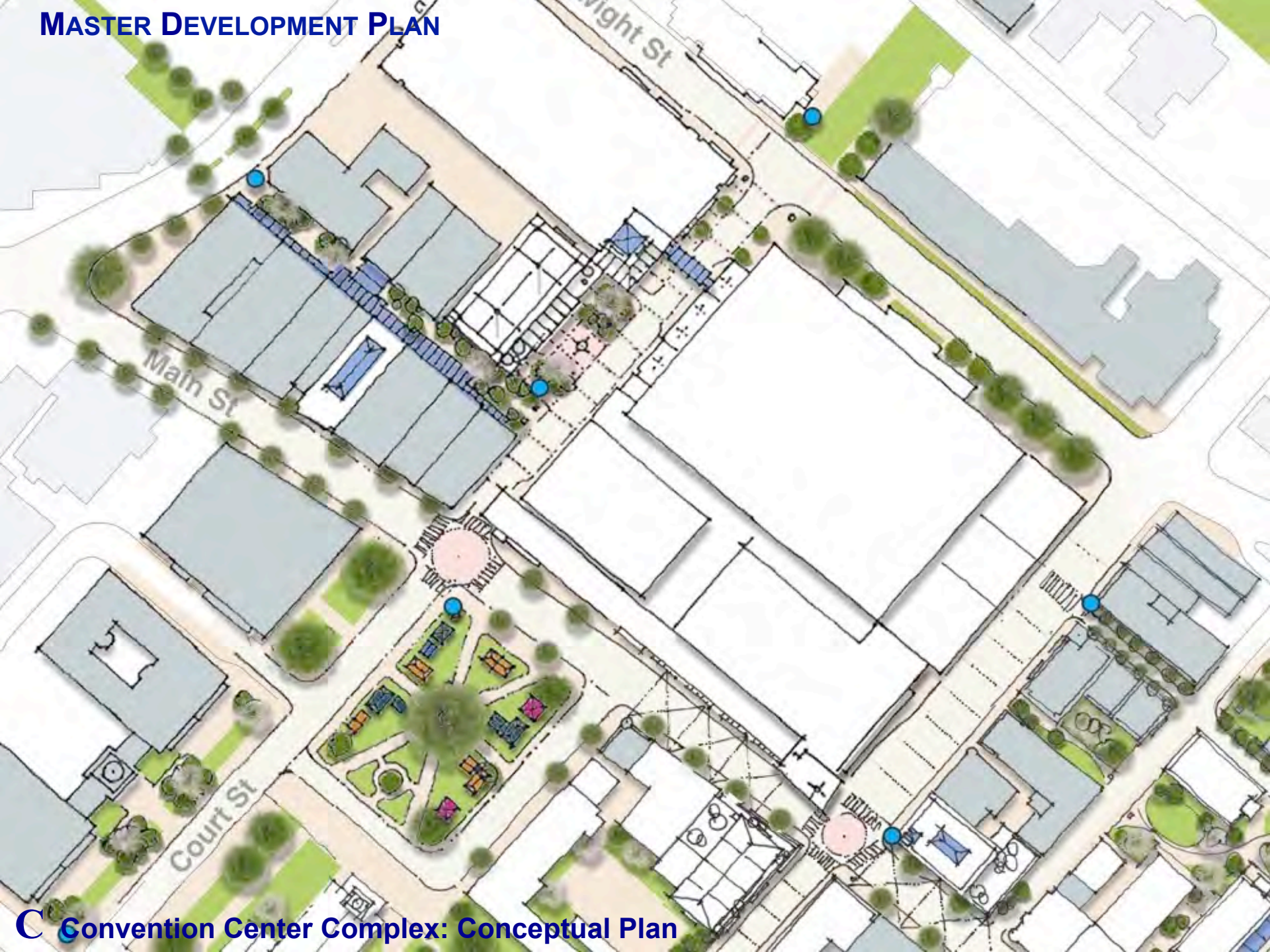
A Main Street Corridor: Conceptual Plan

MASTER DEVELOPMENT PLAN



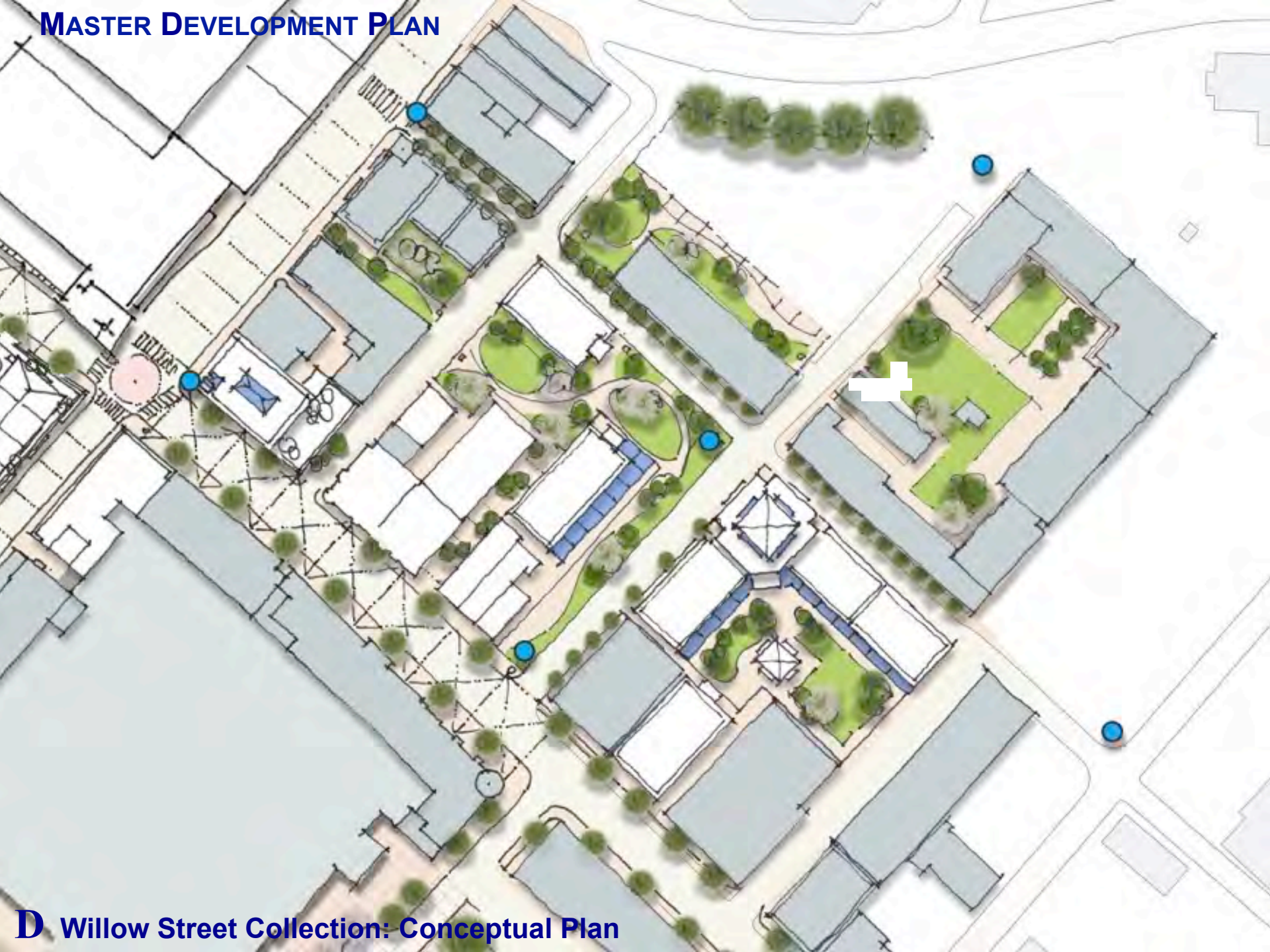
B Court Square Reactivation

MASTER DEVELOPMENT PLAN



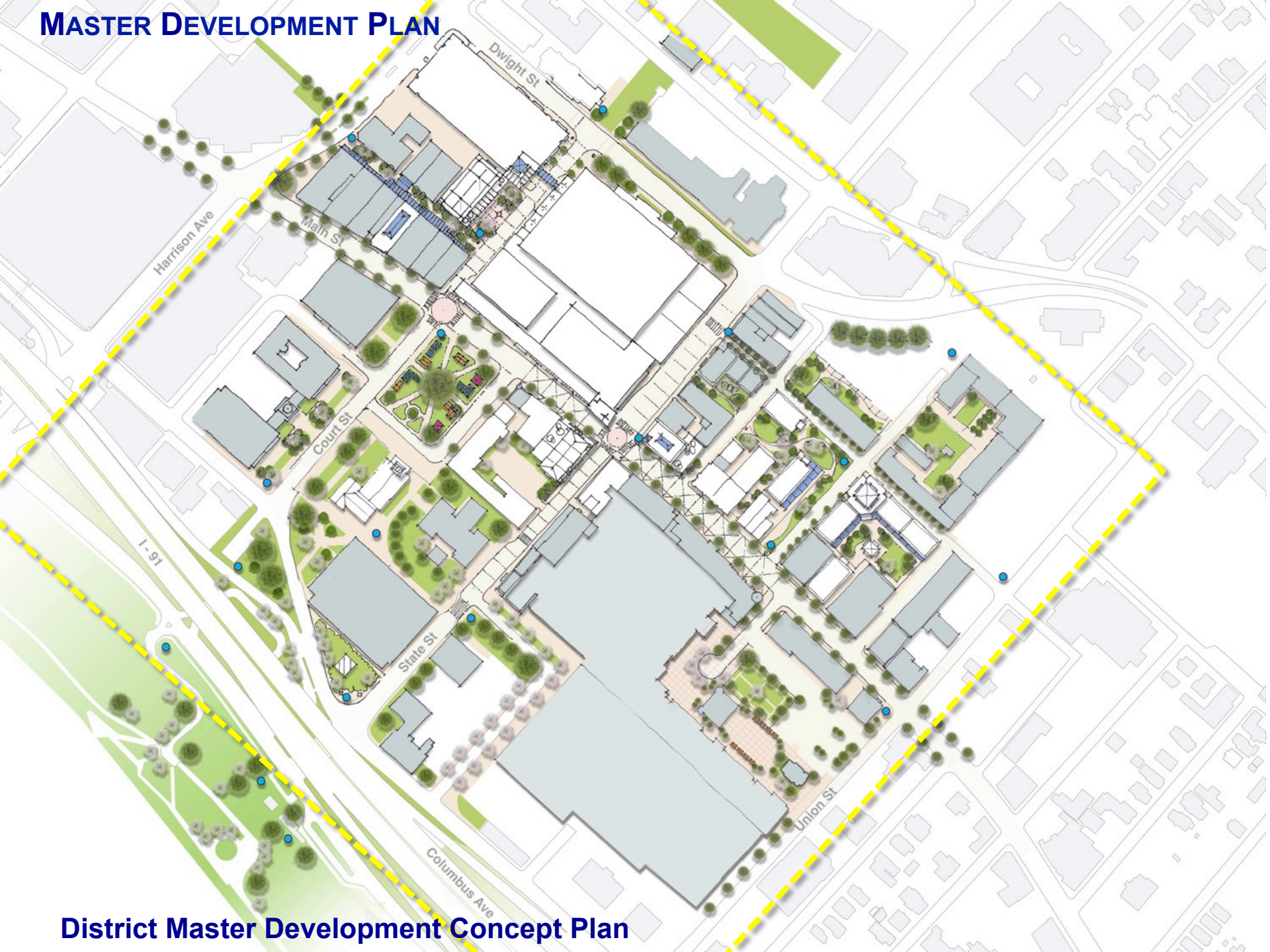
C Convention Center Complex: Conceptual Plan

MASTER DEVELOPMENT PLAN



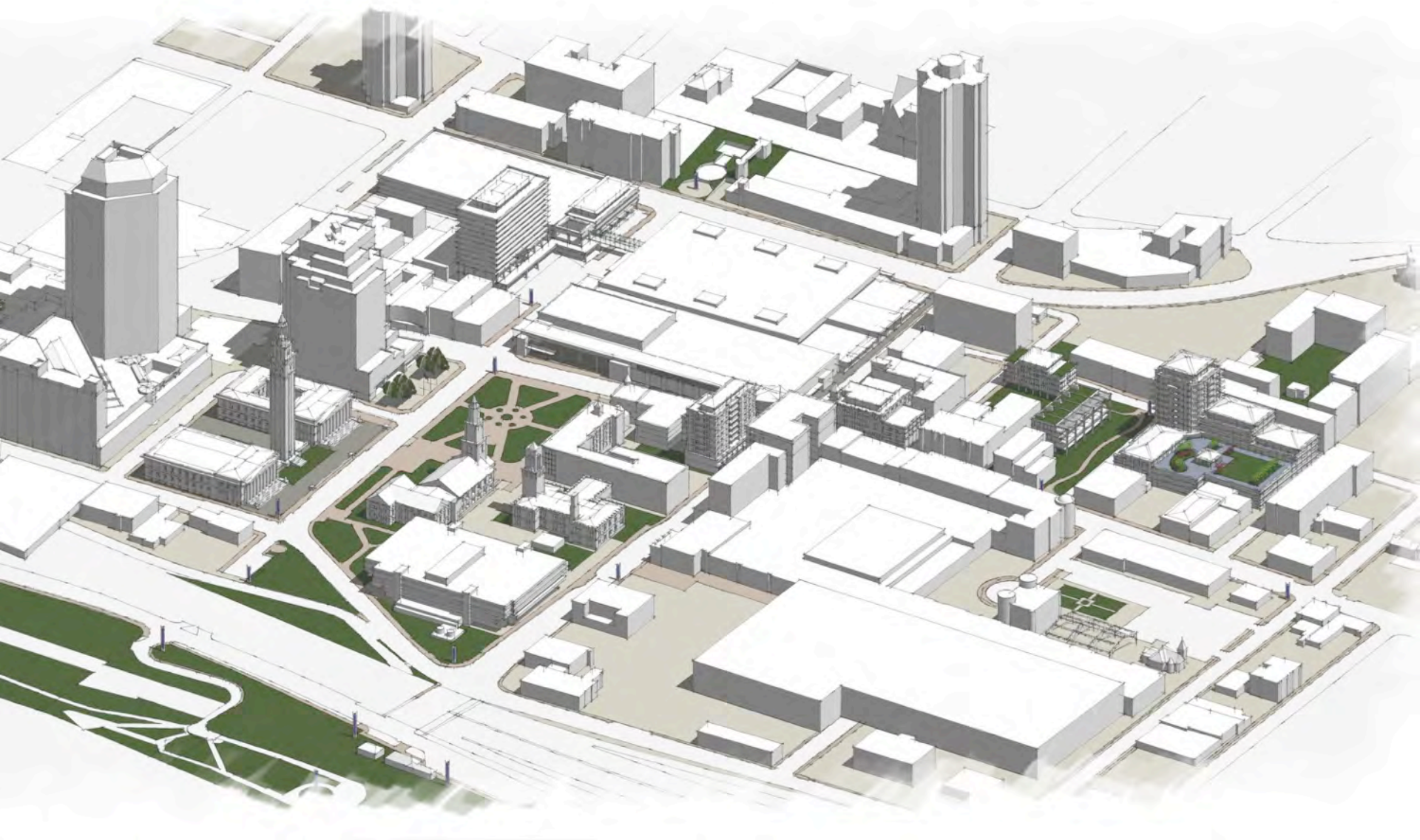
D Willow Street Collection: Conceptual Plan

MASTER DEVELOPMENT PLAN



District Master Development Concept Plan

MASTER DEVELOPMENT PLAN



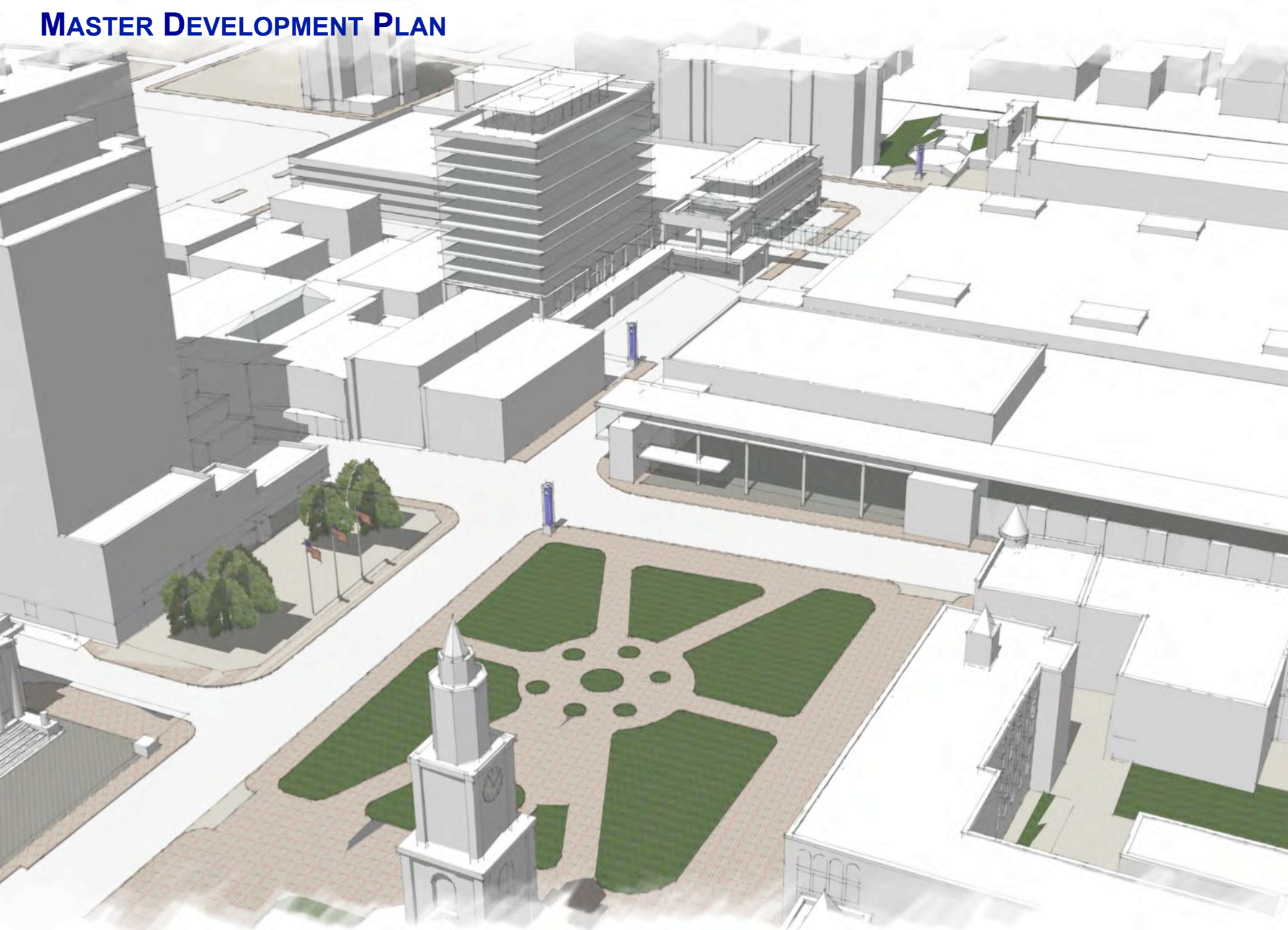
Conceptual Model View

MASTER DEVELOPMENT PLAN



Conceptual Model View

MASTER DEVELOPMENT PLAN



Conceptual Model View

MASTER DEVELOPMENT PLAN



Conceptual Model View

MASTER DEVELOPMENT PLAN



Conceptual Model View

MASTER DEVELOPMENT PLAN



Conceptual Model View

MASTER DEVELOPMENT PLAN



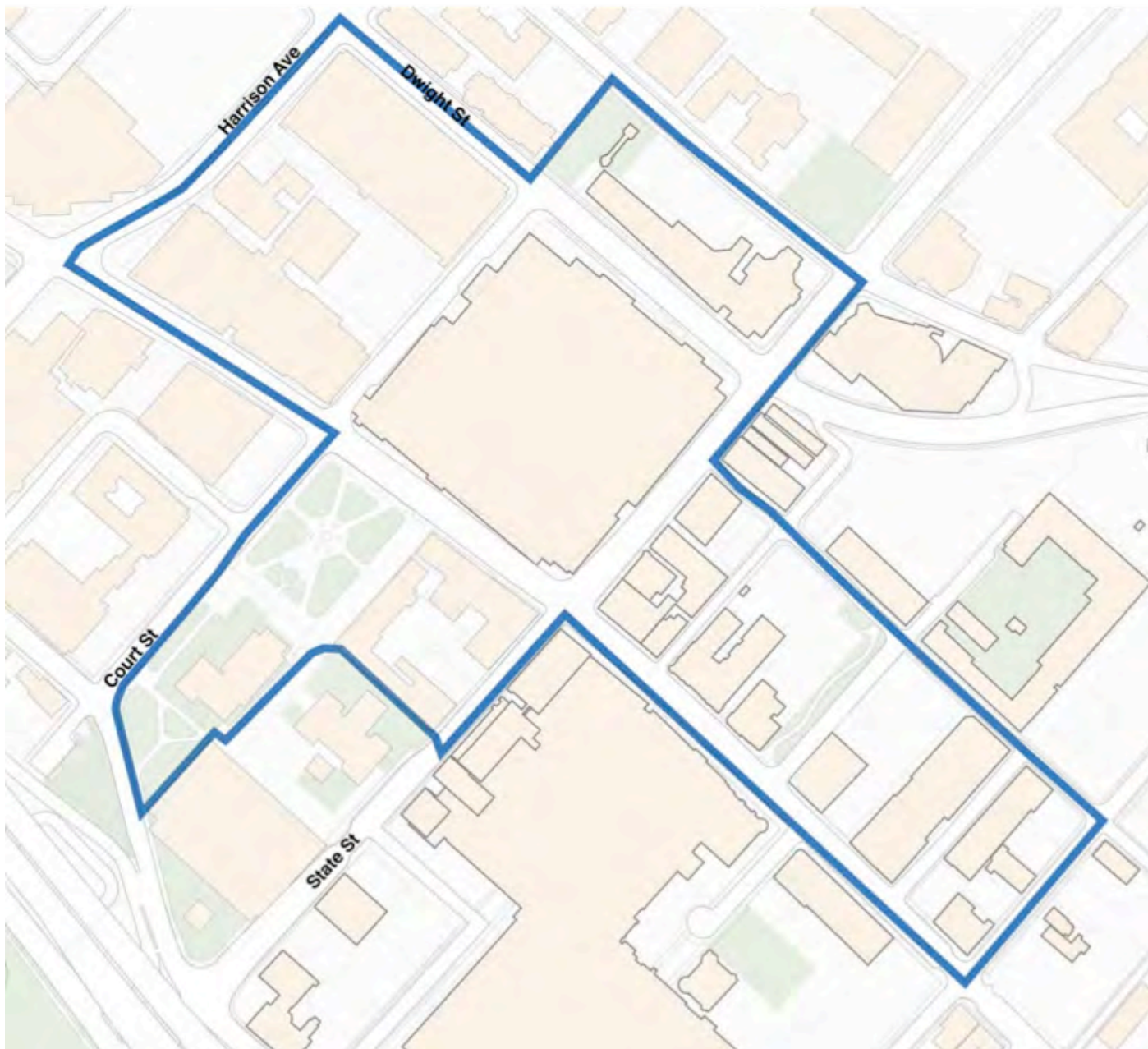
Conceptual Model View

MASTER DEVELOPMENT PLAN



Conceptual Model View

MASTER DEVELOPMENT PLAN



Main Street & Convention District Overlay