



Covington Central Riverfront - TIF Application Review & Fiscal Impact Analysis

FINAL

Presented to:

Kentucky Economic Development Finance Authority

February 15, 2022



February 15, 2022

Kylee Palmer
Cabinet for Economic Development
300 W Broadway
Frankfort, Kentucky 40601

Dear Ms. Palmer,

The Kentucky Cabinet for Economic Development engaged Hunden Strategic Partners (HSP) to conduct an analysis to determine if the proposed Covington Central Riverfront project (Project) located in the City of Covington, Kentucky and applied for by the City of Covington (Applicant) to the Kentucky Economic Development Finance Authority (KEDFA) qualifies for the Kentucky TIF program and the extent of its fiscal and other impacts. The attached is our FINAL report.

This deliverable has been prepared under the following general assumptions and limiting conditions:

- The findings presented herein reflect analysis of primary and secondary sources of information that are assumed to be correct. HSP utilized sources deemed to be reliable but cannot guarantee their accuracy.
- No responsibility is taken for changes in market conditions after the date of this report and no obligation is assumed to revise this report to reflect events or conditions occurring after the date of this report.
- HSP has no control over construction costs or timing of construction and opening.
- Macroeconomic events affecting travel and the economy cannot be predicted and may impact the development and performance of the Project.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

Final

Hunden Strategic Partners

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Executive Summary

Purpose of the Report

The Cabinet for Economic Development (CED) engaged Hunden Strategic Partners (HSP) to determine the expected net new fiscal impact of the proposed Covington Central Riverfront (Project), located in Covington, Kentucky, and if the Project qualifies for as a Signature Kentucky Tax Increment Financing (TIF) project. In this analysis, HSP will analyze the proposed Project, determine current conditions at the Project site, profile current conditions within the relevant real estate marketplace, and estimate the amount of local and state tax revenues as part of an overall estimate of the economic, employment and fiscal impacts of the Project. At the conclusion of the analysis, HSP will present its findings to the Kentucky Economic Development Finance Authority (KEDFA).

The Project

The City of Covington has proposed to redevelop a 31.6-acre area along the southern bank of the Ohio River through the Covington Central Riverfront Project. The Project is primarily focused on the demolition of the existing Internal Revenue Service (IRS) facility and installation of horizontal public infrastructure in order to spur private investment and development of the newly developable land. The estimated total cost of the Project is approximately \$394 million, including nearly \$81 million in public infrastructure improvements.

Specific components of the Project include:

- Demolition of the IRS facility,
- Development of multiple parking structures totaling 1,370 spaces,
- Development of 348 apartment units,
- Development of 200,000 square feet of office space,
- Development of a 177-room hotel,
- Development of 87,800 square feet of retail space,
- Expansion of the Northern Kentucky Convention Center, adding 111,000 square feet,
- Various public infrastructure improvements, including a new City Hall, roads, street lighting, utilities, public spaces and parks, sidewalks, transportation facilities, sewers and storm drainage, and more.

The Covington Central Riverfront Project was conceived due to major economic changes regarding the former IRS facility. The IRS and its employees previously generated a significant tax base for the City each year. When the facility shut its doors permanently in 2019, the City of Covington lost one of its largest income withholding revenue streams and was left with a vacant 17-acre, one-story building occupying highly valuable land and disrupting the street grid in its urban core. The City determined the vacancy offered a rare opportunity to reconnect various areas of Covington with a reimagined, walkable downtown, enabling Covington to attract new businesses, residents and visitors. This critical mass of new activity has the potential to generate net new visitation, population growth, spending, jobs, earnings, enhanced property values and, ultimately, tax revenues for the City and Commonwealth of Kentucky.

The City of Covington, Kenton County, and the Planning and Development Services (PDS) of Kenton County have pledged varied amounts of incremental occupational license and real property taxes for a 30-year period to pay for public infrastructure costs. The City has pledged 80 percent of incremental revenues from occupational license taxes and property taxes. The County has pledged 60 percent of its incremental taxes from real property and occupational taxes. PDS has pledged 50 percent of incremental property taxes.

Overview of Applicable TIF Law & Relevant Legislation

The purpose of this analysis is to evaluate the application made by the City of Covington based on guidelines set out in Chapter 154, Subchapter 30 of the Kentucky Revised Statutes (KRS).

The first step that any municipality must take to utilize tax incremental financing is establishing a TIF district. Within the Commonwealth of Kentucky, a TIF district may be established by a city, county, or one of the agencies identified in statute as eligible. Once the TIF district is established, municipalities will earmark tax revenue from any increases in assessed values on property or increases in the relevant tax streams for the associated properties within the district. Incremental revenues over the established baseline will then be used to assist in the development of the properties within the designated area.

As it pertains to this analysis, incremental TIF funds within the established 31-acre "Development Footprint" are to be used to fund upfront infrastructure expenditures for the proposed redevelopment of the former IRS facility in Covington and associated projects. These specific line items will be highlighted in Chapter 1 of this analysis.

The City of Covington is requesting incentives through both the local and the state statutes. The statutes under which they are requesting incentives are outlined below.

Local Development Areas

Kentucky Revised Statutes (KRS) 424.130, 65.7041 to 7083, and 154.30 state that there are two types of local development areas.

- *Local Only Development Areas (KRS 65.7047)*: Has a minimum term of 20 years and the taxes available for increment may be up to 100 percent of incremental property taxes as well as 100 percent of occupational license taxes or fees.
- *Blighted Urban Redevelopment Areas (KRS 65.7049)*: Has a maximum term of 30 years and taxes available for increment may be up to 100 percent of incremental property taxes as well as 100 percent of occupational license taxes or fees.

The applicant did NOT submit under the *Local Only Development Areas* statute but instead submitted under the *Blighted Urban Redevelopment Areas (KRS 65.7049)* statute. Any project submitted under the *Blighted Urban Redevelopment Area* statute must adhere to each of the following three required conditions:

- The area shall be contiguous, and the maximum size cannot exceed three square miles.
- The total amount of property within a city or county that may be in a TIF development area cannot exceed 20 percent of the total assessed value of taxable real property within the jurisdiction(s).
- Governing body of the city or county shall determine that the development area meets one of the following conditions:

- Must meet two of the seven blight / deterioration conditions outlined below:
 - Substantial loss of residential, commercial, or industrial activity or use.
 - Forty percent (40%) or more of the households are low-income households.
 - More than 50 percent (50%) of residential, commercial, or industrial structures are deteriorating or deteriorated.
 - Substantial abandonment of residential, commercial, or industrial structures.
 - Substantial presence of environmentally contaminated land.
 - Inadequate public improvements or substantial deterioration in public infrastructure.
 - Any combination of factors that substantially impairs or arrests the growth and economic development of the city or county; impedes the provision of adequate housing; impedes the development of commercial or industrial property; or adversely affects public health, safety or general welfare due to the development area's present condition and use.
- Must be a mixed-use development with one of the following conditions:
 - Located in a university research park.
 - Located within three miles of a military base that houses, deploys, or employs at least 25,000 military personnel, their families, military retirees or civilian employees.
 - Includes either or both significant public storm water and sanitary sewer facilities designed to comply with a community-wide court decree mandating corrective action by the local government agency thereof.
 - The project is a mixed-use development that includes a tract of previously undeveloped land that was owned by a liberal arts education institution with four (4) years prior to April 10, 2017, and the previously undeveloped land is bounded on one (1) side by a four (4)-lane United States highway. No more than fifty percent (50%) of the previously undeveloped land shall be used for qualified mixed uses.
- Must include a 5,000-seat arena as part of the proposed development if the development is on previously undeveloped land.

State Participating Programs

To qualify for state participation, local revenues that are pledged to support the project must be of a sufficient amount. With that said, there are three programs offered at the state-level, each of which offers its own unique requirements for eligibility. These three programs include:

- Real Property Ad Valorem Tax Revenues (KRS 154.30-040),
- Signature Projects (KRS 154.30-050), and
- Mixed-Use Redevelopment in Blighted Urban Areas (KRS 154.30-060).

For purposes of this analysis, the applicant submitted under the Signature Projects program. Under this program, the maximum term of the TIF is 30 years and the minimum capital investment must be \$200 million. In addition, the state may pledge up to 80 percent of incremental state tax revenues to the project. This incremental revenue may come from a number of sources, but the applicant has requested recovery come from three streams:

- Real property ad valorem tax,
- Individual income taxes / withholding tax
- Sales tax

The applicant did not request recovery in the form of corporation income tax or limited liability entity tax.

To qualify for the state program, the project must meet all three of the following conditions:

- Be judged to be of such magnitude as to warrant extraordinary public support, and
- Represent new economic activity in the Commonwealth, and
- Result in a net positive impact to the Commonwealth as certified by an independent outside consultant.

In addition to meeting the aforementioned criterion, the project's capital investment must not be comprised of more than 20 percent of retail by either square footage or total capital investment.

If a project qualifies, it may recover up to 100 percent of the following:

- Approved public infrastructure costs (less sales and use taxes paid),
- Financing costs related to public infrastructure costs,
- Signature project costs (less sales and use taxes paid).

Signature projects also qualify for a sales tax refund on the purchase of construction materials that do not qualify as an approved public infrastructure cost or an approved signature project cost.

Methodology

In order to complete its assessment of the proposed Project and the Project's eligibility to receive incentives identified under the KEDFA, Hunden Strategic Partners performed the following tasks:

1. Upon authorization, Hunden Strategic Partners (HSP) performed a number of tasks in order to develop a better understanding of the project and relevant legislation, including:
 - Met with the Applicant, CED staff, and other appropriate local officials and stakeholders in Covington to better understand the project area and specific components
 - Participated in a methodology meeting via Zoom with CED staff and other state agencies to establish the methodology approach for this TIF Project.
 - Interviewed officials from the City of Covington Economic Development, Convention and Visitor Bureau, and others
 - Gathered and analyzed background information on the Project and reviewed previous reports that have been conducted for the project
 - Studied the legislation that applies to the KEDFA.
2. Prepared a report that meets the requirements set forth in KRS 154.30. This includes:
 - Estimated approved public infrastructure costs for the project and, if relevant, approved signature project costs, financing costs, and costs associated with land preparation, demolition, and clearance;
 - Feasibility of the project, taking into account the scope and location of the project;
 - Estimated amount of local and state tax revenues, as applicable, that would be generated by the project over the period, which may be up to 30 years from the activation date;
 - Estimated amount of local tax revenues and state tax revenues, as applicable, that would be displaced within the Commonwealth, for the purpose of quantifying economic activity which is being shifted over the same period as that has been set forth in subparagraph 3 of this paragraph. The projections for displaced activity shall include economic activity that is lost to the Commonwealth as a result of the project, as well as economic activity that is diverted to the project that formerly took place at existing establishments within the Commonwealth prior to the commencement date of the project;
 - Estimated amount of local and state tax revenues that would have been generated in the footprint of the project in the absence of the project, computed over the time period set forth in subparagraph 3 of this paragraph;
 - In the process of estimating the revenues and impacts prescribed in subparagraphs 3 and 4, the independent outside consultant shall not consider any of the following:
 - Revenue or economic impacts associated with any projects within the development area where the new project will be located; and
 - Revenues or economic impacts associated with economic development projects and approved Kentucky Tourism Development Act projects under KRS Chapter 148;

- Relationship of the estimated incremental revenues to the financing needs, including any increment bonds, of the project;
- When estimating the fiscal impact of the project, the consultant shall evaluate the amount of revenue estimated in subparagraph 3 of this paragraph and shall deduct the amounts estimated in subparagraphs 4 and 5 of this paragraph. The resulting difference shall be compared to the estimated incremental revenues to determine the presence or absence of a positive fiscal impact; and
- Determination that the project will not occur if not for the designation of the development area, the granting of incremental revenues by the taxing district or districts, other than the Commonwealth, and the granting of the state tax incremental revenues.

Summary of Findings

Qualifications

In order to qualify for the Signature Projects State Participation Program (KRS 154.30-050) a Project must:

Be judged to be of such magnitude as to warrant extraordinary public support.

HSP has determined that the Project represents a rare and significant opportunity for the City of Covington and Commonwealth of Kentucky to enrich its presence along the Ohio River with a vibrant, mixed-use district. The expansion of the Northern Kentucky Convention Center also lends to the signature nature of the Project by bolstering out-of-state tourism to Covington and the surrounding area.

Represent new economic activity in the Commonwealth, result in a net positive impact to the Commonwealth as certified by an independent outside consultant, and include pedestrian amenities and public space.

HSP has determined that the Project will represent net new economic activity in the Commonwealth, resulting in net positive economic, employment and fiscal impacts to the Commonwealth.

Exceed \$200 million.

HSP has determined that the Project has an estimated budget of more than \$227 million in private investment with an additional \$81 million in public infrastructure, and therefore exceeds the \$200 million minimum.

Conclusion

HSP concludes that the proposed development could not occur on this site as outlined in the application without consideration of State TIF funds.

Feasibility

HSP presents the following conclusions with regards to the feasibility of the key Project components.

- **Office:** The office component of the Project is one of the most impactful due to its expected ability to attract net new employees, income tax and spending within Kentucky. Covington is currently perceived as a value market relative to downtown Cincinnati, but the Project with its mix of uses and new Class A office space has the potential to shift the market's overall perspective on the attractiveness of Covington for office space. Without the incentives requested, it is unlikely that Class A office space of this volume would be developed in Covington. HSP has observed in many markets that the development of new, high-end commercial real estate after a long period of stasis in a market, typically leads to the induction of new users willing to pay for quality. This flight to quality is expected to follow the development of Class A office space, support higher rents and buoy the northern Kentucky submarket. A similar flight to quality occurred with the development of the Hotel Covington, which also received incentives and induced a much higher quality and price of hotel experience to the northern Kentucky market.
- **Hotel:** But for the expansion of the Northern Kentucky Convention Center, the large office component, and the multiple parking garages, the 177-room hotel would not be feasible without subsidy, as there is a need for additional demand generators in Covington and Northern Kentucky as well as the ability to park guests, workers and event attendees. If the hotel would have to develop a garage on its own, there would not be a financially feasible full-service hotel. At this time, there is no agreement between the City and any other entity to lease parking spaces in the garage.
- **Residential:** Downtown residential development is often difficult to support due to the cost of new construction compared to rental rates initially achievable within the market. Covington's high-end rental housing market has been performing relatively strongly recently, despite some absorption issues during the pandemic. Still, with the high cost of construction, HSP believes the development of public infrastructure and assistance in creating an attractive walkable district for prospective residents makes it easier for developers to justify rental rates high enough to support development costs.
- **Retail and Restaurant:** The development of the retail and restaurant is required by the zoning of the Covington Central Riverfront. HSP believes the retail and restaurant will act as the glue that holds the development together. Due to the critical mass and mix of uses driving demand around the clock and throughout the week, the retail and restaurant elements of the Project are expected to outperform much of the existing market. Financial feasibility of these spaces is still contingent on the rest of the Project, which is not financially feasible without the requested TIF incentives.
- **Convention Center:** The expansion of the Northern Kentucky Convention Center will continue to be publicly owned and privately operated and HSP estimates it will operate at near breakeven upon stabilization similar to how it has in recent years. However, if the hotel and parking elements were not developed, then the convention center would be challenged in accommodating additional overnight visitors and therefore attracting additional event groups.

State Tax Revenue Projections

HSP analyzed the use type and condition of three existing properties, two of which are represented by “Vacant” below, located within the established 31-acre Development Footprint in Covington.

The following table summarizes the use type of all properties within the Development Footprint.

Table 1

Development Footprint - Current Use Type		
Type	Square Feet	%
Vacant	413,446	67.0%
Convention Center	204,000	33.0%
Total	617,446	100%

Source: City of Covington

The three properties located within the 31-acre Development Footprint total more than 617,000 square feet. Two-thirds of the existing space is the vacated IRS processing facility, while the balance is the Northern Kentucky Convention Center.

Based on the findings of the market analysis and conversations with local market participants, including local brokers and property owners, HSP made market-supported assumptions to determine the baseline state tax revenue collections for the Development Footprint.

The following table lays out the key assumptions related to the fiscal modeling shown in this chapter.

Table 2

Key Assumptions Related to Fiscal Model		
Baseline Property Breakdown by Use	Square Feet	Assessed Value
Office	0	\$0
Retail/Restaurant	0	\$0
Hotel	0	\$0
Residential	0	\$0
Vacant*	413,446	\$20,500,000
Convention Center*	204,000	\$23,150,000
Total	617,446	\$43,650,000
Tax Rates		
City Property Tax Rate	0.327 per \$100 of assessed value	
County Property Tax Rate	0.159 per \$100 of assessed value	
Kentucky Property Tax Rate	0.122 per \$100 of assessed value	
Kentucky Sales Tax Rate	6.0%	
Kentucky Weighted Income Tax Rate	4.2%	
Local Income Tax Rate (Combined City & County)	2.5%	
Calculation of Baseline Jobs:		
Office Space (occupied)	One job per 250 Square Feet of Space	
Restaurant & Retail Space	One job per \$60,000 in sales	
Baseline Spending:		
Restaurant/Retail (Year 11, stabilized)	\$305 per square foot	
Median Household Income for Apartment Units	\$85,587	
Average Salary for Office Workers	\$75,000	
Average Salary for Other Direct Jobs (Year 10)	\$59,293	
Spending on Taxable Impact Categories (from BLS) For New KY Residents in Apartments		
Restaurant Spending	4.2% of Household Income	
Retail Spending	2.4% of Household Income	
Transportation Spending	12.1% of Household Income	
Other	9.2% of Household Income	
Total Taxable Local Spending	27.9% of Household Income	
Inflation & Growth Rates		
General Inflation Rate	2.00% per year	
Growth Rate of Property Tax - Baseline	1.25% per year	
Growth Rate of Property Tax - If Project Developed	1.25% per year	
Source: Hunden Strategic Partners		

Net New Assumptions

The following table summarizes the assumptions HSP utilized to project the non-substitute, net new impact from each Project use.

Table 3

Projections of Net New Impact - Covington Central Riverfront TIF		
Use Type	% Net New	% Substitution
Hotel	30.7%	69.3%
Convention Center*	40.0%	60.0%
Office	35.0%	65.0%
Residential	32.0%	68.0%
Restaurant/Retail	20.0%	80.0%
* % Net New considers the baseline of activity from the existing NKYCC		
Source: Hunden Strategic Partners		

HSP completed analyses and models for each use and estimated the percentage of net new spending and impact by use. The factors involved were numerous and are discussed in the chapters. However, the following provides HSP's overall justification for the assumptions:

- Hotel:** The hotel is assumed to be a high quality, full-service and soft-branded hotel that will be located adjacent to the expanded Norther Kentucky Convention Center (NKYCC). The new 177-room group hotel is expected to act as a second or even third headquarter hotel for the NKYCC when considering the existing Marriott and Embassy Suites hotels. Despite the presence of these hotels, room block capacity for groups is limited, so the Project Hotel is expected to help accommodate the increased room night demand from the expanded NKYCC. Overall, HSP projects that 30 percent of room nights captured at the new hotel will be net new to the Commonwealth.
- Convention Center:** The expanded convention center is expected to induce approximately two-thirds of its business from outside of Kentucky by stabilization. This is based on the visitation that the convention center has received in recent years along with business plan for the expansion to essentially attract a higher volume of similar clients. While accounting for the significant base of activity at the existing convention center, HSP expects that 40 percent of visitation and related impact will be new to Kentucky. HSP has detailed assumptions for each category of event to show how these net new percentages were produced.
- Residential:** HSP expects that just less than one-third (32 percent) of the resident spending will be new to the Commonwealth due to several factors. There is a gap in supply of downtown residential units, especially ones that offer walkable amenities. As a result, anyone who wants to live in such a unit downtown does not currently have that option and would either take lesser residence elsewhere in Kentucky and, to a lesser degree, similar accommodations in Cincinnati, most likely, where other options exist. HSP believes that many of the people who would be moving to these units would be from outside of Kentucky, as they are typically young professionals coming from outside the area, potentially employees of tenants of the Project's office space. Others are



empty nesters moving from within the region. HSP's assumptions are believed to be conservative based on conversations with residential brokers and other market participants in the region.

- Retail and Restaurant:** HSP assumed that 20 percent of retail and restaurant spending would be new to Kentucky. This assumption is also considered to be conservative as only 20 percent of residents within the Cincinnati MSA live in Kentucky. However, due to substitution and the prevalence of many Kentucky Tourism Development Act (KTDA) and TIF projects in Northern Kentucky has caused HSP to take a very conservative estimate for this use.
- Office:** HSP estimates that the majority of office employees within the Project will be new to the Commonwealth. Based on historical data from Northern Kentucky Tri-ED, approximately 65 percent of jobs from companies looking to relocate or expand into Northern Kentucky come from outside the region. While many of the tenants may come from outside of Kentucky, HSP reduced the net new Kentucky employment figure in order to account for recruitment of local talent by new firms, decreasing the net new income and spending to 35 percent.

Baseline – State Tax Revenues

The following table details the baseline state tax revenue projections for the Development Footprint over the first 30-year period, beginning 2022, assuming no Project is developed.

Table 4

Tax Projections - Covington Central Riverfront															
Baseline															
Estimated Tax Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
State Tax Revenues															
State Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales & Use Tax (6% of gross sales)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 58,198	\$ 59,653	\$ 61,144	\$ 69,179	\$ 78,270	\$ 88,555	\$ 100,192	\$ 2,149,476
Subtotal	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 58,198	\$ 59,653	\$ 61,144	\$ 69,179	\$ 78,270	\$ 88,555	\$ 100,192	\$ 2,149,476
State Individual Income Tax (4.2% of income)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 66,763	\$ 75,536	\$ 85,462	\$ 96,693	\$ 2,074,403
Subtotal	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 66,763	\$ 75,536	\$ 85,462	\$ 96,693	\$ 2,074,403
Total State Tax Revenues															
State Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales & Use Tax (6% of gross sales)	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 58,198	\$ 59,653	\$ 61,144	\$ 69,179	\$ 78,270	\$ 88,555	\$ 100,192	\$ 2,149,476
State Individual Income Tax (4.2% of income)	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 66,763	\$ 75,536	\$ 85,462	\$ 96,693	\$ 2,074,403
Total	\$ 96,210	\$ 98,615	\$ 101,081	\$ 103,608	\$ 106,198	\$ 108,853	\$ 111,574	\$ 114,363	\$ 117,223	\$ 120,153	\$ 135,942	\$ 153,806	\$ 174,018	\$ 196,885	\$ 4,223,879

* TIF Begins 2022. Project Components Open during the following nine years

Source: Hunden Strategic Partners

HSP projects that, without the Project, the 31-acre area will generate \$4.2 million in total state tax revenue over the 30-year period, the majority of which will be driven by income tax from Northern Kentucky Convention Center employees.



HSP determined, without the Project, the 31-acre area will generate no property tax during the 30-year period as the IRS facility and Northern Kentucky Convention Center (NKYCC) are both entirely tax exempt. The baseline for property tax for the Project is zero dollars.

Generated Revenues from Project – State Tax Revenues

Based on the demand and financial projections shown in Chapter 9 of this report, as well as the impact of the Project, HSP projected the amount of state tax revenues that would be generated by the Project over a 30-year period beginning 2022. For the purpose of these projections, HSP adjusted the assumed construction schedule provided in the application in order to update the timeframe based on the likely timing of approval and construction beginning afterward. The phased construction schedule will begin to complete operating elements in Year 6 and construction is assumed to be completed for the entire Project by the beginning of Year 9 (2030). The percentage of construction labor considered to be local to Covington is 12.5 percent (half of the 25 percent that is considered to be new labor spending to Kentucky).

The following table shows the state tax revenue projections in Years 1 through 30 for the 31-acre Development Footprint assuming the Project is developed. It is important to note that the first nine years include Project construction.

Table 5

Tax Projections - Covington Central Riverfront															
Assuming Project is Built															
Estimated Tax Revenues from Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
State Tax Revenues															
State Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,179	\$ 23,643	\$ 56,425	\$ 57,130	\$ 60,791	\$ 64,687	\$ 68,832	\$ 73,243	\$ 1,457,520
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 824	\$ 16,246	\$ 20,021	\$ 24,107	\$ 24,409	\$ 25,973	\$ 27,637	\$ 29,408	\$ 31,293	\$ 643,220
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,905	\$ 37,905	\$ 38,379	\$ 40,839	\$ 43,456	\$ 46,240	\$ 49,204	\$ 990,964
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,632	\$ 47,225	\$ 47,225	\$ 69,052	\$ 69,915	\$ 74,395	\$ 79,163	\$ 84,236	\$ 89,634	\$ 1,839,262
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,455	\$ 78,650	\$ 128,794	\$ 187,490	\$ 189,833	\$ 201,998	\$ 214,943	\$ 228,717	\$ 243,373	\$ 4,930,966
State Sales & Use Tax (6% of gross sales)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,025	\$ 124,477	\$ 206,059	\$ 322,887	\$ 404,402	\$ 495,737	\$ 547,334	\$ 604,301	\$ 667,197	\$ 12,208,879
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,468	\$ 176,273	\$ 196,665	\$ 237,073	\$ 266,395	\$ 324,919	\$ 386,662	\$ 6,254,576
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 1,411,160	\$ 1,446,439	\$ 1,482,600	\$ 1,677,426	\$ 1,897,854	\$ 2,147,247	\$ 2,429,413	\$ 43,529,053
From Construction	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065,800
Subtotal	\$ 307,185	\$ 308,409	\$ 309,664	\$ 310,950	\$ 312,268	\$ 336,644	\$ 439,481	\$ 2,040,913	\$ 1,945,599	\$ 2,083,668	\$ 2,410,236	\$ 2,711,582	\$ 3,076,467	\$ 3,483,272	\$ 64,058,308
State Individual Income Tax (4.2% of income)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,324	\$ 297,165	\$ 568,372	\$ 843,257	\$ 1,093,953	\$ 1,207,813	\$ 1,333,523	\$ 1,472,317	\$ 26,425,106
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,300	\$ 21,630	\$ 32,627	\$ 50,090	\$ 59,947	\$ 72,204	\$ 79,719	\$ 88,016	\$ 97,177	\$ 1,789,350
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,192	\$ 36,425	\$ 40,639	\$ 48,989	\$ 55,048	\$ 67,141	\$ 79,900	\$ 1,292,446
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,391	\$ 7,764	\$ 7,919	\$ 11,810	\$ 12,106	\$ 13,696	\$ 15,496	\$ 17,532	\$ 19,836	\$ 357,953
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 77,876	\$ 79,822	\$ 81,818	\$ 92,570	\$ 104,734	\$ 118,497	\$ 134,068	\$ 2,738,396
Subtotal	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 59,151	\$ 244,512	\$ 449,778	\$ 746,519	\$ 1,037,767	\$ 1,321,412	\$ 1,462,810	\$ 1,624,710	\$ 1,803,299	\$ 32,603,251
State Individual Income Tax (4.2% of income)															
From Baseline	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 66,763	\$ 75,536	\$ 85,462	\$ 96,693	\$ 2,074,403
From New Development Activity	\$ 943	\$ -	\$ -	\$ -	\$ -	\$ 11,914	\$ 123,508	\$ 255,428	\$ 441,247	\$ 623,538	\$ 797,759	\$ 881,471	\$ 978,519	\$ 1,085,173	\$ 19,430,244
From New Development Construction	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,086
Subtotal	\$ 283,828	\$ 284,067	\$ 285,278	\$ 286,519	\$ 287,791	\$ 301,009	\$ 413,939	\$ 547,230	\$ 498,816	\$ 682,547	\$ 864,522	\$ 957,008	\$ 1,063,981	\$ 1,181,865	\$ 23,389,733
Total State Tax Revenues															
State Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,455	\$ 78,650	\$ 128,794	\$ 187,490	\$ 189,833	\$ 201,998	\$ 214,943	\$ 228,717	\$ 243,373	\$ 4,930,966
State Sales Tax from Construction	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065,800
State Sales Tax from Activity	\$ 307,185	\$ 308,409	\$ 309,664	\$ 310,950	\$ 312,268	\$ 336,644	\$ 439,481	\$ 2,040,913	\$ 1,945,599	\$ 2,083,668	\$ 2,410,236	\$ 2,711,582	\$ 3,076,467	\$ 3,483,272	\$ 64,058,308
State Income Tax from Construction	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,086
State Income Tax from Activity	\$ 48,193	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 65,373	\$ 178,303	\$ 311,594	\$ 498,816	\$ 682,547	\$ 864,522	\$ 957,008	\$ 1,063,981	\$ 1,181,865	\$ 21,504,647
Total	\$ 849,238	\$ 850,701	\$ 853,166	\$ 855,693	\$ 858,284	\$ 905,333	\$ 1,190,295	\$ 2,975,162	\$ 2,631,905	\$ 2,956,048	\$ 3,476,756	\$ 3,883,532	\$ 4,369,165	\$ 4,908,511	\$ 94,444,806
Incremental State Tax Revenues															
State Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,455	\$ 78,650	\$ 128,794	\$ 187,490	\$ 189,833	\$ 201,998	\$ 214,943	\$ 228,717	\$ 243,373	\$ 4,930,966
State Sales & Use Tax from Activity	\$ 258,225	\$ 466,266	\$ 465,011	\$ 463,725	\$ 462,407	\$ 484,081	\$ 584,148	\$ 829,780	\$ 439,507	\$ 539,923	\$ 663,631	\$ 735,458	\$ 840,664	\$ 953,667	\$ 20,236,313
State Sales & Use Tax from Construction	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065,800
State Income Tax from Activity	\$ 943	\$ -	\$ -	\$ -	\$ -	\$ 11,914	\$ 123,508	\$ 255,428	\$ 441,247	\$ 623,538	\$ 797,759	\$ 881,471	\$ 978,519	\$ 1,085,173	\$ 19,430,244
State Income Tax from Construction	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,086
Total	\$ 753,028	\$ 960,127	\$ 958,872	\$ 957,586	\$ 956,268	\$ 999,312	\$ 1,280,167	\$ 1,707,863	\$ 1,068,243	\$ 1,353,295	\$ 1,663,388	\$ 1,831,873	\$ 2,047,900	\$ 2,282,212	\$ 48,544,409

Source: Hunden Strategic Partners

Assuming the Project is built, HSP projects that the 31-acre area will generate \$94 million the 30-year period in state tax collections. Overall, HSP projects the incremental state tax revenues over the baseline to total \$48.5 million over the 30-year period.

Summary - Incremental State Tax Revenue

Based on the table above, the following table summarizes the projected annual state incremental tax revenues from the Project.

Table 6

Annual State Incremental Tax Revenue - Covington Central Riverfront TIF				
Year	Property Tax	Sales and Use Tax	Income Tax	Total
1	\$0	\$516,450	\$236,578	\$753,028
2	\$0	\$724,491	\$235,636	\$960,127
3	\$0	\$723,236	\$235,636	\$958,872
4	\$0	\$721,950	\$235,636	\$957,586
5	\$0	\$720,632	\$235,636	\$956,268
6	\$9,455	\$742,306	\$247,550	\$999,312
7	\$78,650	\$842,373	\$359,144	\$1,280,167
8	\$128,794	\$1,088,005	\$491,064	\$1,707,863
9	\$187,490	\$439,507	\$441,247	\$1,068,243
10	\$189,833	\$539,923	\$623,538	\$1,353,295
11	\$192,206	\$616,725	\$737,475	\$1,546,406
12	\$194,609	\$624,994	\$751,521	\$1,571,124
13	\$197,041	\$637,617	\$766,628	\$1,601,286
14	\$199,504	\$650,494	\$782,038	\$1,632,037
15	\$201,998	\$663,631	\$797,759	\$1,663,388
16	\$204,523	\$677,031	\$813,796	\$1,695,350
17	\$207,080	\$690,702	\$830,155	\$1,727,937
18	\$209,668	\$696,506	\$845,327	\$1,751,502
19	\$212,289	\$715,769	\$863,216	\$1,791,274
20	\$214,943	\$735,458	\$881,471	\$1,831,873
21	\$217,629	\$755,585	\$900,101	\$1,873,316
22	\$220,350	\$776,159	\$919,113	\$1,915,622
23	\$223,104	\$797,190	\$938,514	\$1,958,808
24	\$225,893	\$818,688	\$958,314	\$2,002,895
25	\$228,717	\$840,664	\$978,519	\$2,047,900
26	\$231,576	\$863,129	\$999,139	\$2,093,843
27	\$234,470	\$886,093	\$1,020,181	\$2,140,745
28	\$237,401	\$909,569	\$1,041,656	\$2,188,626
29	\$240,369	\$933,566	\$1,063,571	\$2,237,506
30	\$243,373	\$953,667	\$1,085,173	\$2,282,212
Total	\$4,930,966	\$22,302,113	\$21,315,330	\$48,548,409

Source: Hunden Strategic Partners



Baseline - Local Tax Revenues

HSP also projected the amount of local tax revenues that would be generated by the Project over a 30-year period.

The following table details the baseline local tax revenue projections for the Development Footprint over the first 30-year period assuming no Project is developed.

Table 7

Tax Projections - Covington Central Riverfront															
Baseline															
Estimated Tax Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
City Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Income Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 38,945	\$ 44,063	\$ 49,853	\$ 56,404	\$ 1,210,068
Subtotal	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 38,945	\$ 44,063	\$ 49,853	\$ 56,404	\$ 1,210,068
Total Local Tax Revenues															
City Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Income Tax	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 38,945	\$ 44,063	\$ 49,853	\$ 56,404	\$ 1,210,068
Total	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 38,945	\$ 44,063	\$ 49,853	\$ 56,404	\$ 1,210,068

* TIF Begins 2022, Project Components Open during the following nine years

Source: Hunden Strategic Partners

HSP projects that, without the Project, the 31-acre area will generate \$1.2 million in total local tax revenue over the 30-year period, all of which will be driven by income tax from NKYCC employees.

Generated Revenues from Project – Local Tax Revenues

The following table shows the local tax revenue projections in Years 1 through 30 for the 31-acre Development Footprint assuming the Project is developed.

Table 8

Tax Projections - Covington Central Riverfront Assuming Project is Built																
Estimated Tax Revenues from Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total	
Local Tax Revenues																
City Property Tax																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,685	\$ 63,371	\$ 151,238	\$ 153,128	\$ 162,941	\$ 173,382	\$ 184,493	\$ 196,316	\$ 3,906,632	
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,208	\$ 43,544	\$ 53,663	\$ 64,615	\$ 65,423	\$ 69,615	\$ 74,076	\$ 78,823	\$ 83,875	\$ 1,724,039	
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,599	\$ 101,599	\$ 102,869	\$ 109,461	\$ 116,475	\$ 123,939	\$ 131,882	\$ 2,656,108	
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,135	\$ 126,579	\$ 126,579	\$ 185,082	\$ 187,396	\$ 199,404	\$ 212,182	\$ 225,780	\$ 240,248	\$ 4,929,825	
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,343	\$ 210,809	\$ 345,211	\$ 502,534	\$ 508,815	\$ 541,421	\$ 576,117	\$ 613,035	\$ 652,320	\$ 13,216,604	
County Property Tax																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,783	\$ 30,813	\$ 73,538	\$ 74,457	\$ 79,228	\$ 84,305	\$ 89,708	\$ 95,456	\$ 1,899,555	
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,073	\$ 21,173	\$ 26,093	\$ 31,418	\$ 31,811	\$ 33,850	\$ 36,019	\$ 38,327	\$ 40,783	\$ 838,294	
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,401	\$ 49,401	\$ 50,019	\$ 53,224	\$ 56,635	\$ 60,264	\$ 64,126	\$ 1,291,502	
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,249	\$ 61,548	\$ 61,548	\$ 89,994	\$ 91,119	\$ 96,958	\$ 103,171	\$ 109,783	\$ 116,818	\$ 2,397,071	
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,323	\$ 102,503	\$ 167,855	\$ 244,351	\$ 247,406	\$ 263,260	\$ 280,130	\$ 298,081	\$ 317,183	\$ 6,426,422	
Local Income Tax																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,522	\$ 173,346	\$ 331,550	\$ 491,900	\$ 638,140	\$ 704,558	\$ 777,889	\$ 858,852	\$ 15,414,645	
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,509	\$ 12,617	\$ 19,032	\$ 29,219	\$ 34,969	\$ 42,119	\$ 46,503	\$ 51,343	\$ 56,686	\$ 1,043,788	
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,946	\$ 21,248	\$ 23,706	\$ 28,577	\$ 32,111	\$ 39,166	\$ 46,608	\$ 753,927	
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 811	\$ 4,529	\$ 4,619	\$ 6,889	\$ 7,062	\$ 7,990	\$ 9,039	\$ 10,227	\$ 11,571	\$ 208,806	
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Convention Center	\$ 11,025	\$ 11,301	\$ 11,583	\$ 11,873	\$ 12,170	\$ 12,474	\$ 12,786	\$ 13,105	\$ 13,433	\$ 13,769	\$ 15,578	\$ 17,625	\$ 19,941	\$ 22,562	\$ 484,027	
Subtotal	\$ 11,025	\$ 11,301	\$ 11,583	\$ 11,873	\$ 12,170	\$ 15,794	\$ 123,454	\$ 230,049	\$ 402,339	\$ 571,406	\$ 732,403	\$ 809,836	\$ 898,565	\$ 996,279	\$ 17,905,193	
Local Income Tax																
From Baseline	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 38,945	\$ 44,063	\$ 49,853	\$ 56,404	\$ 1,210,068	
From New Development Construction	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099,634	
From New Development Activity	\$ 898	\$ -	\$ -	\$ -	\$ -	\$ 11,347	\$ 117,626	\$ 243,265	\$ 420,235	\$ 593,846	\$ 759,770	\$ 839,497	\$ 931,923	\$ 1,033,498	\$ 18,504,994	
Subtotal	\$ 165,914	\$ 165,706	\$ 166,412	\$ 167,136	\$ 167,878	\$ 179,986	\$ 287,045	\$ 413,483	\$ 453,817	\$ 628,268	\$ 798,715	\$ 883,559	\$ 981,776	\$ 1,089,902	\$ 20,814,696	
Total Local Tax Revenues																
City Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,343	\$ 210,809	\$ 345,211	\$ 502,534	\$ 508,815	\$ 541,421	\$ 576,117	\$ 613,035	\$ 652,320	\$ 13,216,604	
County Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,323	\$ 102,503	\$ 167,855	\$ 244,351	\$ 247,406	\$ 263,260	\$ 280,130	\$ 298,081	\$ 317,183	\$ 6,426,422	
City Income Tax from Construction	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099,634	
City Income Tax from Activity	\$ 28,460	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 42,531	\$ 149,590	\$ 276,028	\$ 453,817	\$ 628,268	\$ 798,715	\$ 883,559	\$ 981,776	\$ 1,089,902	\$ 19,715,063	
Total	\$ 165,914	\$ 165,706	\$ 166,412	\$ 167,136	\$ 167,878	\$ 217,651	\$ 600,356	\$ 926,549	\$ 1,200,702	\$ 1,384,489	\$ 1,603,397	\$ 1,739,806	\$ 1,892,893	\$ 2,059,405	\$ 40,457,723	
Incremental Local Tax Revenues																
City Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,343	\$ 210,809	\$ 345,211	\$ 502,534	\$ 508,815	\$ 541,421	\$ 576,117	\$ 613,035	\$ 652,320	\$ 13,216,604	
County Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,323	\$ 102,503	\$ 167,855	\$ 244,351	\$ 247,406	\$ 263,260	\$ 280,130	\$ 298,081	\$ 317,183	\$ 6,426,422	
City Income Tax from Construction	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099,634	
City Income Tax from Activity	\$ 898	\$ -	\$ -	\$ -	\$ -	\$ 11,347	\$ 117,626	\$ 243,265	\$ 420,235	\$ 593,846	\$ 759,770	\$ 839,497	\$ 931,923	\$ 1,033,498	\$ 18,504,994	
Total	\$ 138,352	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 186,467	\$ 568,392	\$ 893,786	\$ 1,167,120	\$ 1,350,067	\$ 1,564,452	\$ 1,695,743	\$ 1,843,040	\$ 2,003,001	\$ 39,247,655	

Source: Hunden Strategic Partners

Assuming the Project is built, HSP projects the incremental local tax revenues over the baseline to total \$39.2 million over the 30-year period.

Summary - Incremental Local Tax Revenue

Based on the table above, the following table summarizes the projected annual local incremental tax revenues from the Project.

Table 9

Annual Local Incremental Tax Revenue Covington Central Riverfront TIF				
Year	City Property Tax	County Property Tax	Income Tax	Total
1	\$0	\$0	\$138,352	\$138,352
2	\$0	\$0	\$137,454	\$137,454
3	\$0	\$0	\$137,454	\$137,454
4	\$0	\$0	\$137,454	\$137,454
5	\$0	\$0	\$137,454	\$137,454
6	\$25,343	\$12,323	\$148,801	\$186,467
7	\$210,809	\$102,503	\$255,081	\$568,392
8	\$345,211	\$167,855	\$380,719	\$893,786
9	\$502,534	\$244,351	\$420,235	\$1,167,120
10	\$508,815	\$247,406	\$593,846	\$1,350,067
11	\$515,175	\$250,498	\$702,357	\$1,468,031
12	\$521,615	\$253,629	\$715,734	\$1,490,978
13	\$528,135	\$256,800	\$730,121	\$1,515,057
14	\$534,737	\$260,010	\$744,798	\$1,539,545
15	\$541,421	\$263,260	\$759,770	\$1,564,452
16	\$548,189	\$266,551	\$775,044	\$1,589,783
17	\$555,041	\$269,883	\$790,624	\$1,615,548
18	\$561,979	\$273,256	\$805,073	\$1,640,309
19	\$569,004	\$276,672	\$822,110	\$1,667,786
20	\$576,117	\$280,130	\$839,497	\$1,695,743
21	\$583,318	\$283,632	\$857,239	\$1,724,189
22	\$590,610	\$287,177	\$875,346	\$1,753,132
23	\$597,992	\$290,767	\$893,823	\$1,782,582
24	\$605,467	\$294,401	\$912,680	\$1,812,548
25	\$613,035	\$298,081	\$931,923	\$1,843,040
26	\$620,698	\$301,807	\$951,561	\$1,874,067
27	\$628,457	\$305,580	\$971,601	\$1,905,639
28	\$636,313	\$309,400	\$992,053	\$1,937,766
29	\$644,267	\$313,267	\$1,012,925	\$1,970,459
30	\$652,320	\$317,183	\$1,033,498	\$2,003,001
Total	\$13,216,604	\$6,426,422	\$19,604,628	\$39,247,655

Source: Hunden Strategic Partners

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Project Profile

The Cabinet for Economic Development (CED) engaged Hunden Strategic Partners (HSP) to determine the expected net new fiscal impact of the proposed Covington Central Riverfront (Project), located in Covington, Kentucky, and if the Project qualifies for as a Signature Kentucky TIF project. In this analysis, HSP will analyze the proposed Project, determine current conditions at the Project site, profile current conditions within the relevant real estate marketplace, and estimate the amount of local and state tax revenues as part of an overall estimate of the economic, employment and fiscal impacts of the Project. At the conclusion of the analysis, HSP will present its findings to the Kentucky Economic Development Finance Authority (KEDFA).

Overview

The City of Covington has proposed to redevelop a 31.6-acre area along the southern bank of the Ohio River through the Covington Central Riverfront Project. The Project is primarily focused on the demolition of the former and vacant IRS facility and installation of horizontal public infrastructure in order to spur private investment and development of the newly developable land. The estimated total cost of the Project is approximately \$394 million, including nearly \$81 million in public infrastructure improvements.

Specific components of the Project include:

- Demolition of the IRS facility,
- Development of multiple parking structures totaling 1,765 spaces,
- Development of 348 apartment units,
- Development of 200,000 square feet of office space,
- Development of a 177-room hotel,
- Development of 87,800 square feet of retail space,
- Expansion of the Northern Kentucky Convention Center, adding 111,000 square feet,
- Various public infrastructure improvements, including a new City Hall, roads, street lighting, utilities, public spaces and parks, sidewalks, transportation facilities, sewers and storm drainage, and more.

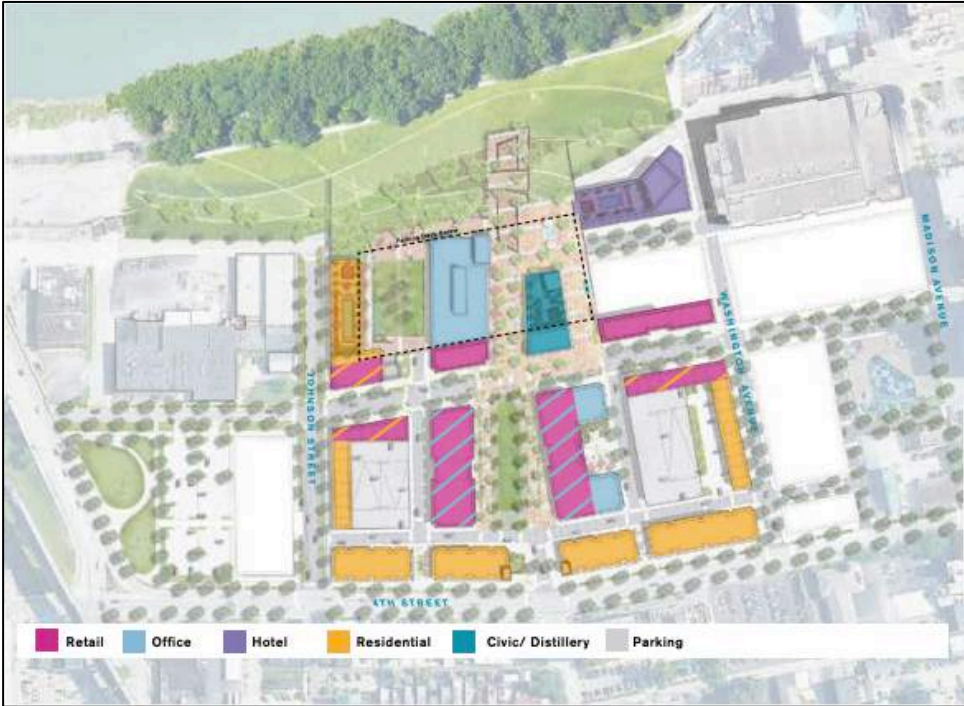
The Covington Central Riverfront Project was conceived due to major economic changes regarding the former IRS facility. The IRS and its employees previously generated a significant tax base for the City each year. When the facility shut its doors permanently in 2019, the City of Covington lost one of its largest income withholding revenue streams and was left with a vacant 17-acre, one-story building occupying highly valuable land and disrupting the street grid in its urban core. The City determined the vacancy offered a rare opportunity to reconnect various areas of Covington with a reimagined, walkable downtown, enabling Covington to attract new businesses, residents and visitors. This critical mass of new activity has the potential to generate net new visitation, population growth, spending, jobs, earnings, enhanced property values and, ultimately, tax revenues for the City and Commonwealth of Kentucky.

The City of Covington, Kenton County and Planning and Development Services (PDS) of Kenton County have pledged varied amounts of incremental occupational license and real property taxes for a 30-year period to pay

for public infrastructure costs. The City has pledged 80 percent of incremental revenues from occupational license taxes and property taxes. The County has pledged 60 percent of its incremental taxes from real property and occupational taxes. PDS has pledged 50 percent of incremental property taxes.

The following figure shows the preferred site plan from the Covington Central Riverfront Strategic Master Plan as of 2027.

Figure 1-1



The plan shows multifamily residential development along the perimeter of the area of commercial development, while retail will line both sides of 3rd Street and surround the central plaza and green space on the ground floor. The hotel is planned to be just across Washington Avenue from the Northern Kentucky Convention Center (NKYCC). The civic/distillery building is the proposed location of the Covington City Hall. Mixed-use buildings are also a key component of the plan with retail and office space, mainly comprised of office space.

The following table summarizes the square footage breakdown of each use type in the Project.

Table 1-1

Anticipated Uses - Covington Central Riverfront		
Use Type	Square Feet	% of Development
Parking	398,400	29.9%
Residential	391,900	29.4%
Office	200,000	15.0%
Hotel	112,000	8.4%
Northern Kentucky Convention Center	111,000	8.3%
Retail	87,800	6.6%
Civic (City Hall)	31,000	2.3%
Total	1,332,100	100%

Source: City of Covington

Parking and residential uses will comprise approximately 60 percent of the total Project. Parking will include both structured and surface parking, totaling 1,765 spaces and 29.9 percent of the Project. The residential portion, expected to total 348 rental units, will account for 29.4 percent of the total Project square footage. Office space is the only other component that is expected to account for more than ten percent of the Project.

The following table details the proposed financing methods for the Project.

Table 1-2

Proposed Financing		
Source	Amount	%
Equity or Cash	\$13,913,331	3.5%
Proceeds from Debt Issuance		
Supported by State TIF Participation	\$45,500,000	11.5%
Supported by Local TIF Participation	\$25,000,000	6.3%
Supported by Private Sources	\$309,964,336	78.6%
Total	\$394,377,667	100%

Source: City of Covington

Including approximately \$80 million in financing costs, the total cost of \$394 million is proposed to be financed through a combination of mostly private sources with 21 percent of equity, state and local TIF participation.

The figure below shows the location of all Project components in relation to the rest of downtown Covington. The Project area has been divided into three development zones. These three zones are outlined below, and together make up the entire 31.6-acre TIF area established for the Project.

Figure 1-2



Zone 1 is expected to house the convention center (NKYCC) expansion with potential commercial development on the southern half of the zone. Zone 2 will include a critical mass of residential, office and retail space, along with the hotel, new City Hall and plaza/green space throughout. Zone 3 is slated to be developed first into a flexible green space for activation and temporary uses until all of Zone 2 is built out. Upon relative completion of Zone 2 development, Zone 3 is expected to be made available for sale/development for office space or another use, while likely retaining a portion of the original green space. Zone 2 will also offer the structured and surface parking across multiple locations.

The following table details the square footage by use of the Project by Zone.

Table 1-3

Use Square Footage by Zone				
Category	Zone 1	Zone 2	Zone 3	Total
Parking	-	398,400	-	398,400
Residential	-	391,900	-	391,900
Office	-	200,000	-	200,000
Hotel	-	112,000	-	112,000
Northern Kentucky Convention Center	111,000	-	-	111,000
Retail	-	87,800	-	87,800
Civic (City Hall)	-	31,000	-	31,000
Total	111,000	1,221,100	0	1,332,100

Source: City of Covington

As mentioned on the previous page, Zone 1 includes the expansion of the NKYCC, though also will have additional land available for future development. Zone 2 is the focal area for the Project and is expected to include 1.2 million square feet of vertical development, including parking, residential, office, hotel, retail and civic space, as well as plaza and green space, which is not shown in the table above.

Development Program, Phasing & Budget

In total, the Project is expected to cost \$394 million, including \$81 million in public funds, and construction of public infrastructure is expected to be phased over a four-year period.

The following table details the original planned timeline for the Project.

Table 1-4

Proposed Project Timeline	
Action	Date
Acquisition of all property within Development Area	8/3/20
Demolition of Existing Structures	Q1 2022
Construction Begins	Q4 2022
Construction Ends	Q4 2025
TIF Begins	1/1/22
TIF Ends	12/31/51

Source: City of Covington

Project construction, which includes the horizontal public infrastructure, is expected to be completed by the fourth quarter of 2025. Additional vertical construction of the various private uses will take place in the following five years or so. Demolition of the IRS facility is expected to commence in the first quarter of 2022.

Due to the TIF analysis and approval process, HSP believes that the TIF will begin later than the Applicant expected. In order to make a concrete assumption for modeling purposes, HSP has chosen January 1, 2022, as the TIF's start date, with the TIF then ending December 31, 2051. Construction of the Project's horizontal infrastructure is assumed to remain on the timeline shown in the previous table, beginning in the fourth quarter of 2022 and ending four years later in the fourth quarter of 2025.

The following table details the planned capital investment for the Project, by zone and by use.

Table 1-5

Private Capital Investment by Zone				
Category	Zone 1	Zone 2	Zone 3	Total
Residential	–	\$56,600,000	–	\$56,600,000
NKYCC Expansion	–	–	\$55,800,000	\$55,800,000
Office	–	\$46,250,000	–	\$46,250,000
Hotel	–	\$31,070,000	–	\$31,070,000
Retail	–	\$19,760,000	–	\$19,760,000
Parking	–	\$17,890,000	–	\$17,890,000
Total	\$0	\$171,570,000	\$55,800,000	\$227,370,000

Source: City of Covington

Total private investment in the Project is expected to total approximately \$227.4 million, or 72 percent of the total Project costs, excluding financing costs. Private investment is concentrated mostly within Zone 2, including the construction of the hotel and all office, parking, residential and retail developments, while private investment in Zone 3 includes the development of the NKYCC expansion. As shown in the table above, residential development and the NKYCC expansion involve the greatest private investment in the Project. It is important to note that these are projections of potential development from the City of Covington. Greater or lesser levels of investment and development of each use are possible.

The following table details the estimated public infrastructure costs for the Project.

Table 1-6

Public Infrastructure		
Public Infrastructure Costs	Amount	%
Parking	\$32,886,000	40.6%
Public buildings/structures	\$10,044,000	12.4%
Roads	\$5,906,138	7.3%
Street lighting	\$5,767,200	7.1%
Public spaces or parks	\$5,281,200	6.5%
Other	\$5,000,000	6.2%
Sewers/storm drainage	\$4,450,950	5.5%
Transportation facilities	\$4,320,000	5.3%
Curbs, sidewalks, promenades, and pedways	\$2,815,650	3.5%
Provision of utilities	\$1,991,925	2.5%
Land Preparation	\$1,262,001	1.6%
Environmental remediation	\$1,236,000	1.5%
Total	\$80,961,064	100%

Source: City of Covington

As previously mentioned, total public infrastructure costs exceed \$80.96 million for the Project.

Covington Central Riverfront Strategic Master Plan

The City of Covington undertook a 12-month planning process in order to determine the best mix of uses and site plan for the Project. The City hired Noell Consulting Group to conduct a market and feasibility analysis for the redevelopment of the IRS site into a new mixed-use urban core within Covington. The planning process followed the four “I’s” approach, including investigate, illuminate, innovate and implement. Each of the steps in the process are briefly described below.

- **Investigate:** Understanding site conditions and opportunities, market trends and legal constraints.
- **Illuminate:** Stakeholder and public outreach and participation in the planning process.
- **Innovate:** Workshops between the planning team and the public to establish ideas and priorities, producing two or three master plan concepts. Ultimately, one preferred plan is developed.
- **Implement:** Creating a phased implementation approach to execute the preferred master plan.

The planning process also included the acquisition of the IRS site, which began in April 2019 with the General Services Administration (GSA), the former owner of the IRS site on behalf of the federal government, beginning a public conveyance process. The process was undertaken to determine whether any other government agencies or non-profit organizations were in need of office space before the site was offered for sale. By October 2019, GSA determined other agencies were not in need of the space offered at the IRS site. Between April and October 2019, so GSA and the City of Covington came to an agreement for the City to purchase the site for approximately \$20.3 million in March 2020. In May 2020, the City of Covington approved the issuance of \$30 million in general obligation bonds to pay for the purchase and preparation of the IRS site for development.

Phased Implementation Plan

Based on the master planning process described above, the following phased implementation plan was developed and establishes the assumptions for the Project HSP used throughout this report. Generally, as mentioned previously, the City of Covington plans to complete the Project's initial public infrastructure development by the end of 2025, enabling the City to sell parcels to private developers based on the City's preferred schedule and master plan. While the phases are set to organize the project, due to the nature of a strong level of private development anticipated, changing economic conditions, and market demand, opportunities to develop various blocks in a different order may arise.

The following table shows the proposed phased development of the Project by use type.

Table 1-7

		Anticipated Phased Development - Covington Central Riverfront							
	Unit	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7*	Total
Streets and Parks	SF	331,950	-	-	98,900	-	-	-	430,850
Parking	Spaces	78	234	372	686	-	-	-	1,370
Residential	Units	-	87	151	-	110	-	-	348
Office	SF	-	-	53,803	-	116,197	-	30,000	200,000
Hotel	Rooms	-	-	-	-	-	177	-	177
NKYCC Expansion	SF	-	-	-	-	-	111,000	-	111,000
Retail	SF	-	6,000	53,174	-	14,884	13,750	-	87,808
Civic (City Hall)	SF	-	-	-	31,000	-	-	-	31,000

* Phase 7 development imputed from totals proposed for Project by use
Source: City of Covington

While the Covington Central Riverfront Strategic Master Plan is broken into seven phases of development, specific years are not provided in the City's TIF application. Since HSP must make specific assumptions regarding the development timeline and related projections for the Project, these assumptions will be discussed in detail later in this report.

The following figure shows Phase I of development for the Project. Values shown in the summary table in the bottom right corner of this and the following figures displays cumulative information.

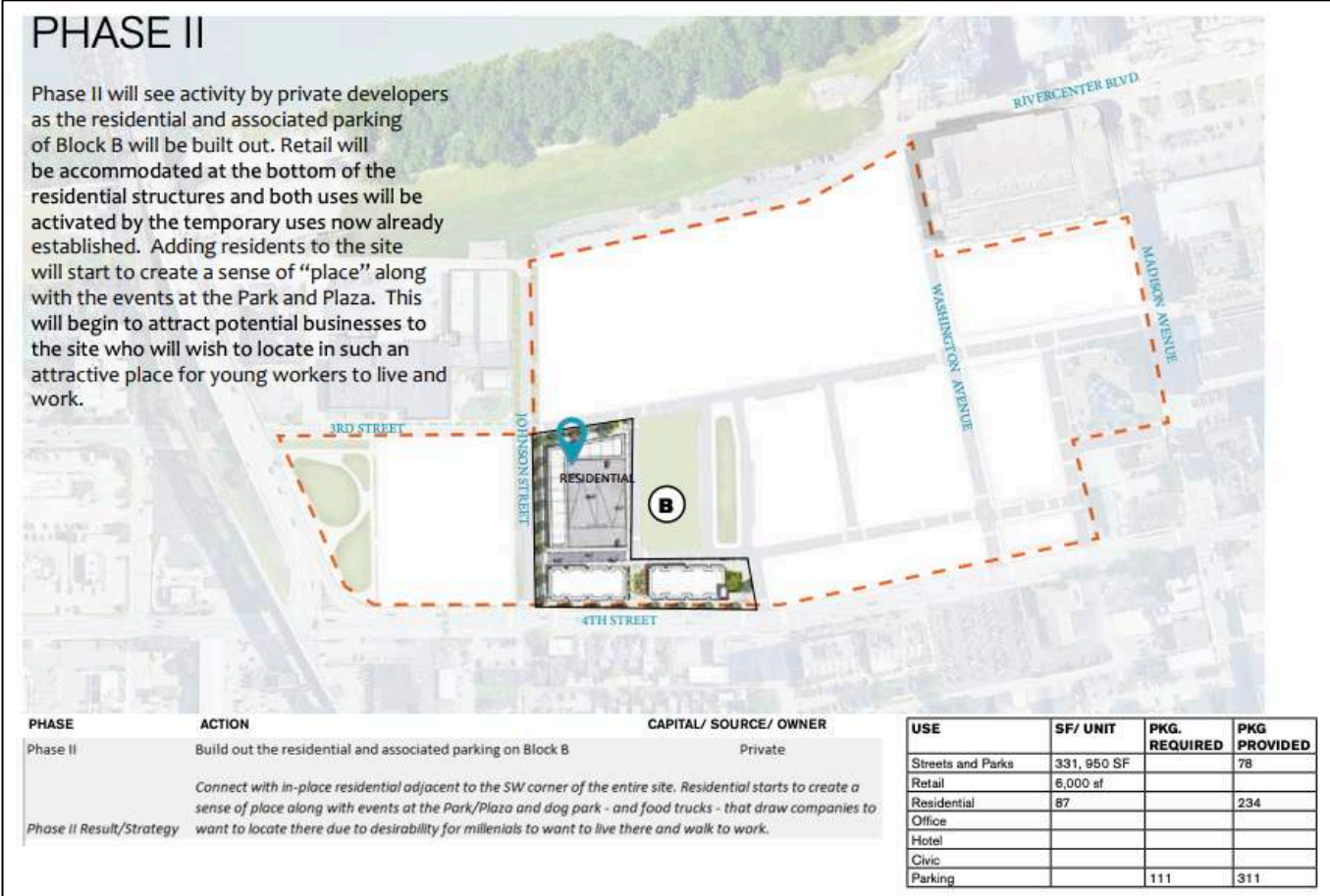
Figure 1-3



Phase I is primarily meant to establish the street grid throughout the former IRS site, as well as the development of public and green space to begin activation of the area. The public and green spaces will be developed between 3rd Street and 4th Street on the western edge and in the center of the site. Surface parking will be developed to serve the green space and temporary uses in Phase I. In addition, public buildings and structures, sewers, storm drains, curbs, sidewalks, promenades, street lighting, utilities and transportation facilities will be constructed as part of public infrastructure investment.

The following figure shows Phase II of development for the Project.

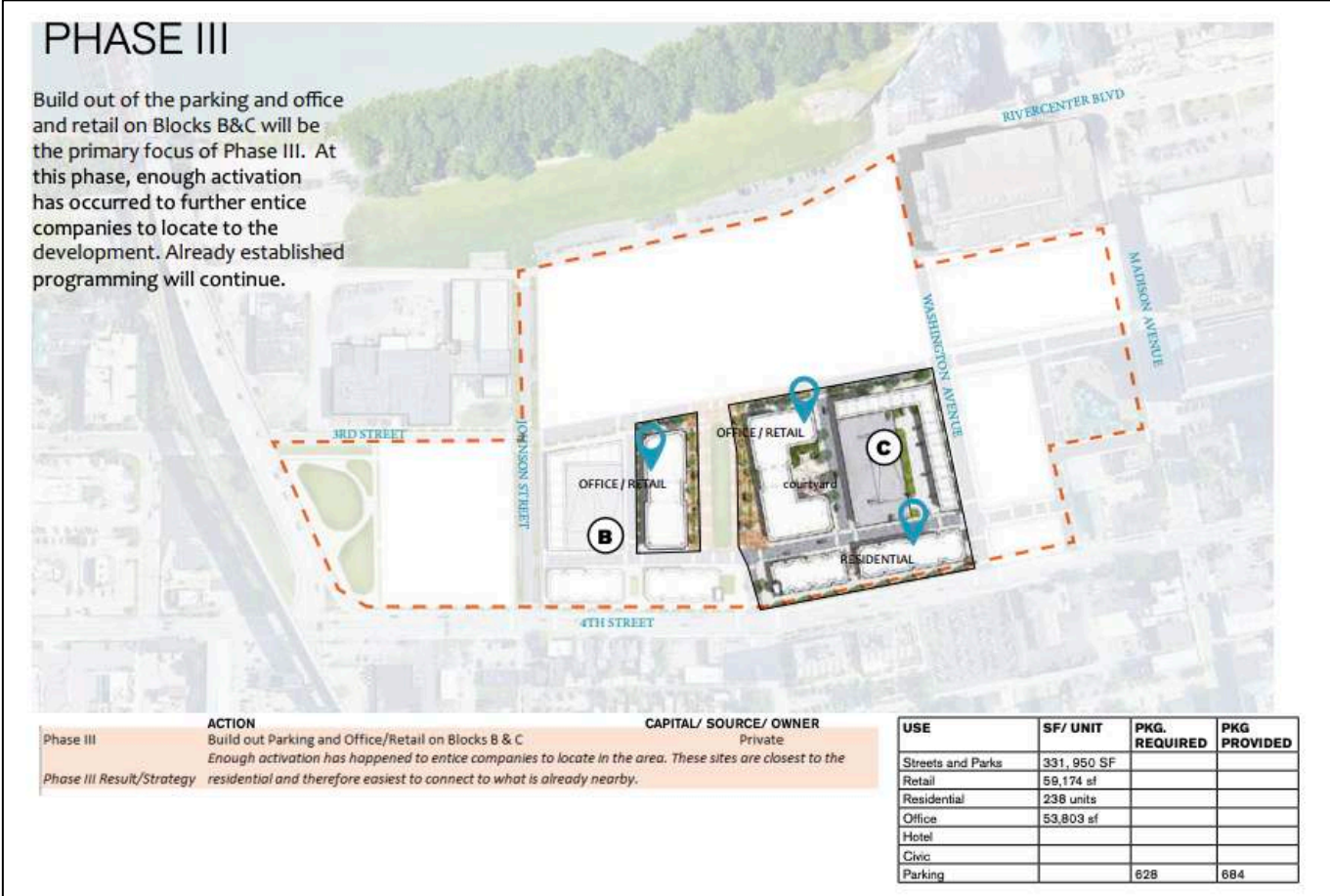
Figure 1-4



Phase II will be the first to include private investment and vertical construction. The developments will take place in “Block B”, which is one of four blocks the City identified within Zone 2 of the site. Phase II is estimated to include development of 87 residential units, 6,000 square feet of retail space and an additional 234 parking spaces. Parking in Phase II will be developed privately.

The following figure shows Phase III of development for the Project.

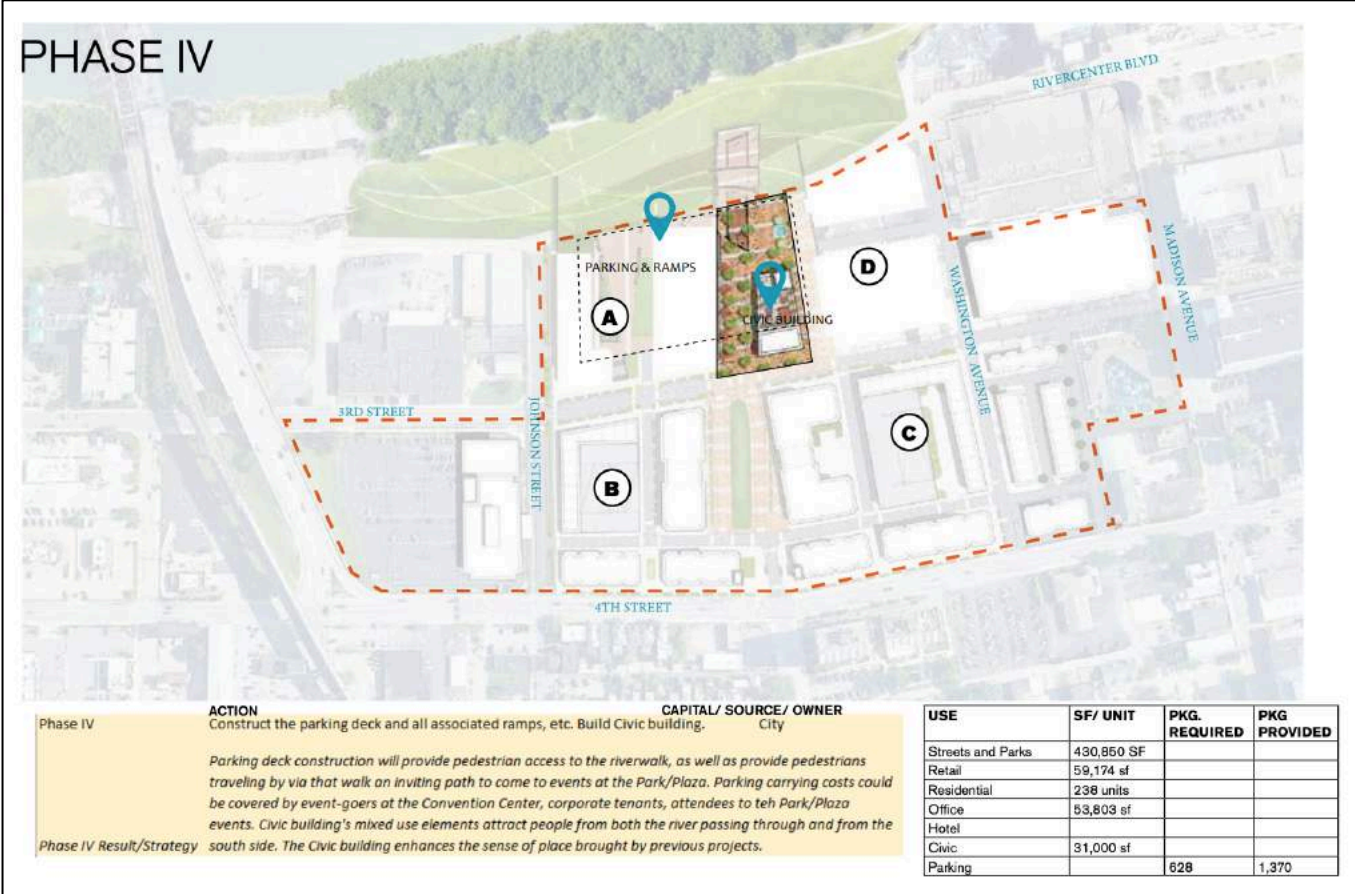
Figure 1-5



Phase III includes a greater amount of commercial development than Phase II with 238 residential units, more than 53,000 square feet of retail and nearly 54,000 square feet of office space. Phase III is also anticipated to include another 373 parking spaces. The majority of development in Phase III is shown in Block C with office and retail also proposed in Block B. Office and retail will be constructed in the green space resulting from Phase II. All of these elements will be developed privately.

The following figure shows Phase IV of the Project.

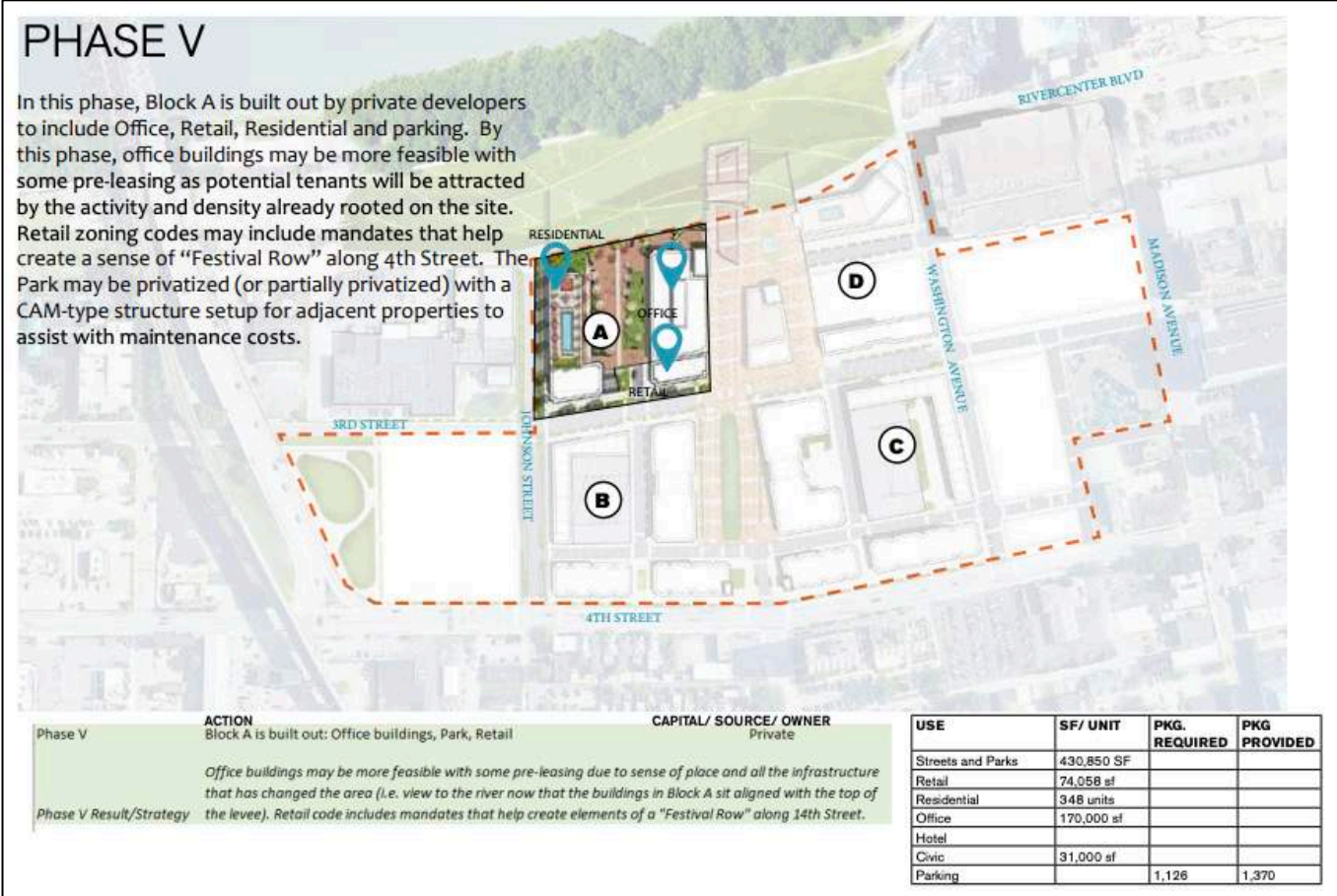
Figure 1-6



Phase IV is geared toward adding public spaces, specifically a 686-space subterranean parking garage and the new City Hall. City Hall and the central plaza space surrounding it essentially separate Block A and Block D. The public parking garage in Phase IV is the largest single public infrastructure item included in the Project. The garage will also offer pedestrian connections between the riverwalk with the central plaza of the Project.

The following figure shows Phase V of the Project.

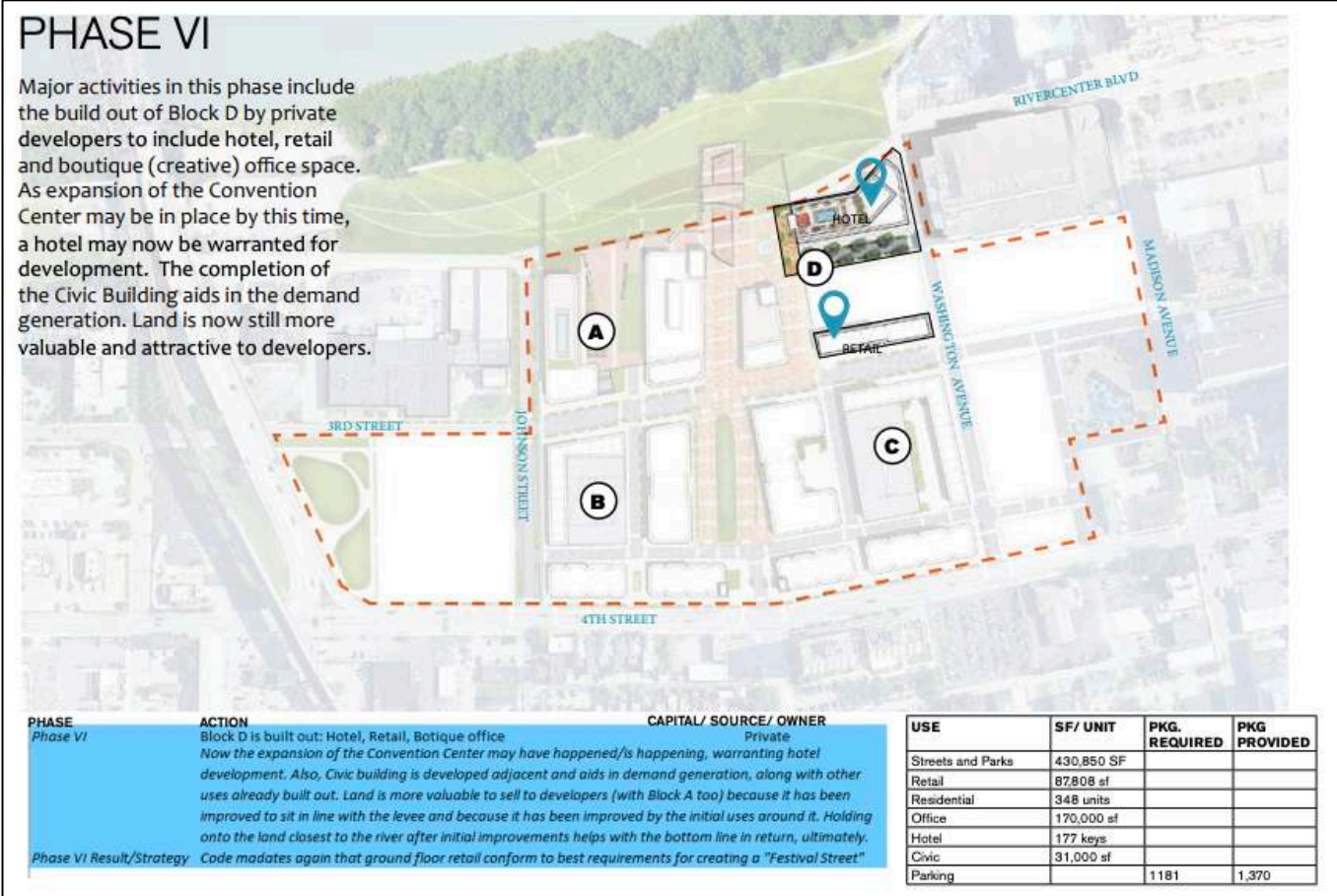
Figure 1-7



Phase V of the Project focuses on vertical construction in Block A atop the parking garage completed in the prior phase. Phase V is proposed to add 116,000 square feet of office space, 110 residential units and nearly 15,000 square feet of retail. Again, these elements will be developed privately.

The following figure shows Phase VI of the Project.

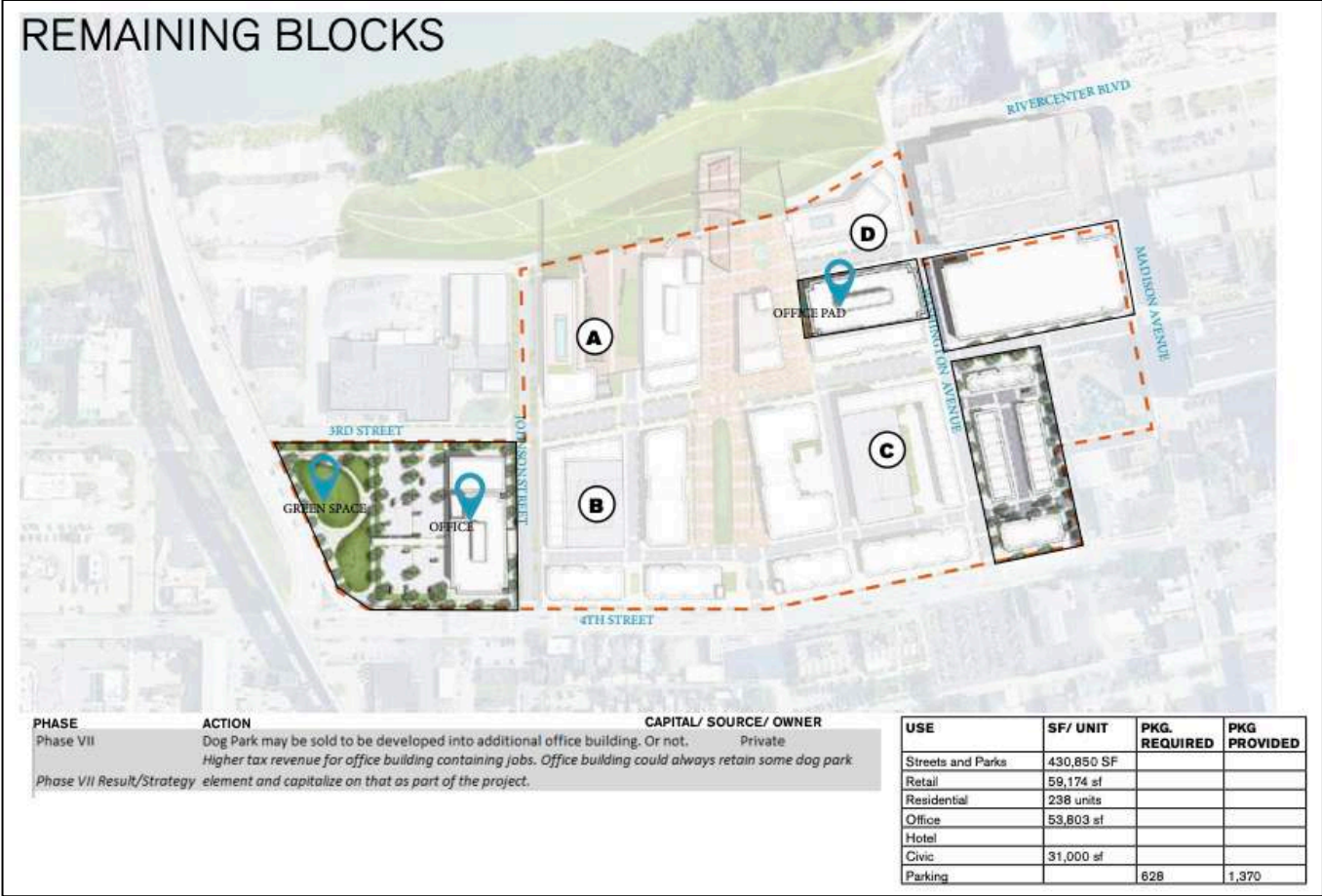
Figure 1-8



Phase VI is proposed to build out Block D with the 177-room hotel, nearly 14,000 square feet of retail and boutique/creative office space. The City generally expects the NKYCC expansion could be complete or in progress by this time on the block east of Block D between Washington Avenue and Madison Avenue adjacent to the existing NKYCC.

The following figure shows potential developments on remaining land within the development footprint, generally called Phase VII.

Figure 1-9



Phase VII is essentially a catch-all phase of development within the Project for the plots of land within Zones 1 and 3 that will be available for development during and/or after development is completed throughout Zone 2 and the other phases. These developments, other than the NKYCC expansion, have a lower degree of certainty associated with them and are therefore excluded from the official Project program assessed from the Covington Central Riverfront TIF application.

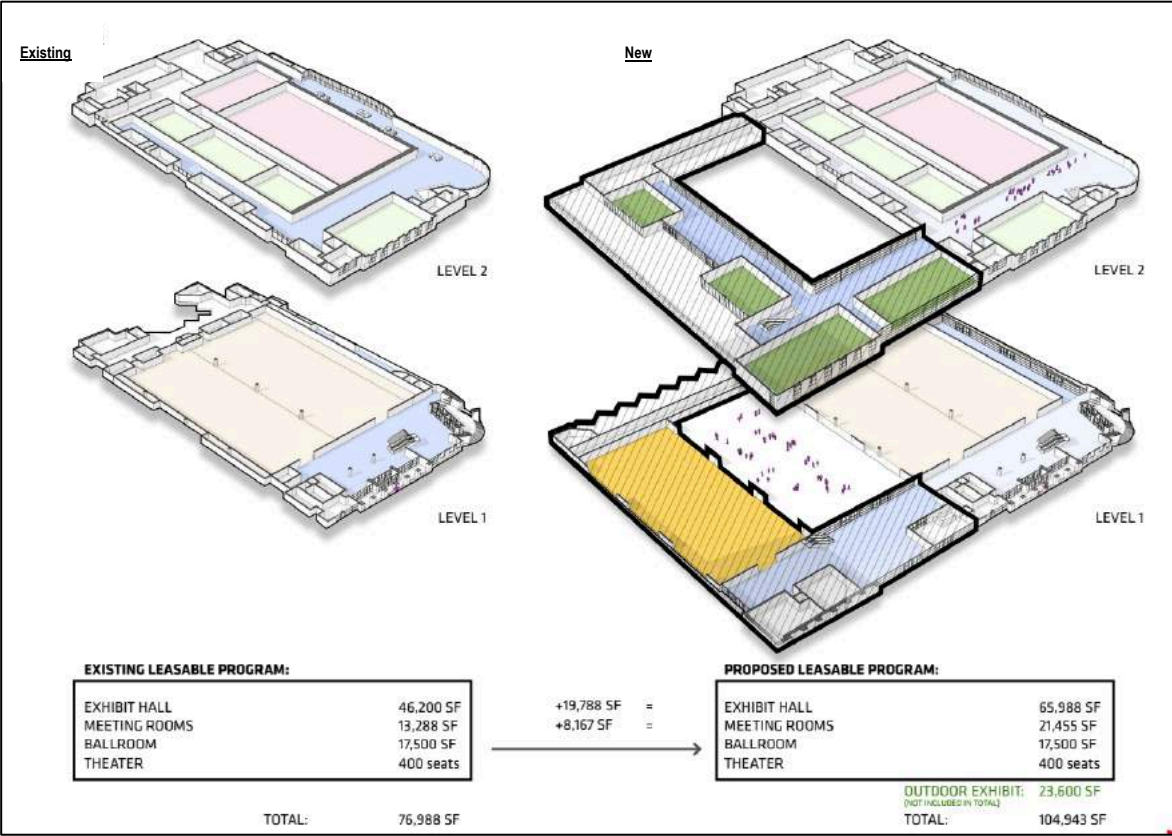
Overall, Phase VII is expected to include office space in Zones 2 and 3 as infill development, while the City expects residential development in Zone 1 at the southeastern corner of the site, as well as the NKYCC expansion just north of the residential development.

NKYCC Expansion

The expansion of the NKYCC is proposed to add 111,000 square feet of space to the 204,000-square foot facility. This increase in gross space will provide nearly 20,000 square feet of additional exhibit space via Hall C and more than 8,000 square feet of meeting space across ten meeting rooms.

The following figure shows the existing floor plan of the NKYCC compared to the proposed expanded program. These floor plans were provided by CS&L and Populous in CS&L's 2019 study regarding the NKYCC expansion.

Figure 1-10



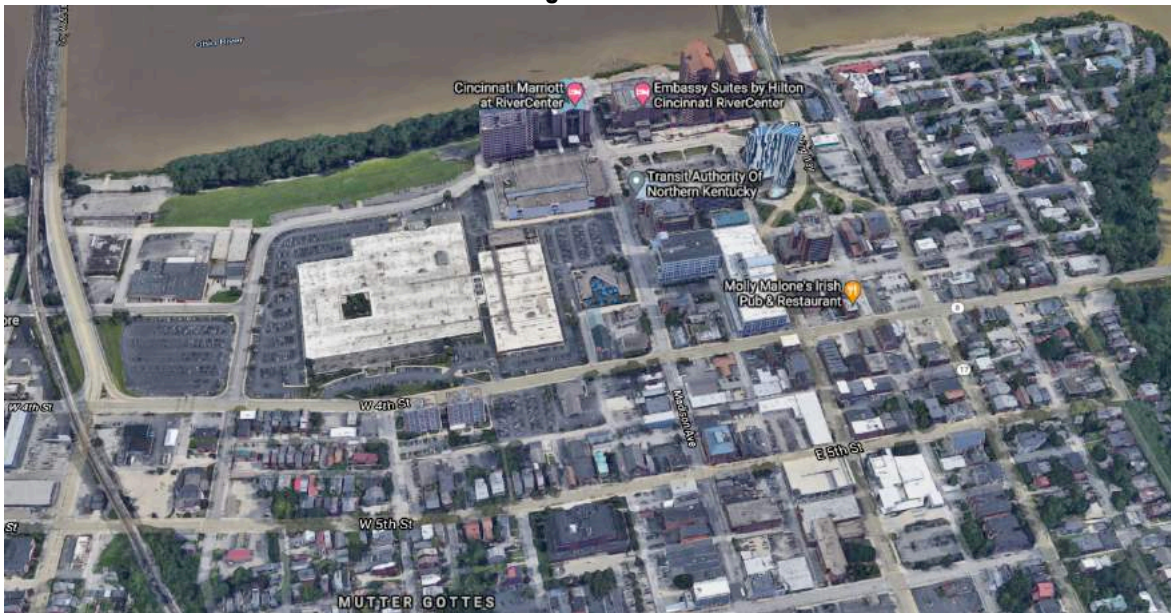
The figure above shows the existing structure of the NKYCC and the new expansion plan on the right. Beyond the additional indoor meeting space, the expansion of NKYCC also includes nearly 24,000 square feet of outdoor space in the form of a courtyard between the existing exhibit halls and the proposed Hall C. The plan shown above also offers an 11,000-square foot outdoor patio on the second floor adjacent to the new meeting rooms. The new plan includes an additional 19,788 square feet of exhibit hall space shown in yellow and an additional 8,167 square feet of meeting room space shown in green.

Development Footprint Condition

In order to understand the existing conditions of the Project site, HSP has collected satellite and ground-level images to portray the character of the IRS site.

The following figure shows a bird's eye view of the IRS site and the surrounding area.

Figure 1-11



Contrasting the walkable nature within Covington near the riverfront, the former IRS facility disrupts the street grid north to south and east to west. The IRS site cuts off the densest area of development along the riverfront, the NKYCC and RiverCenter development, from other parts of downtown Covington, such as the residential area in Mutter Gottes, and vice versa. The vacant IRS facility occupies highly valuable and currently underutilized land.

The following figure shows the street view along 4th Street to the east from the corner of 4th Street and Johnson Street.

Figure 1-12



Immediately across 4th Street from the southwestern corner of the Project site are multiple townhomes. In the background are a Circle K gas station and the high-rise Panorama Apartments, offering senior housing.

The following figure shows the street view along Madison Avenue to the north from the corner of Madison Avenue and 4th Street.

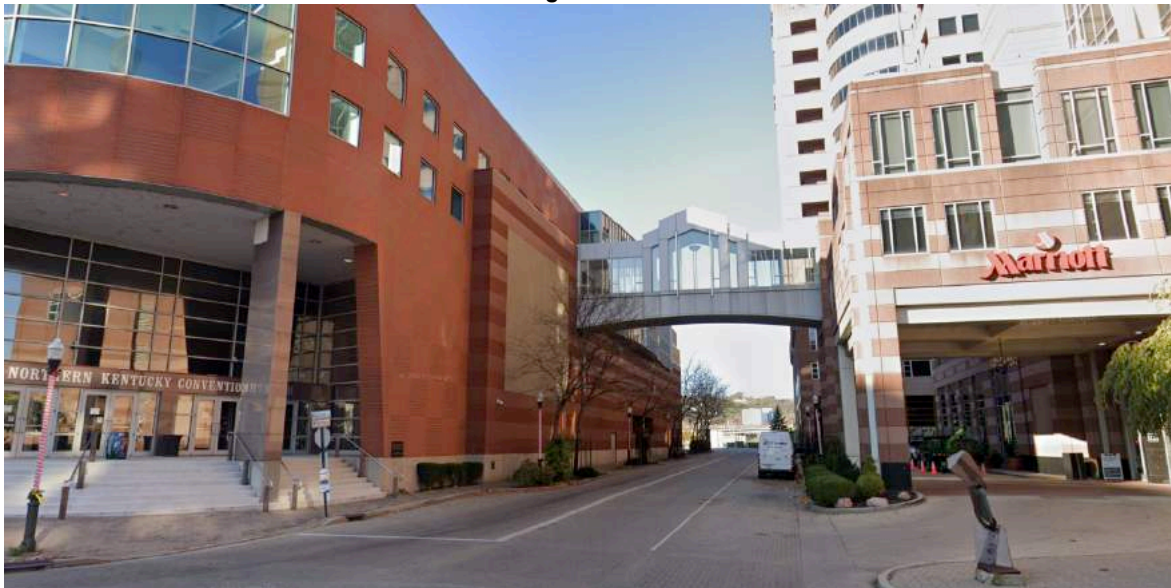
Figure 1-13



Turning the corner onto Madison Avenue while eastbound on 4th Street, the area immediately appears more urban and dense with multiple mid-rise buildings and even two high-rises (Cincinnati Marriott at RiverCenter and Madison Place Apartments) in the background. It is obvious the disparity in development between the iron fence along 4th Street and the dense environment shown along Madison Avenue.

The following figure shows the street view along East Rivercenter Boulevard to the west from the corner of East Rivercenter Boulevard and Madison Avenue.

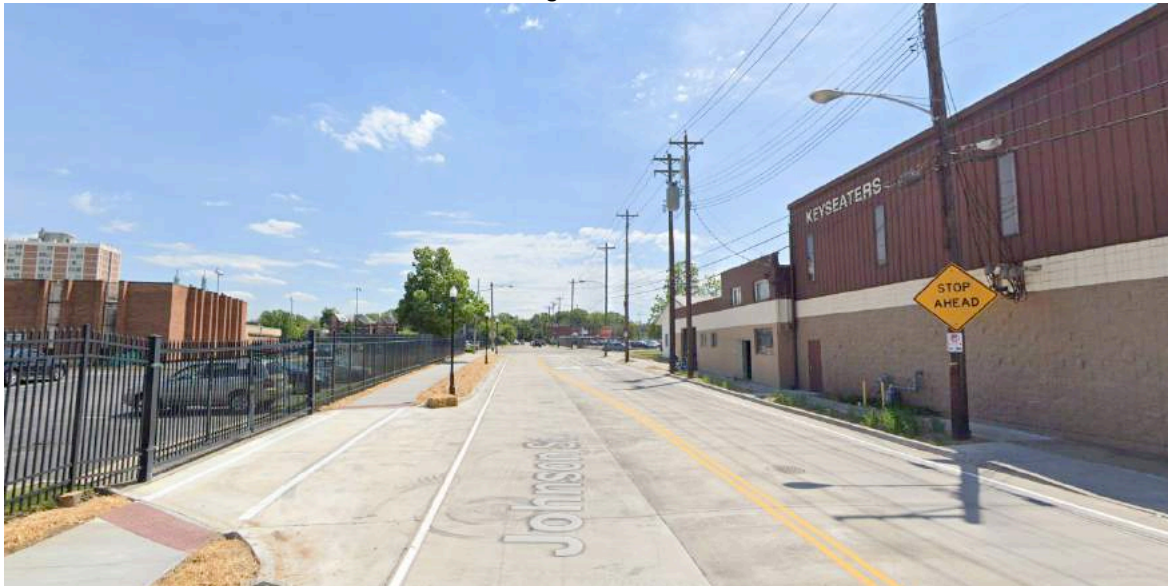
Figure 1-14



Even more so than along Madison Avenue, East Rivercenter Boulevard represents a very densely developed area. The four corners at Madison Avenue and East Rivercenter Boulevard offer the NKYCC, Cincinnati Marriott at RiverCenter, Embassy Suites Cincinnati RiverCenter and a surface parking lot adjacent to a parking garage. However, once beyond the western wall of the NKYCC (and Madison Place Apartments) green space along riverfront and surface parking on the IRS site.

The following figure shows the street view along Johnson Street to the south from the intersection of West Rivercenter Boulevard and Johnson Street.

Figure 1-15



As shown, the western side of the IRS site appears underutilized and industrial in nature. Overall, this area is not welcoming to pedestrians with inhibited access to the IRS site and no pedestrian-friendly uses along Johnson Street.

Conclusion

This \$314-million Project will aim to accomplish the City of Covington's objective in reconnecting its downtown core. Once a highly valuable center of employment and economic generator, the former IRS facility has now become both a detriment to the attractiveness of Covington as well as the City's greatest development opportunity. The Covington Central Riverfront Strategic Master Plan is the City's way of leveraging the IRS site's potential as a dense, urban center for new housing, business and employment and tourism. The City expects that the newly created critical mass will likely attract net new spending, jobs and earnings and fiscal impact for both the City of Covington and the Commonwealth of Kentucky.

The remainder of this report will analyze the existing economic and demographic situation in Covington, as well as the specific market opportunity for each Project component detailed in this chapter. These market findings will influence the demand, financial, and economic and fiscal impact projections that conclude the analysis.

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NORTHERN KENTUCKY AND GREATER CINCINNATI ECONOMIC AND DEMOGRAPHIC ANALYSIS

Local market area characteristics such as population, demographics, a diversified economy, access, and attractions influence the potential demand for tourism developments as well as the overall attractiveness of an area to any potential visitor or group.

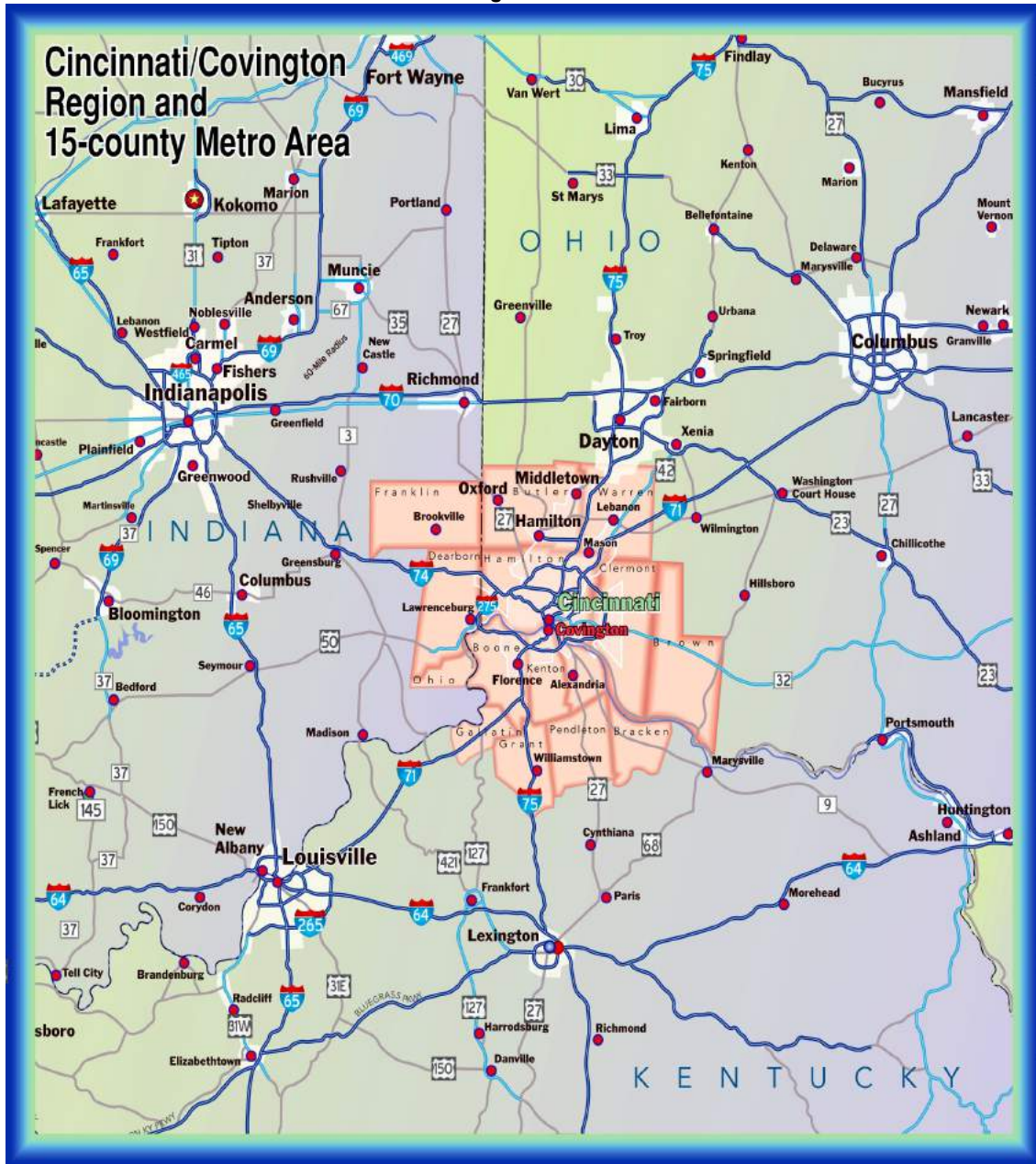
This section profiles the City of Covington and the surrounding metropolitan area of Northern Kentucky and Cincinnati, including an overview of the economic characteristics of the market and the area. These characteristics will help to define the strength of the market and will inform the analysis.

Overview

The Project is located in the heart of downtown Covington, Kentucky. South of and across the Ohio River from Cincinnati, Ohio, the City of Covington is the fifth-most populous city in the Commonwealth of Kentucky. Covington is connected to Cincinnati via the John Roebling Bridge, as well as the Clay Wade Baily Bridge, which borders the western edge of the Project and the I-71/75 Brent Spence Bridge (one of the nation's busiest), just two blocks to the west. Covington is part of the Cincinnati-Middleton Metropolitan Statistical Area (MSA) and is home to 40,961 residents.

The following figure shows a map of the region.

Figure 2-1



The 15-county Cincinnati USA Region, its regional tourism moniker, is bisected by the Ohio River with five Ohio counties accounting for 76.6 percent of the region's population. The seven Northern Kentucky counties have a combined population of 456,902, or 20.3 percent of the MSA, and the three Indiana counties have a combined population of 80,161 people or only 3.6 percent of the region's population. The population figures are based on the most recent U.S. Census data. The Cincinnati-Middletown Metropolitan Statistical Area (MSA) had a 2019

estimated population of 2,303,897 people. Approximately 72,000 of the 2019 estimated population reside on the northern fringe of Butler County and are considered Dayton suburbs. The Dayton-area counties of Montgomery and Greene Counties contribute another 700,000 people (almost exactly as of 2018) to the region. Developments between Cincinnati and Dayton are nearly continuous, with some in the business community considering the entire Cincinnati-Northern Kentucky-Dayton area as one large regional metropolis of 2.9 million people. For purposes of large-city attractions such as major league sports and concerts, the Downtown Cincinnati area, including Covington and Newport, regularly attract people from the Dayton area as well as in the core Cincinnati area. Although downtown Dayton is one urban center of the region, downtown Cincinnati, including the historic downtown Covington area, is regarded as the strongest urban core in the region by almost any measure.

The next section examines regional access to airports as well as highway and other modes of transportation.

Regional Access

Access will play an important role in the performance of the proposed Project. Highways and airport access are critical to attracting visitors and groups to this urban heartland destination. Visitors from outside of Kentucky will generate economic impact to the area via their spending on retail, food and beverage, entertainment and particularly lodging.

Airport Access

The area’s commercial airport, Cincinnati/Northern Kentucky International Airport (CVG), is located in Hebron, Kentucky. CVG is the closest airport to the Project, approximately 12 miles away.

The following table shows the annual CVG passenger traffic from 2013 to 2020.

Table 2-1

Cincinnati/Northern KY Int'l Airport Passenger Traffic		
Year	Total Passengers	YOY % Change
2013	5,718,255	–
2014	5,908,711	3%
2015	6,316,332	7%
2016	6,773,905	7%
2017	7,842,149	16%
2018	8,865,568	13%
2019	9,103,554	3%
2020	3,615,139	-60%

Source: CVG

CVG has seen steady year-over-year growth in total passengers since 2013. CVG’s passenger counts experienced accelerated growth from 2017 to 2019 and over the period, traffic increased from 5.7 million to 9.1

million, more than double the passenger count of Louisville. In 2018, CVG originated more than 161,672 airline flights and currently offers flights to more than 63 non-stop destinations. CVG has added nine additional non-stop destinations since 2015. In 2018, more than 8.86 million passengers passed through CVG. Due to the COVID-19 pandemic, passenger traffic at CVG declined by 60 percent in 2020.

CVG's top five most travelled domestic routes include Atlanta (ATL), Chicago O'Hare (ORD), Denver (DEN), Dallas/Fort Worth (DFW) and Orlando (MCO) for passengers according to the U.S. Bureau of Transportation. For cargo, the busiest routes include Anchorage, Alaska, Leipzig/Halle, Germany, Miami, Florida, Chicago, Illinois and Dallas/Fort Worth, Texas.

At its peak, CVG was Delta Airlines' second largest hub with more than 670 flights per day in 2005, according to the *Atlanta Journal-Constitution*. It ranked fourth behind only Atlanta, Chicago-O'Hare, and Dallas/Fort Worth for a single airline hub domestically. In 2005, Delta filed for bankruptcy and as a result, airline route supply was reduced in 2006 and 2007 to save costs on already unprofitable flight options. Total flights serviced at CVG dropped as a result. In 2008, Delta and Northwest Airlines merged and reduced flights by 22 percent and an additional 17 percent in 2009.

With Delta's reduction in flights, an opportunity was created for other carriers to serve demand. Carriers like Allegiant, Frontier and Southwest increased their supply of flights to cities that were previously serviced by Delta. Beginning in 2013, an upward trend in passenger traffic began. Today, CVG is working on a 2050 master plan in order to prepare for substantial increases in passenger and cargo activity. By 2021, the airport aims to reach nine million passengers and build a new consolidated rental car facility, according to the CVG Airport.

A notable gain for the region is the construction of Amazon's air hub at Cincinnati/Northern Kentucky International Airport. This three million-square foot building will be a hub where Amazon will receive products to ship across the country.

The following is a rendering of Amazon Air's new air services hub at CVG.

Figure 2-2



Eventually, 100 Amazon-branded planes could operate from CVG. The Amazon Air project, set to open Phase I in 2021, will be a boost for CVG and the greater Cincinnati region. The development is expected to bring 2,000 jobs to the area.

Highway Access

The Cincinnati/Northern Kentucky region is located at the center of a major transportation network that serves a large portion of the East Coast and the Midwest. The region's convenient location at the heart of this transportation corridor allows for excellent access between the East Coast, the Great Lakes' industrial cities, Midwestern agricultural lands, and the southeastern United States.

Interstate 275 encircles the Cincinnati-Northern Kentucky urban core and is one of the two largest full-circuitous beltways in the country at more than 80 miles around. Interstate 71 provides southwest access from Louisville and continues northeast through Columbus and into Cleveland. Cincinnati is the intersection point for Interstates 74 and 75. Interstate 74 runs east from Davenport, Iowa to Cincinnati and currently ends at I-75.

Interstate 75 is one of the nation's busiest north-south thoroughfares that connects the Great Lakes to the southeastern region of the US. Interstate 75 is the seventh longest interstate highway that passes through six different states as travelers traverse from Florida through Cincinnati, and northward to Michigan. Within the greater metropolitan area, I-75 serves as the single-most important backbone through the middle of the urban population and industrial base. The combination of interstates and U.S highways provides convenient access to the region relative to other Midwestern communities, which compete for leisure and group visitors.

U.S. highways also converge and overlap in downtown Cincinnati, providing vital links to Northern Kentucky. These highways cross the Ohio River on the C W Bailey Bridge and the Taylor-Southgate Central Bridge. The John A. Roebling Suspension Bridge crosses the Ohio River and runs into Madison Avenue, one of the main

roads through downtown Covington. US-27 / Central Bridge provides access to Northern Kentucky. Travelers can connect to Madison Avenue via Kentucky Route 8. US-25 / US-42 / US-127 / Bailey Bridge is one of two options between downtown Cincinnati and the Northern Kentucky Convention Center. Kentucky Route 17 / Roebling Way, located between the Bailey Bridge and Central Bridge, crosses the Ohio River, providing a direct route to the Northern Kentucky Convention Center and the surrounding hotels.

These thoroughfares also provide convenient access from Northern Kentucky to the Great American Ball Park, Paul Brown Stadium and the Banks entertainment district along the Ohio River in downtown Cincinnati, as well as the Duke Energy Convention Center.

Population

The table below shows the Cincinnati/Northern Kentucky regional population and growth rates as defined by the United States Census Bureau.

Table 2-2

Cincinnati/Northern Kentucky Region Population and Growth Rates					Percent Change
	2000	2010	2020	2025 Estimate	2010 - 2020
United States	281,421,906	308,745,538	332,417,793	345,487,602	7.7%
Commonwealth of Kentucky	4,041,769	4,339,367	4,596,869	4,703,976	5.9%
State of Ohio	11,353,140	11,536,504	11,829,645	11,968,541	2.5%
State of Indiana	6,080,485	6,483,802	6,808,577	6,982,252	5.0%
Cincinnati-Middletown, OH-KY-IN MSA	2,009,632	2,114,580	2,249,913	2,303,897	6.4%
Kentucky Pop. As % of MSA*	18.9%	20.1%	20.3%	20.5%	0.9%
Ohio Pop. As % of MSA*	77.5%	76.9%	75.8%	75.7%	-1.4%
Indiana Pop. As % of MSA*	3.5%	3.7%	3.6%	3.5%	-4.9%

* +/- <1% margin of error
Source: ESRI; U.S. Census Bureau

The 15 counties that form the MSA, reaching across Ohio, Kentucky and Indiana, recorded a 6.4 percent population increase between 2010 and 2020. All three states showed slower growth than the national average. Despite 75.8 percent of the region's population residing in Ohio, counties in Kentucky show higher growth rates than Ohio, indicating their portion of the metro population is increasing. Indiana, like Ohio, shows a dip in population growth from 2010 to 2020. Cincinnati remains the heart of the business activity for the region, which allows Kentucky continual opportunities to lure economic and spending impacts across state lines.

The following table shows the population and growth rates for Hamilton County, Kenton County and Campbell County.

Table 2-3

County Population and Growth Rates					
	2000	2010	2020	2025 Estimate	Percent Change 2010 - 2020
Hamilton County	845,303	802,374	822,302	828,043	2.5%
Kenton County	151,464	159,720	168,059	171,733	5.2%
Campbell County	88,616	90,336	95,637	98,063	5.9%

Source: ESRI; U.S. Census Bureau

At the county level, Hamilton County is nearly five times the size of Kenton County and eight and a half times the size of Campbell County. However, between 2010 and 2020, Kenton and Campbell Counties grew at double the rate of Hamilton. Estimates going forward into 2025 show the continued trend of strong growth in both Kentucky counties. The table below shows population statistics for relevant cities in the MSA.

The following table shows the local population growth rates.

Table 2-4

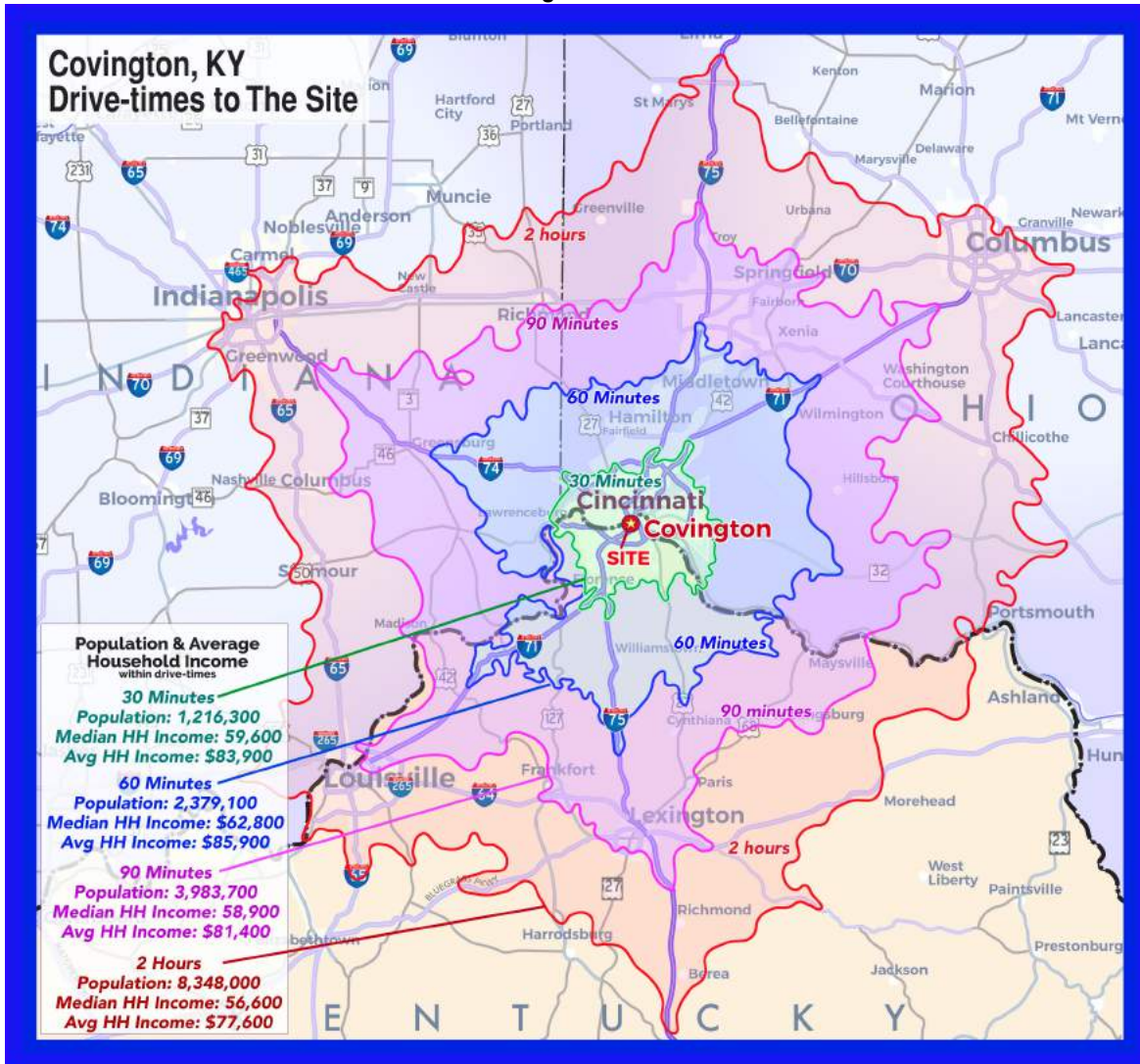
Local Population and Growth Rates					
	2000	2010	2020	2025 Estimate	Percent Change 2010 - 2020
Cincinnati-Middletown, OH-KY-IN MSA	2,009,632	2,114,580	2,249,913	2,303,897	6.4%
City of Cincinnati	330,501	296,799	309,456	313,468	4.3%
City of Covington	43,684	40,688	42,312	43,317	4.0%
City of Newport	16,653	15,264	16,487	17,179	8.0%
Cincinnati Pop. As % of MSA	16.4%	14.0%	13.8%	13.6%	-2.0%
Covington Pop. As % of MSA	2.2%	1.9%	1.9%	1.9%	-2.3%
Newport Pop. As % of MSA	0.8%	0.7%	0.7%	0.7%	1.5%

Source: U.S. Census Bureau

Cincinnati, which makes up nearly 14 percent of the MSA, experienced an increase of more than 12,000 individuals, or 4.3 percent, during the 2010 to 2020 period. Covington and Newport also had positive increases in population trends. Covington added 1,624 residents or 4.0 percent from 2010 to 2020. Newport added 1,223 new residents, an 8 percent increase, as well. The Cincinnati-Middletown, OH-KY-IN MSA had more than a six percent increase between 2010 to 2020. Newport was the only city of the three measured that outperformed the MSA’s growth rate.

The following figure shows a drive-time map from Covington.

Figure 2-3



The Project site is located in Covington, Kentucky, just across the Ohio River from Cincinnati, Ohio. The Cincinnati and Covington downtown area has convenient access to many large midwestern cities. Dayton is well within a 60-minute to 75-minute drive of the Project site, and Lexington, Kentucky, is just beyond the 60-minute drive-time. Louisville’s eastern suburbs are approximately 90 minutes away as well. Other large cities such as Columbus and Indianapolis, are just beyond a 90-minute drive. The entire area within a 90-minute drive contains 3,983,700 people, making it one of the most populated markets in the Midwest, behind Chicago and Detroit.

The metro area straddles the Ohio River, which is a traditional cultural dividing line between the industrial midwestern states and the more rural southern states. As such, the metro area contains flavors of both

midwestern and southern lifestyles and dialects and tends to attract people from both the north and the south. East-west highways are less prominent, due to the fact that more populated areas are situated either north, along I-70, or south in Kentucky, along I-64.

The Project site is an easy drive from a group of major cities and large population groups.

Diversified Economy

A healthy and diversified economy provides not only employment and disposable income for a market's residents, but it also helps to insulate an area from economic downturns.

The following table shows the 2019 employment by industry for Kenton County in Kentucky.

Table 2-5

Kenton County Employment by Industry - 2019		
Description	Employees	Percentage of Total
Total employment	90,580	100%
By type		
Wage and salary employment	72,488	
Proprietors employment	18,092	
Farm proprietors employment	414	80.0%
Nonfarm proprietors employment	17,678	19.5%
By industry		
Farm employment	454	
Nonfarm employment	90,126	
Private nonfarm employment	79,810	88.1%
Health care and social assistance	13,083	14.4%
Accommodation and food services	7,899	8.7%
Retail trade	7,019	7.7%
Manufacturing	6,556	7.2%
Finance and insurance	5,891	6.5%
Professional, scientific, and technical services	5,784	6.4%
Transportation and warehousing	5,056	5.6%
Administrative and support and waste management	4,777	5.3%
Real estate and rental and leasing	4,622	5.1%
Construction	4,557	5.0%
Others*	4,461	4.9%
Management of companies and enterprises	3,037	3.4%
Wholesale trade	2,189	2.4%
Educational services	2,091	2.3%
Arts, entertainment, and recreation	1,882	2.1%
Information	684	0.8%
Government and government enterprises	10,316	11.4%
State and local	6,816	7.5%
State government	1,077	1.2%
Local government	5,739	6.3%
Federal civilian	3,005	3.3%
Military	495	0.5%
*Estimate counts of remaining jobs in mining/forestry, fishing, and related activities		
Source: Bureau of Economic Analysis		

Health care and social assistance, retail trade and accommodation and food services are the three primary sectors, accounting for more than 30 percent of total employment in the county. Healthcare and social assistance represents 14.4 percent of this total alone. Retail trade and accommodation and food services are the second and third largest private industries in Kenton County at 7.7 and 8.7 percent each. Government jobs represent about 11 percent of total jobs in Kenton County.

Because the Project will take place just across the river from Cincinnati and will likely serve corporate travelers from Cincinnati, information is also included for Hamilton County, Ohio throughout the remainder of this section.

The following tables shows the 2019 employment by industry for Hamilton County in Ohio.

Table 2-6

Hamilton County Employment by Industry - 2019		
Description	Employees	Percentage of Total
Total employment	667,463	100%
By type		
Wage and salary employment	557,735	
Proprietors employment	109,728	
Farm proprietors employment	249	83.6%
Nonfarm proprietors employment	109,479	16.4%
By industry		
Farm employment	429	
Nonfarm employment	667,034	
Private nonfarm employment	605,653	90.7%
Health care and social assistance	97,653	14.6%
Professional, scientific, and technical services	56,420	8.5%
Manufacturing	52,648	7.9%
Accommodation and food services	49,013	7.3%
Retail trade	48,940	7.3%
Finance and insurance	45,536	6.8%
Administrative and support and waste manager	42,278	6.3%
Construction	31,003	4.6%
Other services (except government and govern	30,393	4.6%
Real estate and rental and leasing	29,138	4.4%
Management of companies and enterprises	26,455	4.0%
Wholesale trade	26,271	3.9%
Transportation and warehousing	22,253	3.3%
Arts, entertainment, and recreation	18,729	2.8%
Educational services	16,478	2.5%
Information	10,416	1.6%
Utilities	1,413	0.2%
Mining, quarrying, and oil and gas extraction	379	0.1%
Forestry, fishing, and related activities	237	0.0%
Government and government enterprises	61,381	9.2%
State and local	50,673	7.6%
State government	14,807	2.2%
Local government	35,866	5.4%
Federal civilian	8,540	1.3%
Military	2,168	0.3%
*Estimate counts of remaining jobs in mining/forestry, fishing, and related activities		
Source: Bureau of Economic Analysis		

Total employment during 2019 for Hamilton County was 667,463. As shown, employment in Hamilton County has several primary industries in the private sector. The area is led by four particular sectors: health care and social assistance, professional and scientific services, manufacturing and accommodation & food service. The top four employing private industries account for 38 percent of total employment in Hamilton County. Local government employment is the largest source of government employment in Hamilton County, and overall employment through government enterprises comprises 9.2 percent of total jobs in the county.

City of Covington Economic Development Strategy

The City of Covington will utilize the Project to fill a gap in office space in the market. The city's economic development strategy aims to build up the presence of flex sites and buildings and fully served office space to attract new payroll tax revenues for the city. The City of Covington aims to capture local talent from nearby colleges, universities and training institutions to attract corporations to the city, enhancing the economic profile of Covington.

The City of Covington has identified four sectors to target when attracting businesses to the market. The target sectors include "All Things Office" & New-Collar Jobs, "A Healthier You" Life & Bioscience, "Made in the COV" Micro Manufacturing & Process Technology and "Experiencing Covington" Experiential & The Entrepreneurial Economy. These categories are explained below.

- "All Things Office" & New-Collar Jobs – This sector has a high concentration of companies within the finance and design industries with an emphasis on technology and non-traditional education paths. Examples of these companies include cybersecurity analysts, application developers and cloud computing specialists.
- "A Healthier You" Life & Bioscience – This sector is mainly focused on life science and biotech. As shown in Tables 2-4 and 2-5, the highest concentration of jobs falls within the healthcare and social assistance category, which shows the presence of local talent to operate within the industry. Clinical Trail Services, Inc. (CTI) and the biotech incubator, bioLOGIC, are two assets in the local community that aim to assist the growth of the industry in Covington. Additionally, in the greater Cincinnati metro adds to appeal to this sector because of the presence of Proctor and Gamble, TriHealth and Cincinnati Children's Hospital Medical Center.
- "Made in the COV" Micro Manufacturing & Process Technology – This sector focuses on the manufacturing and production of products within a small footprint. The production of niche, specialized products fits in smaller scale facilities in urban environments. Examples of the industries to service include Metalworking, electrical equipment, beauty and Personal Products and Jewelry Design.
- "Experiencing Covington" Experiential & The Entrepreneurial Economy – This sector focuses on placemaking in Covington, making the city more memorable to visitors and future residents. This places an importance on local or unique boutique retailers that will be special to the city, helping to give it identity. Covington has aims to attract entrepreneurs to the city to establish breweries, distilleries and entertainment options to pull people from the MSA and showcase their unique offerings.

The Project will provide Covington with the space needed to make these aspirations a reality and ultimately make it a more well-rounded city.

Income and Housing

The number of employed people and their income levels is a strong indicator of a region's ability to support entertainment, restaurants, housing and other developments. Indicators of a market's overall wealth and growth can include trends in its income and employment.

The following tables summarize the data on home ownership, income and retail sales for Kenton County and Hamilton County, based on the latest data from the U.S. Census Bureau.

Table 2-7

Income, Spending and Other Demographic Data (Kentucky)				
Category	United States	Kentucky	Kenton County	Covington
Homeownership rate, 2015-2019	64.0%	67.2%	66.1%	48.8%
Median value of owner-occupied housing units, 2015-2019	\$217,500	\$141,000	\$161,100	\$111,500
Persons per household, 2015-2019	2.62	2.49	2.55	2.33
Median household income, 2015-2019	\$62,843	\$50,589	\$64,339	\$43,437
Persons below poverty level, percent, 2015-2019	10.5%	16.3%	11.2%	23.1%
Total employment, 2019	132,989,428	1,666,637	60,453	--
Total employment, percent change, 2018-2019	1.6%	1.5%	2.2%	--

Source: US Census Bureau

Table 2-8

Income, Spending and Other Demographic Data (Ohio)				
Category	United States	Ohio	Hamilton County	Cincinnati
Homeownership rate, 2015-2019	64.0%	66.1%	57.9%	37.8%
Median value of owner-occupied housing units, 2015-2019	\$217,500	\$145,700	\$155,400	\$138,000
Persons per household, 2015-2019	2.62	2.43	2.33	2.1
Median household income, 2015-2019	\$62,843	\$56,602	\$57,212	\$40,640
Persons below poverty level, percent, 2015-2019	10.5%	13.1%	14.6%	26.3%
Total employment, 2019	132,989,428	4,916,956	498,435	--
Total employment, percent change, 2018-2019	1.6%	0.8%	1.7%	--

Source: US Census Bureau

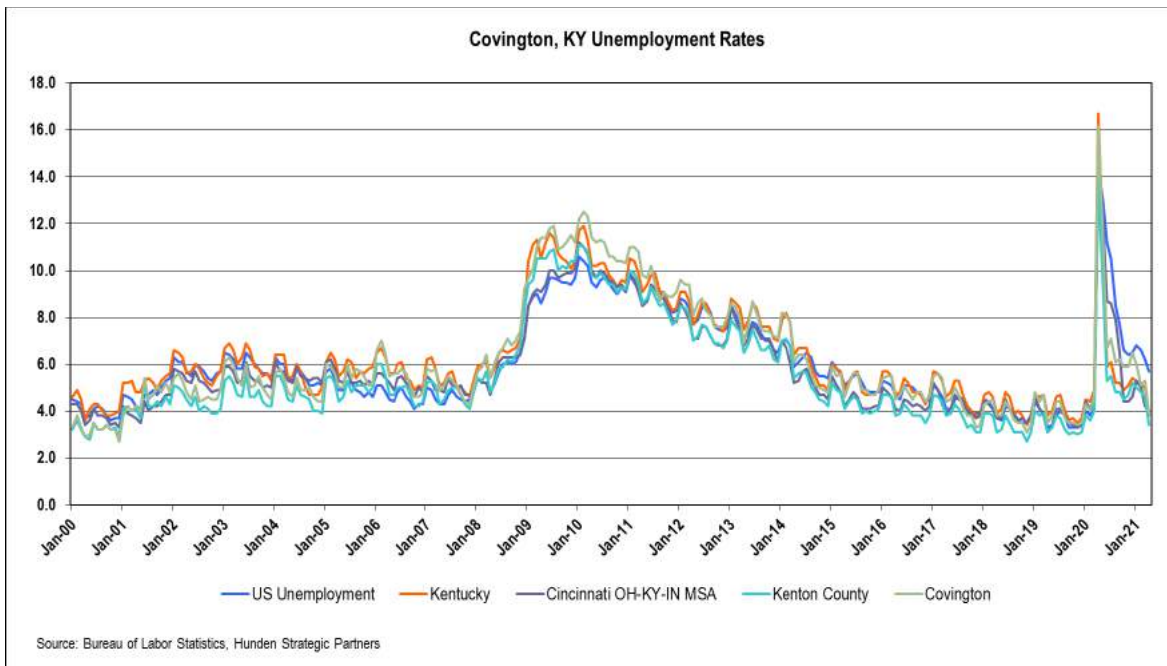
The home ownership rate for the period 2015 to 2019 is lower in Cincinnati than Covington by approximately eleven percentage points. Both cities had lower rates than its respective county and state. Hamilton County had a median value of owner-occupied homes of approximately \$155,400. Kenton County had a slightly higher median home value, at \$161,100. When comparing Cincinnati and Covington, Cincinnati had the highest median value of owner-occupied homes of nearly \$138,000.

The poverty rates in the region are higher than state and national averages. Covington has a poverty rate of 23 percent and Cincinnati's is more than 26 percent.

Unemployment

The following figure shows the unemployment rate in Kenton County (teal line), the MSA (purple line), the City of Covington (green line) and the Commonwealth of Kentucky (orange line) in comparison to the national rate (blue line) for January 2000 through May 2021.

Table 2-9



In early 2020, due to the COVID-19 pandemic, unemployment in Covington reached a high of 16 percent with converse recovery in employment as stay-at-home orders were rescinded and hybrid models of employment were taking place.

Corporate Presence

In general, corporations provide stability and consistent employment to a market. They also provide demand for various real estate developments, especially lodging and event space.

The following table shows the top 25 employers in the Cincinnati-Middletown MSA by the number of local employees.

Table 2-10

Cincinnati / Northern Kentucky Area Top Employers		
Company	Industry	Number of Employees
Cincinnati Children's Hospital Medical Center	Healthcare	15,796
Kroger Co.	Retail/Grocery	14,987
Cincinnati / Northern Kentucky International Airport	Aviation	14,602
TriHealth Inc.	Healthcare	12,332
UC Health	Healthcare	11,000
University of Cincinnati	Education	10,159
Procter & Gamble Co.	Household & Personal Products	10,000
Fifth Third Bancorp	Finance	7,366
Procter & Gamble Co.	Household & Personal Products	10,000
City of Cincinnati	Government Service	6,631
Christ Hospital Health Network	Healthcare	6,197
Cincinnati Public Schools	Education	6,084
Kings Island	Amusement Park	5,000
Hamilton County	Education	4,511
Miami University	Education	4,291
Fidelity Investments	Finance	4,200
Staffmark	Internet / Recruiting	3,665
Macy's Inc.	Retail	3,600
Cincinnati Financial Corp.	Finance	3,405
Boone County Schools	Education	3,400
US Bank	Finance	3,169
State of Ohio	Government Service	2,689
Source: REDI Cincinnati		

The largest private employers in the MSA are associated with retail (Kroger's headquarters), health care, aviation and education. Cincinnati Children's Hospital Medical Center is the largest local employer in the MSA with more than 15,000 employees. While a few of the companies listed are found in Northern Kentucky, like St. Elizabeth Healthcare, several have multiple operations throughout the MSA, in both Cincinnati and Northern Kentucky. Cincinnati is home to several corporate headquarters such as American Financial Corporation, Duke Energy, Kroger Co., Omnicare, Cincinnati Milacron, Macy's Inc. (regional HQ), Procter & Gamble Co. and Western-Southern Insurance.

The following table shows the top employers in Northern Kentucky.

Table 2-11

Northern Kentucky Area Top Employers		
Company	Industry	Number of Employees
St. Elizabeth Healthcare	Healthcare	9,007
Boone County Schools	Education	4,200
Kroger Co.	Retail/Grocery	4,099
Fidelity Investments	Finance	4,000
Amazon.com	Retail	4,000
Northern Kentucky University	Education	2,600
Citi	Finance	2,200
Kenton County Schools	Education	1,700
Castellini Group of Cos.	Food Distribution	1,550
Novolex	Packaging Services	837
Tyson Foods	Food Services	756
Campbell County Schools	Education	725
Robert Bosch Automotive Steering	Manufacturing/Automotive	724
Frisch's Restaurants, Inc.	Food Services	675
Mazak Corp.	Manufacturing/Logistics	650
SFC's Global Supply Chain, Inc.*	Food Distribution	625
Cincinnati / Northern Kentucky International Airport	Aviation	450
Zumbiel Packaging	Packaging Services	400
Corporex Cos.	Real Estate Investment	365
Perfetti Van Melle USA Inc.	Manufacturing	360
Gateway Community 7 Technical College	Education	336
Drees Homes	Home Furnishing	314
CTI Clinical Trail and Consulting	Pharmaceuticals	300
Verst Logistics	Logistics	284
Fifth Third Bank	Finance	260
Galerie Candy & Gifts*	Food Services	55

**employee counts for Kentucky only were not available.*

Source: Multiple Sources

The largest employer in Northern Kentucky is St. Elizabeth Healthcare with 9,007 employees. The next largest employers include Boone County Schools and the Kroger Co. with 4,200 and 4,099 employees, respectively.

Large corporations offer employment opportunities and often donate funds to create new amenity attractions, such as parks, performing arts centers, and sporting facilities. They also sponsor events that fill the local social calendar, making a city feel vibrant and active to its residents.

Educational Attainment

The level of education in a community is generally linked to income potential and hence, disposable income. Highly educated people generally have more choices in where to locate themselves and their families. The higher the education level, the stronger the labor market is and the more disposable income that is available for recreational spending in the local economy.

The following table shows the educational attainment in the specified areas.

Table 2-12

Educational Attainment							
Age 25+ Population	Covington	Kenton County	Kentucky	Cincinnati	Hamilton County	Ohio	United States
Did not complete high school	15.7%	10.5%	14.8%	13.2%	9.5%	10.2%	12.6%
Completed high school	31.9%	29.1%	33.1%	25.4%	26.7%	33.6%	27.3%
Some college	23.4%	22.6%	20.9%	19.5%	19.2%	20.5%	20.8%
Associates Degree	6.8%	8.2%	8.0%	7.3%	8.3%	8.5%	8.3%
Bachelors Degree	15.2%	18.8%	13.6%	20.0%	22.0%	17.0%	19.1%
Graduate Degree	7.1%	10.8%	9.6%	14.7%	14.3%	10.2%	11.8%

Source: US Census Bureau

Adults who completed a bachelor’s degree in Covington ranked slightly above the Kentucky average but below the national average. Cincinnati, however, is above the state average and above the national average in terms of individuals who have completed post-secondary education, ranking higher in adults that have completed a bachelors or graduate degree. Cincinnati has 42 percent of its population with an Associate’s degree or better, compared with 29.1 percent in Covington.

Higher Education

The presence of colleges, universities and educational institutions can serve as a major demand base for meeting, event and lodging facilities.

The following table shows the colleges and universities within 20 miles of the Project site.

Table 2-13

Higher Education - Cincinnati - Middletown MSA				
Institution	Location	Distance from Project Site (Miles)	Highest Degree Offered	Enrollment
Art Academy of Cincinnati	Cincinnati, OH	2.7	Masters	201
Gods Bible School and College	Cincinnati, OH	2.7	Masters	266
Cincinnati Christian University	Cincinnati, OH	2.8	Masters	776
Thomas More College	Crestview Hills, KY	3.4	Masters	2,253
The Christ College of Nursing and Health Sciences	Cincinnati, OH	3.8	Bachelors	902
University of Cincinnati-Main Campus	Cincinnati, OH	4.1	Doctorate	37,886
Union Institute & University	Cincinnati, OH	4.4	Doctorate	925
Northern Kentucky University	Highland Heights, KY	4.5	Doctorate	14,764
Good Samaritan College of Nursing and Health Science	Cincinnati, OH	5.2	Bachelors	532
Xavier University	Cincinnati, OH	5.8	Doctorate	7,127
Cincinnati State Technical and Community College	Cincinnati, OH	6.5	Associates	8,205
Athenaeum of Ohio	Cincinnati, OH	8.3	Masters	204
Mount Saint Joseph University	Cincinnati, OH	8.3	Doctorate	2,162
Gateway Community and Technical College	Florence, KY	8.6	Associates	4,093
Cincinnati College of Mortuary Science	Cincinnati, OH	9.1	Bachelors	78
University of Cincinnati-Blue Ash College	Blue Ash, OH	11.6	Bachelors	4,870
Veritas Baptist College	Greendale, IN	18.6	Masters	210
University of Cincinnati-Clemon College	Batavia, OH	19.1	Bachelors	3,017
Total Enrollment				88,471

Source: National Center for Education Statistics

The area includes 18 institutions ranging from universities, to colleges to other educational institutions. The largest institution is the University of Cincinnati’s main campus, with approximately 38,000 students followed by Northern Kentucky University, with approximately 14,760 students. While there are a handful of educational institutions in Northern Kentucky and other areas of the MSA, the Cincinnati area contains the majority of the student population. There are more than 88,400 students enrolled in the area schools. The Project will try to capture demand from parents visiting their kids and also students looking for entertainment in downtown Covington.

The more recent trend of younger college graduates locating in the heart of cities, rather than in suburbs, is an outgrowth of 40-plus years-worth of cities reinvesting in cleanliness, safety, recreational opportunities, entertainment venues, and new urban residences in their downtowns. This has been occurring in downtown Cincinnati (most recently in Over-the-Rhine and previously in Mount Adams), Covington and Newport. Even if not all redevelopment projects (particularly retail) are successful beyond ten-to-twenty years, they incentivize and invite more privately funded developments at both large and small scales in adjacent areas, attracting the more educated urban-dwellers. Nationwide, the well-educated are choosing to avoid suburban-styled chain restaurants and shopping centers in favor of independent and artistic, alternative lifestyle options. Covington’s downtown development is a direct result of other public/privately financed projects along both sides of the Ohio River waterfront, and the availability of underused historic neighborhood buildings for rehabilitation. New restaurants are seen as attractive to the youthful of a generation of creative, college-educated adults.

Implications

The Cincinnati/Northern Kentucky region is comprised of diverse markets with the urban centers of Covington, Cincinnati and Newport having an historic outflow of population to the surrounding areas. In recent years, however, there has been a growing resurgence in residential development in the urban areas of all three cities. The metropolitan area's core is populated with more than two million people but can draw from the more populated region of nearly three million people, and over four million within a 90-minute drive, an important ingredient for a successful and prosperous district of niche and alternative types of businesses. The metro's population is growing consistently, attracting new college-educated residents, despite not growing as fast as the nation as a whole.

The economy is stable and has an enviable economic balance that makes the region more impervious to down economic cycles. The presence of numerous colleges and universities, along with an assortment of tourist attractions throughout the metro area keeps the region's vitality fresh. Large corporations continue to prosper and lead the metropolitan area's business community in both employment opportunities, and in gifted funds for developing quality-of-life amenities and events. The abundance of historic and under-utilized structures in downtown Covington, in addition to a large, well-educated and arts-driven population with steady employment and income, have propelled the city's downtown into becoming a magnet for new developments. As long as these community and corporate elements continue to be fostered, this dramatic and fresh development pattern in downtown Covington can be expected to continue.

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TOURISM MARKET ANALYSIS

The proposed Project will take place in Covington, near the center of the Cincinnati and Northern Kentucky region. The Cincinnati USA Regional Tourism Network (RTN), and Northern Kentucky in particular, offers residents and visitors a wide range of tourist attractions. If destinations are compelling, they can promote extended visits and overnight stays for visitors. In addition, communities with many attractions are often able to lure conventions, meetings, events and hotel stays.

This chapter provides an overview of the tourism market and the key demand generators for the region. Because the proposed Project has the potential to pull heavily from Cincinnati business and corporate travelers, it is vital that the entire region be reviewed. However, the more that Northern Kentucky can provide developments to lure metro area visitors to Covington and to the Kentucky side of the state line, the more impact the Project will have on the Commonwealth of Kentucky as a whole.

Cincinnati USA Regional Tourism Network

The RTN is a destination marketing company that was established in 2005 as a partnership between the Cincinnati USA Convention and Visitors Bureau (CVB) and the Northern Kentucky Convention and Visitors Bureau. The objective of this partnership is to promote leisure travel in the form of overnight stays in regional hotels, and visits to attractions and entertainment in Cincinnati and Northern Kentucky. The respective CVBs support the partnership by dedicating and leveraging one percent of the three percent bed tax in order to expand the region's tourism marketing efforts. The RTN has developed a strategic focus to achieve its objective by enhancing the appeal of the three-state region as a single destination to maximize the leisure tourism resources and marketing.

RTN leverages multiple media, marketing and communication platforms to target and appeal to new and returning leisure travelers. CincinnatiUSA.com is the region's largest travel portal that allows travelers to book hotels, tickets, attractions and bundled hotel packages. In addition, the website provides listings of area hotels and amenities and provides updates through e-newsletters that notify subscribers of upcoming events and offers.

Over two million visitors per year visit the CincinnatiUSA.com website for information regarding attractions, hotels, leisure packages and events in the region. Based on website visitation traffic and bookings, the company has been able to better understand visitor information and interests.

The following table shows the top states and markets of origin for visitors.

Table 3-1

Top Traveler Origins	
States	Markets
Ohio	Columbus
Kentucky	Indianapolis
Indiana	Chicago
Illinois	Louisville
Michigan	Detroit
	Dayton
	Lexington
	Minneapolis
	New York City
	Cleveland
	Pittsburgh
	Nashville

Source: Cincinnati USA

As shown, the majority of visitors originate from the Midwest and the East Coast. All of the cities in the table above allow for visitors to reach RTN by car within one day. In addition, the region attracts visitors from two of the nation’s largest markets, New York City and Chicago.

Northern Kentucky Tourism Market

Northern Kentucky is a region that leverages the assets of a large metropolitan area while still providing the convenience and affordability of a smaller community. The Northern Kentucky portion of the region has transformed over the last 20 years to offer a more family friendly atmosphere that combines historical features with new and expanding tourism attractions. The distinct region now offers the same amenities for residents and visitors as those living, working and visiting the Cincinnati MSA.

The following table shows some of the top attractions in the Northern Kentucky area. Covington attractions are highlighted.

Table 3-2

Northern Kentucky Tourist Attractions		
Attraction	Location	Type
Campbell County Log Cabin Museum	Alexandria	Cultural
Crone Cottage	Bellevue	Cultural
Roebing Murals on the Floodwalls	Covington	Cultural
Madison Theater	Covington	Cultural
The Carnegie	Covington	Cultural
Vent Haven Museum	Ft. Mitchell	Cultural
Falcon Theatre	Newport	Cultural
Kentucky Symphony Orchestra	Newport	Cultural
Monmouth Theatre	Newport	Cultural
Northern Kentucky Gambling Museum	Newport	Cultural
Stained Glass Theatre	Newport	Cultural
World Peace Bell	Newport	Cultural
Creation Museum	Petersburg	Cultural
Baker Hunt Art & Cultural Center	Covington	Education
Totter's Otterville	Covington	Entertainment
Laser Kraze	Erlanger	Entertainment
Florence Freedom - UC Health Stadium	Florence	Entertainment
Turfway Park	Florence	Entertainment
Newport Aquarium	Newport	Entertainment
Newport on the Levee	Newport	Entertainment
Florence Speedway	Walton	Entertainment
Fairfield Avenue Historic District	Bellevue	Historical
Dinsmore Homestead	Burlington	Historical
Behringer-Crawford Museum	Covington	Historical
St. Mary's Cathedral of the Basilica	Covington	Historical
James A. Ramage Civil War Museum	Fort Wright	Historical
Little Britain Stables	Burlington	Recreational
Braxton Brewing Company	Covington	Recreational
MainStrasse Village	Covington	Recreational
Hofbrauhaus	Newport	Recreational
New Riff Distillery	Newport	Recreational
Purple People Bridge	Newport	Recreational
Big Bone Lick State Park	Union	Recreational
Boone County Arboretum at Central Park	Union	Recreational
Northern Kentucky Ice Center	Crescent Springs	Recreational/Entertainment
Florence Family Aquatic Center	Florence	Recreational/Entertainment
Ollie's Skatepark	Florence	Recreational/Entertainment
Sports of All Sorts	Florence	Recreational/Entertainment

Source: Cincinnati USA, Hunden Strategic Partners

As shown, Northern Kentucky offers a variety of cultural, historical, recreational and entertainment options within close proximity to the downtown Covington area. Museums, sports and historic attractions dominate the list of attractions. The area also offers significant recreational attractions such as the Purple People Bridge, Hofbrauhaus and the New Riff Distillery, which are unique and attract tens of thousands of visitors each year.

Major Tourism Demand Generators

There are a variety of notable attractions that stand out as significant tourism demand generators for the area and deserve a deeper profile as they impact or will be impacted by the Project due to their location in the immediate area. These attractions include Newport on the Levee, the Newport Aquarium, Hofbrauhaus, Purple People Bridge and the Northern Kentucky Convention Center (NKYCC).

Northern Kentucky Convention Center

The Northern Kentucky Convention Center (NKYCC) is profiled in Chapter 1.

Newport on the Levee

Located directly across the river from The Banks entertainment district in downtown Cincinnati and adjacent to Covington in neighboring Newport, Newport on the Levee was envisioned, approved and commissioned in the late 1990s as a multi-level retail entertainment center. It is located between Third Street and the Ohio River and strategically at the foot of the Purple People Bridge that links downtown Cincinnati to Northern Kentucky. Currently, a \$100-million renovation is underway at Newport on the Levee that will modernize the amenities there and replace old tenants with fresh, new tenants.

The development is profiled in more detail in Chapter 6.

Newport Aquarium

The Newport Aquarium was developed by Aquarium Holdings of Northern Kentucky and opened in May 1999 in Newport, Kentucky. The 100,000-square foot aquarium along the Ohio River in Northern Kentucky is the western anchor of the ten-acre entertainment and retail district, Newport on the Levee. The initial aquarium development was the first project to benefit from the KTDA incentive in 1996. In 2007, Herschend Family Entertainment Corp. acquired a majority interest in the Newport Aquarium and took over its day-to-day operations. The firm owns and operates other well-known attractions around the country such as Silver Dollar City, Dollywood, the Harlem Globetrotters and Ride the Ducks. The Newport Aquarium is one of the top attractions in the region, and the majority of visitors are out-of-state travelers and families.

The following figure shows the Riverside Room at the Newport Aquarium.

Figure 3-1



The Newport Aquarium underwent a \$4.5-million expansion in 2004 to increase meeting and event space. Part of the expansion, the 6,000-square foot Riverside Room is located in the heart of the Aquarium in the space above the new Turtle Canyon exhibit. The Riverside Room is flexible event space that can accommodate a 240-guest sit-down dinner or a reception for up to 350 people. The Aquarium can accommodate groups and events such as weddings, receptions and meetings that range from 15 to 1,500 visitors. The Aquarium offers onsite catering for events as well.

The Newport Aquarium offers 60 permanent and temporary exhibits. It is common for aquariums to program temporary exhibits as a way to introduce new and refreshed programming that will continue draw new and existing visitors. This is one strategy that helps to sustain an audience year-to-year.

Hofbrauhaus

Newport Investment Company, LLC completed the renovation of a 13,315-square foot building for the Hofbrauhaus restaurant and brewery at 200 East Third Street across from Newport on the Levee in 2003. The Hofbrauhaus is a restaurant attraction with traditionally decorated rooms, beer brewed onsite and popular food choices in the tradition of German and American fare. The world-famous Hofbrauhaus in Munich was established in 1589 and is one of the oldest breweries in Germany. It was the Royal Court Brewery for the state of Bavaria and welcomes nearly two million guests a year. The Hofbrauhaus is the first officially-sanctioned restaurant of its kind in the U.S.

The following figure shows the exterior of the Hofbrauhaus.

Figure 3-2



The Hofbrauhaus Newport was designed to be a copy, albeit smaller, of the original in as many aspects as possible, including a beer hall with seating approximately 250, seating inside for approximately 100, a 400-seat outdoor beer garden, officially sanctioned beer brewed on-site, personal beer steins available to be stored at the restaurant under lock and key, authentic German fare, and live music in the evenings that encourages patrons to join in the singing and dancing. It has the ability to generate up to 7,332 barrels of beer a year with an experienced German brewmaster. The brewmaster is trained and monitored by HB Muenchen, a wholly owned company of the state of Bavaria that operates the original Hofbrauhaus.

The following figure shows an interior view of the Hofbrauhaus.

Figure 3-3



The Hofbrauhaus offers banquet space and for corporate outings, tour groups, fundraisers, special events meetings, and social groups. Live entertainment is offered nightly in the main hall, and visitors also have the opportunity for brewery tours and tastings. Many travelers visit the Hofbrauhaus to celebrate Oktoberfest and indulge in a German-like experience.

The Hofbrauhaus was an appropriate fit for the near-riverfront location because of the metro area's strong German heritage. It also offers a unique experience that compliments the other attractions in Newport as well as Covington and Cincinnati.

Purple People Bridge

The Purple People Bridge opened in 1872 as Cincinnati's first railroad bridge to span across the Ohio River. Over the years, the bridge was retrofitted to accommodate streetcar, pedestrian and automobile traffic. The bridge was renamed the L&N (Louisville and Nashville) Railroad Bridge in 1904 after L&N purchased the bridge. Railroad use of the bridge ended in 1987 and later vehicular traffic ended in 2002 due to the bridge's deteriorating infrastructure. The City of Newport and Southbank Partners, an economic development group, used \$4 million in state funds to rehabilitate the bridge and convert it to a pedestrian-only bridge, which reopened in May 2003. CSX Railroad previously controlled the Purple People Bridge and donated its portion of the bridge to Newport. The city has since transferred ownership of the bridge to a new corporation, the Newport Southbank Bridge Company. Officially renamed the Newport Southbank Bridge, area residents have labeled the bridge as the "Purple People Bridge" due to its unique purple color.

The following figure shows the Purple People Bridge over the Ohio River.

Figure 3-4



The 2,670-foot, 17-foot wide bridge connects the collection of Cincinnati and Northern Kentucky entertainment, dining, nightlife, festivals, parks and attractions that attract thousands of visitors to the riverfronts each year. The bridge begins on Pete Rose Way near the entrance to Sawyer Point on the Ohio side and connects to Kentucky on Third Street in Newport, just east of Newport on the Levee. The following attractions are within a 20-minute walk from either side of the bridge:

- Cincinnati Reds at Great American Ball Park and the Bengals Paul Brown Stadium
- New Riff Distillery
- Restaurants that include the Montgomery Inn Boathouse to Jeff Ruby's Tropicana, the German-themed Hofbrauhaus and Dick's Last Resort in Newport
- Shopping in downtown Cincinnati near Fountain Square and at Newport on the Levee in Newport
- Concerts and events at the US Bank Arena
- Newport on the Levee
- The Newport Aquarium
- The National Underground Railroad Freedom Center near the Roebling Suspension Bridge.

The Purple People Bridge is open to the public 365 days a year and can be rented for private events such as receptions, parties, weddings and fundraisers. As a relatively new tourism asset for the area, the bridge offers an additional attraction for visitors to hold special events like weddings, receptions, meetings and conventions. It is an attraction that will allow businesses to offer more unique hospitality packages and experiences to groups and visitors.

Cincinnati Tourism Market

The Cincinnati area has a number of tourist attractions. These attractions can generate demand for lodging accommodations and additional economic activity that can help stimulate opportunities for not only local businesses and visitors in Cincinnati and Ohio, but for Northern Kentucky as well. In close proximity to each other and with various forms of transportation between Cincinnati and Northern Kentucky, visitors are not confined to one location or the other. The following section profiles some of the major tourism drivers within Cincinnati that may be relevant to the proposed Project.

The Great American Ball Park – The Cincinnati Reds

The Cincinnati Reds play their home games at Great American Ball Park, located at 100 Joe Nuxhall Way along the Ohio River in downtown Cincinnati, near U.S. Bank Arena and Paul Bryant Stadium. The Cincinnati Reds are members of the National League Central Division. The Reds were baseball's first professional team in 1869. The Reds have won five World Series titles, one American Association pennant, nine National League pennants and ten division titles.

In 1996, Hamilton County voters passed a one-half percent sales tax increase to fund the construction of new venues for both the Reds and the Cincinnati Bengals. The two franchises had previously shared the multipurpose stadium, Cinergy Field. Great American Ball Park replaced Cinergy Field and opened in 2003 at the cost of \$290 million. The stadium has a capacity of 42,271.

Along with serving as the home field for the Reds, the stadium also houses the Cincinnati Reds Hall of Fame, which opened in 2004. The Hall of Fame was added so that the public could walk through inter-active displays, see locker room re-creations, watch videos of classic Reds moments and view historical items. The Hall of Fame includes:

- A movie theater, which resembles an older, ivy-covered brick wall ball yard
- Many vintage photographs
- A three-story wall containing a baseball for every hit by Pete Rose during his career
- Interactive exhibits including a pitcher's mound, radio booth, and children's area where the fundamentals of baseball are taught by former Reds player videos

The following figure shows the Great American Ball Park.

Figure 3-5



Each of the 81 regular season home games sees tens of thousands of visitors converging on the Cincinnati area. The average ticket price for a Reds game is \$35. Thousands of fans make Reds game a complete experience by arriving early and patronizing the local restaurants before, during and after games. It is also common for families and fans to spend multiple days in the Cincinnati area to attend a multi-game home stand. As a result, hotels are booked, restaurants are visited and other attractions are sought out to complete the overall experience. Fans do not confine their hotel stays and/or spending to Cincinnati, and often pursue lodging in Covington.

Since the opening of Great American Ball Park, the Reds have averaged nearly 2.2 million total visitors and have averaged nearly 27,000 visitors per home game. The Reds saw a year-over-year decrease in from 2014 to 2018, but bounced back in 2019 with an 11 percent increase in attendance.

Paul Brown Stadium – The Cincinnati Bengals

Paul Brown Stadium is the home to the Cincinnati Bengals National Football League (NFL) team. A one-half percent sales tax increase voted by Hamilton County voters was passed to fund the stadium. Of the two stadiums built from funds as part of the tax increase, the 65,535-seat Paul Brown Stadium was completed in 2000. The stadium is located on approximately 22 acres of land a few blocks west of the Great American Ball Park. Besides the Bengals' eight regular season home games, the stadium hosts other events:

- College football games
- The Macy's Music Festival (formerly the Cincinnati Jazz Festival)
- Queen City Classic Chess Tournament
- Concerts

Since 2001, the Bengals have averaged more than 480,000 total visitors and average more than 60,000 visitors per home game.

The Banks

The Banks entertainment district, located between the Great American Ball Park and Paul Brown Stadium, is part of a riverfront strategic development plan announced in the 1990's. This development serves as a connection between the downtown (Central Business District) and the waterfront, creating a place to live, work and enjoy leisure activities. It is also perhaps a response to the success of Newport on the Levee, which began pulling Ohioans across the river to Kentucky. The project is described in more detail in Chapter 6.

Cincinnati Zoo and Botanical Garden

The Cincinnati Zoo and Botanical Garden opened in 1875 making it the second-oldest zoo in the United States. The Cincinnati Zoo is located in the Avondale neighborhood of Cincinnati, directly north of downtown Cincinnati. General Admission tickets for the Cincinnati Zoo range from \$8 to \$13 depending on the time of day and the age of the visitor. More than 1.5 million people visit the Zoo annually.

As well as being open to the public, the Cincinnati Zoo hosts an array of events on many of the holiday weekends. The Zoo also is available for private events such as weddings and birthdays.

Over-the-Rhine

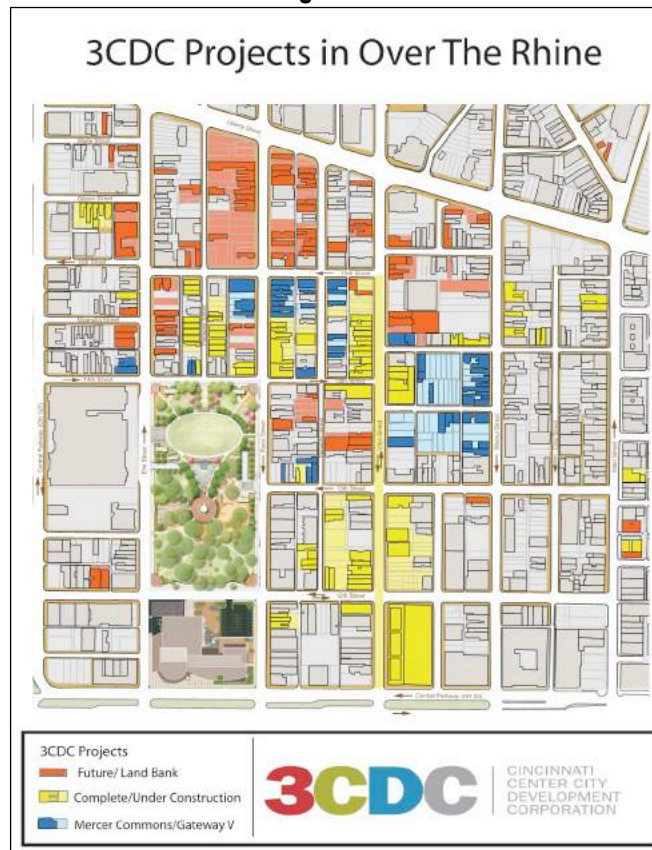
Over-the-Rhine (OTR) is Cincinnati's oldest and most historic neighborhoods. The 360-acre neighborhood is a collection of 943 19th-century Italianate architecture buildings and is one of the country's largest intact collections. In 1983, the historic district was added to the National Register of Historic Places. The district's name originates from German immigrants that settled and built the neighborhood in the mid-19th century. Bridges across the Erie and Miami Canal connected the neighborhood to downtown Cincinnati. The canal was nicknamed "the Rhine" in reference to the Rhine River in Germany and the newly settled area north of the canal as "Over the Rhine."

By the beginning of the 21st century, OTR declined into one of the most economically distressed areas in the country with the poverty rate soaring to nearly 60 percent and the unemployment rate hitting 25 percent. Despite the neighborhood's location between the two largest employment areas, OTR became Cincinnati's most notorious neighborhood for crime and poverty. These adverse factors did not remain localized to the declining community, but seeped into the surrounding areas, destabilizing and counteracting growth, predominantly the central business district. This impacted and threatened the well being of the entire region and relations with some of the City's largest employers.

In reaction to the declining environment, the City of Cincinnati and its corporate leaders created the Cincinnati Center City Development Corporation (3CDC) in 2003. Focusing on a 110-square block area, with approximately 500 vacant buildings, 700 vacant lots and 1,670 vacant housing units, 3CDC initially invested \$27-million. The investment was to prevent continuing deterioration of more than 300 buildings and lots in this area until future renovations and development could take place. Many of the historic buildings have and are undergoing renovations to function as single-family homes, apartments, condominiums and commercial space. The arts community, including the Cincinnati Art Academy, Ensemble Theatre and Music Hall, is now thriving because of these efforts.

The following photo shows a map of the investment and redevelopment in the OTR neighborhood.

Figure 3-6



Since 2004, more than \$315 million has been invested into OTR through public support, loan funds, state and federal historic tax credits and private sources. With approximately 100 historic buildings, 470 new and rehabbed residential units and 155,000 square feet of new and renovated commercial space has been restored, developed or in the process of development. The neighborhood has started, and continues, to undergo a drastic transformation. With developments such as the adjacent Hard Rock Cincinnati Casino, thriving upscale entertainment, the bar district, historic Findlay Market, establishments such as the Ensemble Theatre, Know Theatre and Music Hall, the area is not only experiencing a population growth but attracting local residents and tourists. The Cincinnati streetcar system connects The Banks and downtown to Findlay Market, which is in the northern portion of the neighborhood. This will enhance the current growth and activity of the restaurants, boutiques, shops and bars by increasing accessibility to residents and visitors in the region.

Other areas of interest within the neighborhood include the Gateway Quarter, the historic Brewery District and Pendleton. The Brewery District, which was once the heart of the City's brewing industry, is now home to the Christian Moerlein Brewing Company. The Brewery traces its roots in the District back to the 1850's and was once the City's largest brewery. The Brewery District also welcomed the Samuel Adams Taproom. This 9,000-square foot taproom is open to the public and for hosting events.

Another new development happening in this historic OTR neighborhood is the FC Cincinnati Stadium. FC Cincinnati moved from minor league soccer to major league soccer (MLS) in 2019. The team is currently under construction on a \$200 million stadium in the West End neighborhood. This stadium will deliver major impact for the neighborhood and the city as a whole. This 25,000-seat stadium is planned to open in 2021.

Hard Rock Cincinnati Casino

Originally opened as The Horseshoe Casino in 2013 and formerly JACK Cincinnati Casino, Hard Rock Casino is located at 1000 Broadway Street in the eastern part of the central business district. Opened in March of 2013, the two-story, 400,000-square foot casino features more than 2,000 slot machines, 85 table games, a 31-table World Series of Poker room, nearly 22,500 square feet of flexible function space, a 2,500-space parking structure and an outdoor event plaza. The \$400-million casino development is also home to a Jimmy Buffett's Margaritaville, Bobby Flay's Bobby Burger Palace and Jack Binion's Steak restaurant.

The following photo shows the exterior of the Hard Rock Cincinnati Casino.

Figure 3-7



The casino offers nearly 22,500 square feet of flexible meeting and event space. The 19,000-square foot ballroom can be divided into nine rooms and the 3,500-square foot meeting space can be separated into two rooms. The Hard Rock Cincinnati Casino offers a complimentary daily shuttle between the Casino and its partner hotels. Local hoteliers expect the casino will eventually build its own hotel in order to accommodate its own visitors and to avoid paying different rates at its partner hotels.

Duke Energy Convention Center

The Duke Energy Convention Center (DECC), covering two city blocks, is located within the Central Business District in Cincinnati and is bounded by Elm Street, Fifth Street, Sixth Street and Central Avenue. The downtown location is less than three blocks from all of the approximately 3,000 hotel rooms in the CBD and offers a walkable environment to restaurants, shopping and some nightlife options. The DECC, managed by Global Spectrum, is also just blocks away from The Banks, Great American Ball Park and Paul Brown Stadium.

The facility and its proposed expansion are described in Chapter 5.

Museums, Festivals and Other Entertainment

Cincinnati is home to multiple museums, performing arts venues and other types of entertainment options that attract families, groups and out-of-state travelers. Cincinnati is also home to several festivals throughout the year.

The following table lists the museum, performing arts and other attractions in Cincinnati.

Table 3-3

Cincinnati Attractions		
Museums	Performing Arts	Other Attractions
American Sign Museum	Cincinnati Ballet	Cincinnati Observatory Center
Cincinnati Art Museum	Cincinnati Opera	Coney Island
Cincinnati Fire Museum	Cincinnati Playhouse in the Park	Contemporary Arts Center
Cincinnati Museum Center at Union Terminal	Cincinnati Symphony Orchestra	Findlay Market
Cincinnati Reds Hall of Fame and Museum	Fifth Third Bank Broadway in Cincinnati	Krohn Conservatory
Creation Museum	Music Hall	National Underground Railroad Freedom Center
Duke Energy Children's Museum		Lindner Family OMNIMAX Theater
Heritage Village Museum		Sallywag Tag
Taft Museum of Art		

Source: Cincinnati USA

Cincinnati is rich in museum and performing arts attractions. Many leisure visitors and family’s traveling to the area stay in Northern Kentucky hotels because they offer less expensive rates and often better quality rooms than the large full-service hotels that cater to the corporate traveler yet offer easy access to all that Cincinnati has to offer.

Other Large Regional Tourism Drivers

The Cincinnati suburbs in Warren County and Butler County, Ohio feature sizeable attractions that draw millions of annual visitors. These visitors are generally car-oriented and value conscious. As such, they are ideal visitors for Northern Kentucky attractions, which offer convenient parking and a safe family-friendly environment.

The following is a list of the largest area contributors to the tourism scene.

- **Kings Island Theme Park** – Located 24 miles northeast of Cincinnati, Kings Island is one of the nation’s largest and most visited seasonal theme parks. The park attracts approximately 3.2 million people annually between April and October, often reaching crowds of more than 50,000 people per day. The park has consistently drawn regular visitors by reinvesting capital into record breaking new thrill rides and roller coasters. The park today is home to 15 roller coasters. The dynamic presence of the park has spurred nearby developments that take advantage of the crowds, some of which are noted below.
- **The Beach at Adventure Landing** – The Beach is a 35-acre water park near Kings Island. In addition to water rides, the tropical-themed water park offers sand volleyball courts, basketball courts, poolside beverage service and a nightclub for teens called Club Aqua Splash. The Beach was named the best privately-owned water park by Aquatics International Magazine in 2010. Although the park was closed for the 2012 season due to poor attendance, new ownership injected \$5 million into renovation and remodeling and reopened it in May 2013.
- **Jungle Jim’s International Market** – Jungle Jim’s is a super-sized, whimsically decorated food market in Fairfield, Ohio. The independent grocery store has grown to offer more than 180,000 items, of which 60,000 different items are international items. The store’s interior covers 300,000

square feet, or about 6.5 acres. Approximately 82,000 shoppers per week add up to over four million annual guests. The store has been featured on Food Network, the History Channel, and ABC's Good Morning America.

Implications

RTN, including Newport, Covington and the rest of Northern Kentucky, is a vibrant metropolitan area with popular tourist attractions. While many of the attractions such as the Zoo, Reds, Bengals and Kings Island are not new, other attractions have come online within the past decade and are finding an audience. Newport on the Levee, Newport Aquarium, New Riff Distillery, and Hofbrauhaus are attractions in their own right that compliment each other and build upon each other's success. All are also located on the Kentucky side of the Ohio River. The Purple People Bridge is a popular place for outdoor meetings, events and recreational walking and biking, making an attraction out of a transportation link between other destinations. It also broke the psychological barrier for people coming across the Ohio River to experience Kentucky. The Southbank Shuttle Trolley, the Cincinnati Streetcar, and the network of recreational paths have strung together numerous attractions.

The Project will aim to enhance the Covington (and Kentucky) tourism market by offering an expanded convention center, new group hotel, retail, restaurants and a walkable environment that will help address the market opportunity. The abundance of attractions on both sides of the Ohio River offers visitors a wide range of things to do in the evenings and weekends.

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HOTEL INDUSTRY TRENDS AND LOCAL MARKET ANALYSIS

This chapter includes a review of national hotel trends as well as an in-depth analysis of the competitive hotel market.

The Project includes the development of a 177-room hotel (Project Hotel) that will be adjacent to the existing Northern Kentucky Convention Center, which is also slated for an expansion as part of the Project. The exact on-site amenities, level of quality and brand have not been determined by the time of this report.

National Hotel Market Trends

A thorough understanding of the national hotel market and relevant industry trends is important to the development prospects of any hotel project, whether it involves macro supply and demand issues, amenity trends, COVID-19 analysis, or other trends impacting the industry.

The following table shows selected characteristics of the U.S. lodging industry from 1992 through 2020.

Table 4-1

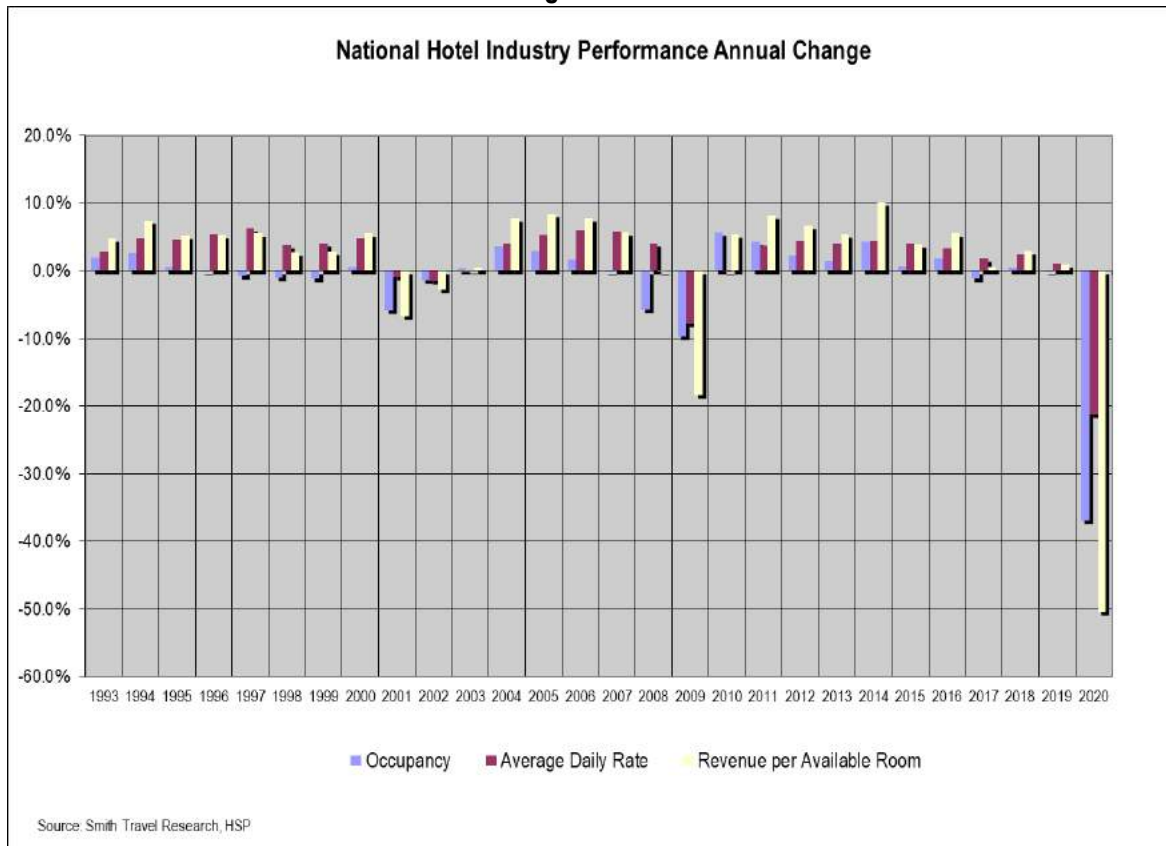
National Lodging Industry Annual Summary						
Year	Occupancy	Change	Average Daily Rate	Change	Revenue per Available Room	Change
1992	61.9%	--	\$59.62	--	\$36.90	--
1993	63.1%	1.9%	\$61.30	2.8%	\$38.68	4.8%
1994	64.7%	2.5%	\$64.24	4.8%	\$41.56	7.4%
1995	65.1%	0.6%	\$67.17	4.6%	\$43.73	5.2%
1996	65.0%	-0.2%	\$70.81	5.4%	\$46.03	5.3%
1997	64.5%	-0.8%	\$75.31	6.4%	\$48.57	5.5%
1998	63.8%	-1.1%	\$78.15	3.8%	\$49.86	2.7%
1999	63.1%	-1.1%	\$81.29	4.0%	\$51.29	2.9%
2000	63.5%	0.6%	\$85.24	4.9%	\$54.13	5.5%
2001	59.8%	-5.8%	\$84.45	-0.9%	\$50.50	-6.7%
2002	59.0%	-1.3%	\$83.20	-1.5%	\$49.09	-2.8%
2003	59.2%	0.3%	\$83.28	0.1%	\$49.30	0.4%
2004	61.3%	3.5%	\$86.70	4.1%	\$53.15	7.8%
2005	63.1%	2.9%	\$91.29	5.3%	\$57.61	8.4%
2006	64.2%	1.7%	\$96.77	6.0%	\$62.13	7.8%
2007	64.1%	-0.2%	\$102.38	5.8%	\$65.63	5.6%
2008	60.4%	-5.8%	\$106.55	4.1%	\$65.61	0.0%
2009	54.5%	-9.8%	\$98.20	-7.8%	\$53.55	-18.4%
2010	57.6%	5.7%	\$98.08	-0.1%	\$56.47	5.5%
2011	60.1%	4.3%	\$101.64	3.6%	\$61.06	8.1%
2012	61.4%	2.2%	\$106.10	4.4%	\$65.17	6.7%
2013	62.3%	1.5%	\$110.35	4.0%	\$68.69	5.4%
2014	65.0%	4.3%	\$115.26	4.4%	\$75.66	10.1%
2015	65.5%	0.8%	\$120.01	4.1%	\$78.67	4.0%
2016	66.7%	1.8%	\$124.00	3.3%	\$83.00	5.5%
2017	65.9%	-1.2%	\$126.29	1.8%	\$83.48	0.6%
2018	66.2%	0.5%	\$129.83	2.4%	\$85.96	2.9%
2019	66.1%	-0.2%	\$131.21	1.1%	\$86.76	0.9%
2020	41.7%	-36.9%	\$103.25	-21.3%	\$43.03	-50.4%
Avg. Annual Growth Rate		-1.03%		2.12%		1.46%

Source: Smith Travel Research, HSP

According to data from STR, the U.S. hotel industry registered a strong performance in 2019. Compared to 2018, Occupancy was -0.2 percent to 66.1 percent, Average daily rate (ADR) was +1.1 percent to \$131.21, and Revenue per available room (RevPAR) was +0.9 percent to \$86.75. The low 2020 figures are a result of the COVID-19 pandemic. However, with vaccines and community spread of the virus, the tourism recovery is expected to continue from 2021 through 2023 back towards 2019 levels.

The figure below depicts this data in graph form, highlighting the annual change in performance statistics.

Figure 4-1



At a certain average occupancy, enough “sold-out” dates exist, which can create enough demand pressure to raise rates.

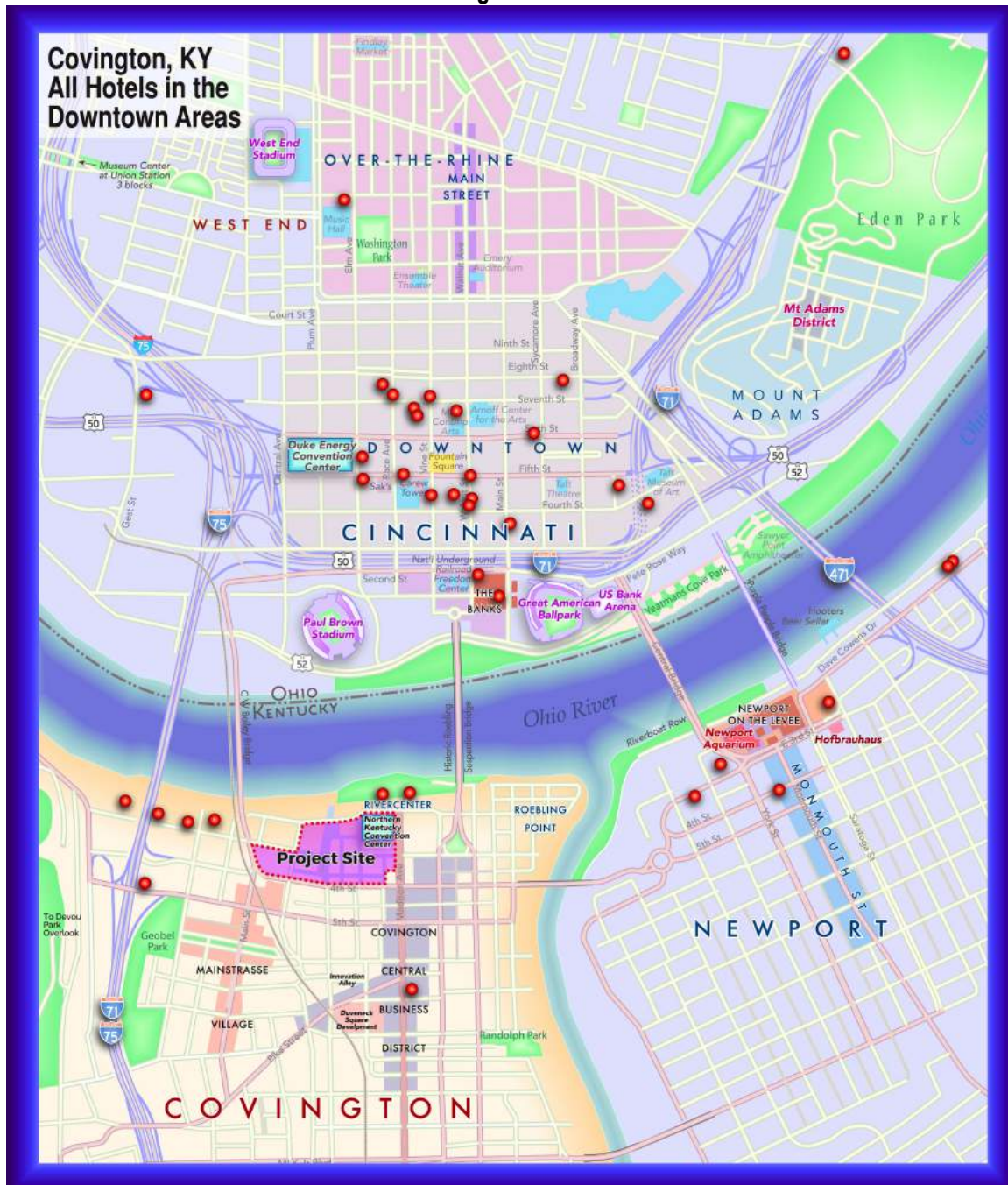
LOCAL COMPETITIVE HOTEL MARKET ANALYSIS

The Covington hotel market expanded with two new hotels offering upscale to luxury style rooms for its guests in 2017. The proximity of the two hotels to retail and restaurant nodes as well as corporate meeting spaces have been well received by local and long-distance visitors between 2017 and 2019. Despite the COVID-19 pandemic impacts on the tourism and hospitality market in 2020, a sharp recovery in the early months of 2021 indicate that there are gaps that can be filled in the market with new supply of guest rooms within close proximity to various business and leisure districts within Covington.

Analysis of the Downtown Cincinnati / Northern Kentucky Hotel Market

The following map shows the area HSP considered when determining the competitive set for the proposed 177-room hotel.

Figure 4-2



HSP considered the supply of hotels in Northern Kentucky from Interstate 71 to Interstate 471 and from downtown Covington to 9th Street in downtown Cincinnati. A total of 11 properties currently exist or are proposed within the area shown.

The following table shows a list of the existing hotel properties within the boundary shown in the previous map.

Table 4-2

Northern Kentucky & Downtown Cincinnati Hotel Market							
Property Name	Submarket Name	City	Miles from		Year Built /		Constr Status
			NKYCC	Rooms	Renovated	Hotel Class	
Mamott Cincinnati at Rivercenter	Cincinnati South/Airport	Covington	0.1	321	1997	Upper Upscale	Existing
Embassy Suites by Hilton	Cincinnati South/Airport	Covington	0.1	227	2008	Upper Upscale	Existing
The Hotel Covington	Cincinnati South/Airport	Covington	0.4	114	2016	Luxury	Existing
Courtyard Cincinnati Covington	Cincinnati South/Airport	Covington	0.6	194	1999	Upscale	Existing
Holiday Inn Cincinnati-Riverfront	Cincinnati South/Airport	Covington	0.7	155	1969	Upper Midscale	Existing
Radisson Hotel Cincinnati Riverfront	Cincinnati South/Airport	Covington	0.8	220	1972	Upscale	Existing
Extended Stay America Cincinnati - Covington	Cincinnati South/Airport	Covington	0.8	104	1997	Economy	Existing
Holiday Inn Express & Suites Cincinnati Riverfront	Cincinnati South/Airport	Covington	1.1	127	1997	Upper Midscale	Existing
Hampton Inn & Suites Newport Cincinnati	Cincinnati South/Airport	Newport	1.5	122	2016	Upper Midscale	Existing
Canopy by Hilton	Cincinnati Northwest	Cincinnati	1.5	168	2021	Upper Upscale	Final Planning
Homewood Suites by Hilton	Cincinnati South/Airport	Newport	1.5	124	2023	Upscale	Proposed
Home2 Suites by Hilton	Cincinnati South/Airport	Newport	1.5	144	2022	Upper Midscale	Proposed
aloft Hotel Newport On The Levee	Cincinnati South/Airport	Newport	1.6	144	2017	Upscale	Existing
Hyatt Regency Cincinnati	Cincinnati Northwest	Cincinnati	1.7	491	2013	Upper Upscale	Existing
MOXY Cincinnati	Cincinnati Northwest	Cincinnati	1.7	105	2022	Upper Midscale	Proposed
Hilton Cincinnati Netherland Plaza	Cincinnati Northwest	Cincinnati	1.8	561	2013	Upper Upscale	Existing
The Westin Cincinnati	Cincinnati Northwest	Cincinnati	1.8	456	2009	Upper Upscale	Existing
AC Hotels by Marriott Cincinnati @ The Banks	Cincinnati Northwest	Cincinnati	1.9	171	2017	Upscale	Existing
The Guild Downtown Current	Cincinnati Northwest	Cincinnati	1.9	44	2019	Upper Upscale	Existing
Homewood Suites by Hilton Cincinnati Downtown	Cincinnati Northwest	Cincinnati	2	105	2015	Upscale	Existing
The Cincinnati Hotel, Curio Collection by Hilton	Cincinnati Northwest	Cincinnati	2	148	1987	Upper Upscale	Existing
Tribute Portfolio Kinley Cincinnati Downtown	Cincinnati Northwest	Cincinnati	2	94	2020	Upper Upscale	Existing
The Guild Downtown Vine St	Cincinnati Northwest	Cincinnati	2	50	2020	Upper Upscale	Existing
Hampton Inn & Suites Cincinnati-Downtown	Cincinnati Northwest	Cincinnati	2	144	2015	Upper Midscale	Existing
TownePlace Suites By Marriott Cincinnati Do	Cincinnati Northwest	Cincinnati	2	110	2021	Upper Midscale	Existing
Millennium Hotel Redevelopment	Cincinnati Northwest	Cincinnati	2	800	-	-	Proposed
Kimpton Cincinnati	Cincinnati Northwest	Cincinnati	2	153	2022	Upper Upscale	Under Construction
Renaissance Cincinnati Downtown Hotel	Cincinnati Northwest	Cincinnati	2.1	323	2014	Upper Upscale	Existing
Cambria Hotels Cincinnati	Cincinnati Northwest	Cincinnati	2.1	150	2022	Upscale	Proposed
Courtyard Cincinnati Downtown	Cincinnati Northwest	Cincinnati	2.1	126	2021	Upscale	Under Renovation
21c Museum Hotel by MGallery Cincinnati	Cincinnati Northwest	Cincinnati	2.2	156	1920	Upper Upscale	Existing
Residence Inn Cincinnati Downtown The Phelps	Cincinnati Northwest	Cincinnati	2.4	134	1926	Upscale	Existing
Autograph Collection The Lytle Park Hotel	Cincinnati Northwest	Cincinnati	2.4	106	2020	Upper Upscale	Existing
Holiday Inn & Suites Cincinnati Downtown	Cincinnati Northwest	Cincinnati	2.4	117	2016	Upper Midscale	Existing
Total		34 hotels		6,708	2006		
Pipeline Hotel							
Source: CoStar, Smith Travel Research							

The hotel market in downtown Cincinnati is much more developed with larger and more densely clustered hotels. Of the eight hotels in the pipeline, six of them are located in Cincinnati, accounting for 1,500 rooms. The only two proposed hotels located within Northern Kentucky, other than the Project hotel, are the Homewood Suites and the Home2 Suites in Newport.

Feedback from market stakeholders and hotel professionals indicated that the competition between downtown Cincinnati and Northern Kentucky is less prevalent than their proximity suggests. Typically, hotel guests staying on either side of the river are exclusively visiting attractions, businesses and/or events on that same side. This point is also supported by the redundant development of brands in both markets. Courtyard, Hampton Inn, Holiday Inn & Suites and Homewood Suites all exist or are proposed on both sides of the river.

Guests staying at the hotels in Covington are shown, using cell phone geofencing data, to have a stronger propensity to spend their leisure time in Kentucky than those hotels on the Cincinnati side of the Ohio River. This is particularly the case in their choices of where to dine out and consume alcoholic beverages. Those staying in Kentucky, despite a location within eyesight and only a mile of downtown Cincinnati, are far more likely to eat and drink in establishments within Kentucky. Of the top 20 restaurants visited by guests of the Marriott Cincinnati Rivercenter, 17 are in Kentucky and only two, Yard House and Moerlin Lager House in the Banks district, are in Ohio, although those two are among the top five. The top restaurants in Kentucky are Coppin’s, Hofbrauhaus in Newport, The Gruff, and Blinkers Tavern. By comparison, guests at the Hyatt Regency in Cincinnati stick to restaurants within Ohio. Only Coppin’s Restaurant and Bar and Hofbrauhaus register among the top 40 restaurants these visitors frequent.

Among the top leisure attractions, the Ohio side of the metro is home to the vast majority of significant tourist attractions, but when compared with a similar convention hotel in Cincinnati, the rates of visitation to those Ohio attractions are several percentage points lower among Covington guests, while Kentucky-based attractions such as Newport Aquarium and MainStrasse Village experience a higher visitation rate of about three to five percentage points.

Hotel Development Pipeline

There are several hotels that have been proposed as new developments / redevelopment in the Northern Kentucky / Cincinnati hotel market.

The following table shows a summary of the proposed hotel developments in the downtown Cincinnati and Northern Kentucky market, sorted by room count.

Table 4-3

Proposed Cincinnati / Newport Hotel Supply					
Property Name	City	Rooms	Year of Completion	Hotel Class	Function Space
Millennium Hotel Redevelopment	Covington	800	2021	–	80,000
Canopy by Hilton	Covington	168	2023	Upper Upscale	–
Kimpton Cincinnati	Covington	153	2022	Upper Upscale	5000
Hotel Covington	Covington	60	2022	Luxury	–
Cambria Hotels Cincinnati	Covington	150	2022	Upscale	–
Home2 Suites by Hilton	Covington	144	–	Upper Midscale	–
Courtyard Cincinnati Downtown	Covington	126	2022	Upscale	–
Homewood Suites by Hilton	Covington	124	2022	Upscale	–
MOXY Cincinnati	Covington	105	2021	Upper Midscale	–
Total	9 hotels	1,830	2022		

Source: CoStar, Smith Travel Research

There are eight proposed hotel projects in the downtown Cincinnati and Northern Kentucky market, totaling 1,770 rooms. The largest hotel proposal is the Millennium Cincinnati redevelopment, which will be connected to the to-be-expanded Duke Energy Convention Center in downtown Cincinnati. The only two hotels in the pipeline in Northern Kentucky are the Home2 Suites by Hilton and the Homewood Suites by Hilton, totaling 268 rooms, which will be located in Newport.

Millennium Cincinnati

The full-service Millennium, located at 150 West Fifth Street, is adjacent and connected by an enclosed skywalk to the Duke Energy Convention Center. The property was first opened in June of 1968. The last improvements to the 872-room property were a \$17-million renovation in 2001. Due to its proximity to the Duke Energy Convention Center and its location in Downtown Cincinnati, the hotel was a prime location for both the corporate convention visitors as well as leisure visitors to the city.

The following figure shows the property's exterior.

Figure 4-3



The Millennium Hotel, in recent years, has declined in meeting quality standards for its target market and demolition of the Millennium Hotel began in early April 2021. The hotel site has also changed ownership to the Port of Greater Cincinnati Development Authority, who is now responsible for the redevelopment of the hotel.

The proposed re-development plan involves 800 guest rooms with 80,000 square feet of meeting space. City officials have been urging for a complete overhaul of the property, due to its declining condition. The hotel is negatively impacting the City's ability to attract convention business. In addition, the hotel was in violation of health department codes particularly towards plumbing and lavatory facilities in guest rooms. This plan would coincide with the current expansion and renovation of the Duke Energy Convention Center and is similar to the current proposed plan for the Project. The current expansion plan for the Duke Energy Convention Center includes an increase in event space from 196,000 square feet to 300,000 square feet.

Hotel Covington

The Hotel Covington is a luxury/boutique hotel that is located on 638 Madison Avenue and is directly opposite the Madison Event Center. The property's construction was completed in 2016 and features 114 guest rooms (88 single bedrooms, 26 double bedrooms & 13 suites) along with 5,000 square-feet of meeting space. In addition, the hotel features the Coppin's restaurant that has indoor and patio seating.

The following image shows the exterior of the expanded Hotel Covington

Figure 4-4



The Hotel Covington is currently expanding to include a 72,000 square-foot building located at 19 E Pike Street, with improvements that will feature a bourbon distillery experience, 10,000 square feet of office space and 60 VIP / Presidential suites. The project costs are estimated to be more than \$22.5 million. The new suites sizes will range from 400 to 1,300 square feet and will include a unit mix between one-bedroom lofts to three-bedroom penthouses.

Northern Kentucky Competitive Set

HSP determined a set of local competitive hotels to profile and analyze within the Northern Kentucky market area. The major elements studied were location, quality, amenities, size, brand, and market demand mix. The Northern Kentucky hotels identified are located in Covington and Newport. HSP included higher quality hotels in the market most likely to compete with the new 177-room Project Hotel for potential group, corporate and leisure business.

The following table shows a summary of the hotels in the Northern Kentucky set.

Table 4-4

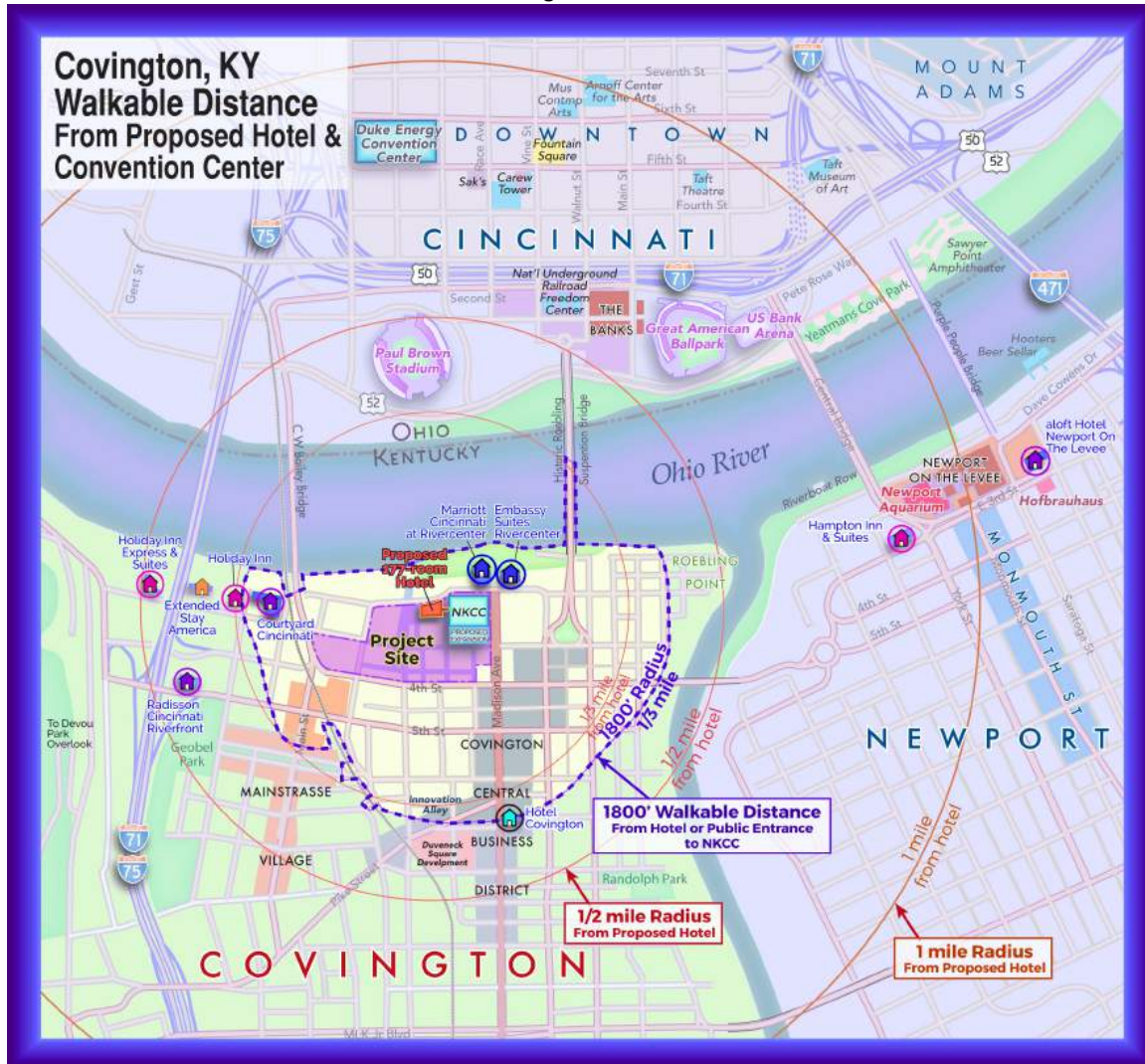
Covington / Northern Kentucky Competitive Set Hotels				
Property Name	from NKYCC	Rooms	Hotel Class	Year Built / Renovated
Marriott Cincinnati at Rivercenter	0.1	321	Upper Upscale	2021
Embassy Suites by Hilton	0.1	227	Upper Upscale	2018
The Hotel Covington	0.4	114	Luxury	2016
Courtyard Cincinnati Covington	0.6	194	Upscale	2013
Holiday Inn Cincinnati-Riverfront	0.7	155	Upper Midscale	2017
Radisson Hotel Cincinnati Riverfront	0.8	220	Upscale	2013
Holiday Inn Express & Suites Cincinnati Riverfront	1.1	127	Upper Midscale	2017
Hampton Inn & Suites Newport Cincinnati	1.5	122	Upper Midscale	2016
aloft Hotel Newport On The Levee	1.6	144	Upscale	2017
Total/Average		1,624	-	2016

Source: Smith Travel Research

The Covington competitive hotel set includes nine hotels, totaling 1,624 rooms. The largest hotel is the Marriott Cincinnati at RiverCenter (321 rooms) followed by the Embassy Suites by Hilton (227 rooms). The average age of the competitive set hotels is 22 years based on the date the hotels opened, yet when considering major renovation the average age is only five years. The average size of the listed properties is 180 rooms. The function space offered by the competitive set ranges from approximately 900 square feet at the Holiday Inn Express & Suites Cincinnati Riverfront to 10,400 square feet at the Marriott Cincinnati at RiverCenter.

The following figure shows a map of the Northern Kentucky competitive set relative to downtown Cincinnati and the Project.

Figure 4-5



All the hotels in the competitive set are less than one mile from the Ohio River. Only the Marriott, Embassy Suites, Courtyard and Hotel Covington are currently walkable from the Northern Kentucky Convention Center (NKYCC). These four walkable hotels offer a combined 856 hotel rooms. Based on the NKYCC's 46,000 square feet of sellable space, representing a rate of nearly 19 walkable hotel rooms per 1,000 square feet of function space. HSP typically recommends a rate of 15, so NKYCC is well supplied with walkable hotels currently. With the proposed expansion of the NKYCC and the development of the Project Hotel, this rate would decrease to 15.6 rooms per 1,000 square feet of function space. Without the Project Hotel, the rate of walkable rooms to exhibit space would fall below the recommended amount.

The following are profiles of each hotel in the Northern Kentucky competitive set.

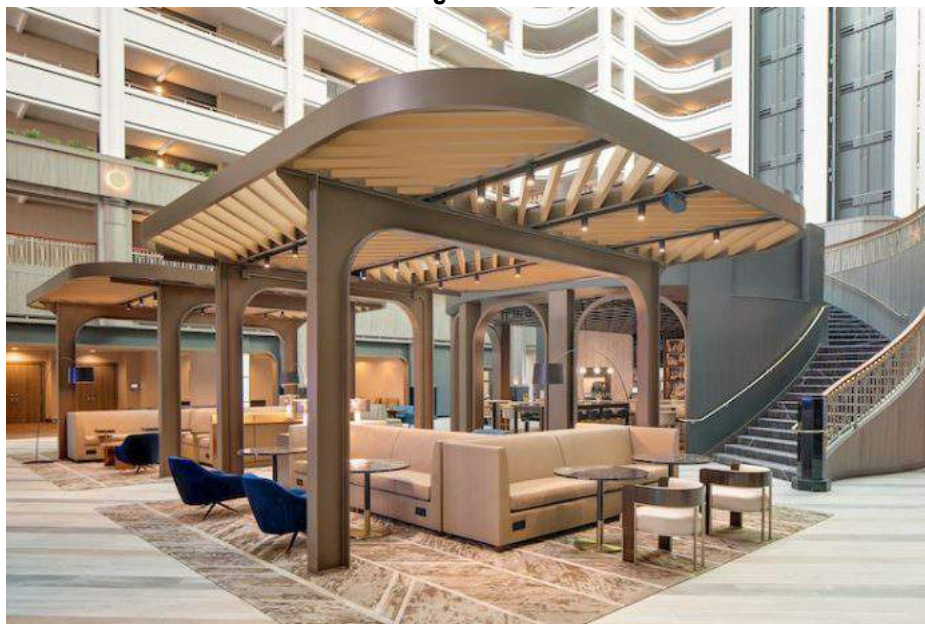
Marriott Cincinnati at RiverCenter

The full-service Marriott, located at 10 W. RiverCenter Boulevard, is located on the banks of the Ohio River in Covington. It is connected by an enclosed skywalk to the Northern Kentucky Convention Center. The property has visibility and access to visitors entering and exiting Northern Kentucky via the Roebling Way Bridge, which is approximately one block away. The property's high quality, amount of function space and location in relation to the Convention Center make it an attractive Northern Kentucky hotel.

The property opened in May of 1999. The 321-room property (317 rooms and 4 suites) recently completed a multi-million-dollar renovation in early 2021. The renovation included updating the guest rooms, it's more than 10,000 square feet of meeting spaces, as well as public spaces. The Marriott now offers its new M Club, a Bonvoy member's club available 24/7, and an updated Marriott Greatroom, which offers public space for guests to work and dine.

The following figure shows the property's lounge.

Figure 4-6



The following table shows the Marriott Cincinnati at RiverCenter’s function space.

Table 4-5

Marriott Cincinnati at RiverCenter Function Space			
Facilities	Total (SF)	By Division (SF)	Divisions
Ballroom Facilities			
Covington Ballroom	5,096		3
RiverView Ballroom	1,924		2
	<u>7,020</u>		<u>5</u>
Meeting Room Facilities			
Kentucky Room	936		1
Madison Room	1,121		2
Terrace Rooms	1,351		4
	<u>3,408</u>		<u>7</u>
Hotel Rooms	321		
Total Ballroom Space	7,020	/ Guest Room	21.9
Total Meeting Space	3,408		10.6
Total Function Space	10,428		32.5
Ballroom Divisions	5	/ 100 Guest Rooms	1.6
Meeting Room Divisions	7		2.2
Total Divisions (including Ballroom)	12		3.7

Source: Marriott Cincinnati at RiverCenter, Hunden Strategic Partners

The Marriott Cincinnati at RiverCenter has more than 10,400 square feet of flexible function space between two ballrooms and three meeting rooms. The Covington and RiverView ballrooms can be separated into three and two divisions, respectively. They total approximately 7,000 square feet. The three meeting rooms consist of more than 3,400 square feet of meeting space and seven divisions. The Marriott’s convenient location and connection to the Convention Center positions it well to offer supplemental function space to groups and events looking for space in addition to the Convention Center. The hotel offers onsite catering services for meetings and events.

While the Marriott and adjacent Embassy Suites Cincinnati RiverCenter are similar and compete for business, the Marriott is the rate leader in the Northern Kentucky competitive set. With an ADR in the mid \$150 range, the Marriott captures slightly more corporate transient business than the Embassy.

The following table shows the Marriot Cincinnati at RiverCenter visitation in 2019.

Table 4-6

Marriot Cincinnati at RiverCenter 2019 - Covington, KY					
January 1st, 2019 - December 31st, 2019					
Visitor Origins by Distance from Site Colors correspond to charts & maps	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 50 miles	106,300	36.7%	67,200	41.5%	1.58
Regional & Long Distance - Over 50 Miles	183,300	63.3%	94,900	58.5%	1.93
Total Visits	289,600	100.0%	162,100	100.0%	1.79

Source: Placer.ai

HSP also analyzed visitation trends, using Placer.ai, for the Marriot Cincinnati at RiverCenter as well as customer journey trends prior to and after visiting / availing of the hotel services. Certain hotspots that visitors tend to visit include the Embassy Suites by Hilton, Great American Ball Park, Newport on the Levee, MainStrasse Village and Smale Riverfront Park.

Statistics from Placer.ai indicates that approximately 12 percent of the regional and long-distance visitors as well as seven percent of local visitors tend to visit the Embassy Suites by Hilton Cincinnati RiverCenter prior to and after they visit the Marriott Cincinnati. The Marriott Cincinnati’s contribution to other leisure attractions tend to vary across attractions within Covington but include more than one percent of visitation to Newport on the Levee, above 0.6 percent to the Winterfair in Covington and other visitation ranging between 0.5 percent and 0.7 percent vary across many individual restaurant nodes around the hotel. However, common visitation trends to the Cincinnati leisure market include two percent of visitors going to Smale Riverfront Park as well as the Great American Ball Park.

Embassy Suites by Hilton Cincinnati RiverCenter

The Embassy Suites, located at 10 E. RiverCenter Boulevard in Covington, is adjacent to the Northern Kentucky Convention Center. As with the Marriott, one of the hotel’s greatest assets is its location in relation to the Convention Center. Open since June of 1990, the 227-suite property underwent a \$2.3-million renovation, completed in late 2018. Renovations included guest room improvements, corridor refinishing and a complete rebuild of the hotel’s atrium restaurant, bar and seating, as well as its breakfast room. The Embassy Suites features include nearly 7,100 square feet of function space, a fitness and business center, the on-site Noble Roman’s Pizza restaurant and Café Europa. The Embassy is the second Northern Kentucky hotel that has partnered with the Horseshoe Casino. This is likely a result of the hotels’ quality levels and the ability for the Horseshoe Casino to shuttle the thousands of convention center visitors back to the casino.

The following figure shows the property's rebuilt atrium.

Figure 4-7



The following table shows the Embassy Suites Cincinnati RiverCenter Covington’s function space.

Table 4-7

Embassy Suites by Hilton Function Space			
	Total (SF)	By Division (SF)	Divisions
Ballroom Facilities			
City View Ballroom	1,850		3
John A. Roebling Ballroom	3,800		3
	<u>5,650</u>		<u>6</u>
Meeting / Dinner Rooms			
Simon Kenton Boardroom	464		1
James Bradley Boardroom	464		1
Captain Mary Greene Boardroom	504		1
	<u>1,432</u>		<u>3</u>
Hotel Rooms	227		
Total Ballroom Space	5,650	/ Guest Room	24.9
Total Meeting Space	1,432		6.3
Total Function Space	7,309		31.2
Ballroom Divisions	6	/ 100 Guest Rooms	2.6
Meeting Room Divisions	3		1.3
Total Divisions (including Ballroom)	9		4.0

Source: Embassy Suites by Hilton, Cvent, Hunden Strategic Partners

The 7,100 square feet of flexible function space at Embassy Suites is distributed between two small ballrooms and three boardrooms. The two ballrooms total 5,700 square feet and each can be divided into three sections. The three meeting rooms total more than 1,400 square feet of meeting space. The hotel offers catering services to groups and events using the facilities.

The Embassy has the second highest ADR of the competitive set with a rate in the high \$130 to low \$140 range. Between the two hotels adjacent to the Convention Center, the Embassy has a higher proportion of group and leisure visitors who have a tendency to gravitate towards the select-service hotel price points and the suite style rooms, as well as the complimentary happy hour and breakfast.

The following table shows Embassy Suites by Hilton visitation in 2019.

Table 4-8

Embassy Suites by Hilton 2019 - Covington, KY					
January 1st, 2019 - December 31st, 2019					
Visitor Origins by Distance from Site Colors correspond to charts & maps	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 50 miles	174,000	40.7%	82,900	40.4%	2.10
Regional & Long Distance - Over 50 Miles	253,000	59.3%	122,400	59.6%	2.07
Total Visits	427,000	100.0%	205,300	100.0%	2.08

Source: Placer.ai

Certain hotspots that visitors tend to visit include the Marriot Cincinnati at RiverCenter, Great American Ball Park, Newport on the Levee, MainStrasse Village and Smale Riverfront Park.

Hotel Covington

As earlier profiled, the hotel's construction was completed in 2016 and features 114 guest rooms (88 single bedrooms, 26 double bedrooms & 13 suites) with each room having access to a fitness center and tablets that facilitate in-room dining services. The hotel also offers 5,000 square feet of event space across four rooms. The hotel is currently undergoing a 60-suite expansion, details of which are profiled earlier in this chapter.

The following figure shows the property's exterior.

Figure 4-8



The following table shows the Hotel Covington visitation in 2019.

Table 4-9

The Hotel Covington 2019 - Covington, KY January 1st, 2019 - December 31st, 2019					
Visitor Origins by Distance from Site Colors correspond to charts & maps	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 50 miles	321,400	77.0%	162,600	74.1%	1.98
Regional & Long Distance - Over 50 Miles	95,900	23.0%	56,900	25.9%	1.69
Total Visits	417,300	100.0%	219,500	100.0%	1.90

Source: Placer.ai

Certain hotspots that visitors tend to visit include Braxton Brewing, MaineStrasse Village, Agave & Rye, Old Town Tavern and Newport on the Levee.

Courtyard Cincinnati Covington

The select-service Courtyard is located at 500 W. 3rd Street in Covington, just south of the Ohio River between I-71 / I-75 and the C W Bailey Bridge. The property is adjacent to the Holiday Inn Cincinnati Riverfront. This 194-room property (187 rooms and 7 suites) opened in October of 1999. The Courtyard was purchased for nearly \$22 million in 2014 following a \$2.5-million renovation of the hotel's guest rooms. hotel offers approximately 1,900 square feet of function space in three rooms.

The following figure shows the property's exterior.

Figure 4-9



Holiday Inn Cincinnati Riverfront

The full-service Holiday Inn is located at 600 W. Third Street, adjacent to the Courtyard Cincinnati Covington. The 155-room property (152 rooms and 3 suites) opened in 1969. The hotel recently began a \$3-million renovation in 2017 that will include updated guest rooms, corridors, and lobby. The hotel offers more than 3,400 square feet of function space between three rooms, a fitness and business center.

The following image shows the Holiday Inn Cincinnati Riverfront.

Figure 4-10



Radisson Cincinnati Riverfront

The full-service Radisson, located at 668 W. 5th Street in Covington, is less than a half-mile south of the Ohio River and just east of I-71 / I-75. The 220-room property (216 rooms and 4 suites) opened in November of 1972 and completed renovations in late 2013. The renovation completed an overhaul of the guest rooms and included an expansion of the fitness center and update to the on-site Kelly's Public Landing restaurant. The hotel features approximately 9,600 square feet of function space and a second on-site restaurant called 360, a revolving restaurant on the 18th floor.

The following figure shows the property's exterior.

Figure 4-11



The following table shows the Radisson Cincinnati Riverfront's function space.

Table 4-12

Radisson Cincinnati Riverfront Function Space			
Facilities	Total (SF)	By Division (SF)	Divisions
Ballroom Facilities			
Bluegrass Ballroom	6,000		4
Commonwealth Room		2,400	1
Thoroughbred Room		1,200	1
Keeneland Room		1,200	1
Derby Room		1,200	1
	6,000		8
Meeting Room Facilities			
Texas Room	820		1
Mark Twain Room	620		1
Parlor A	720		1
Parlor B	720		1
Parlor C	720		1
	3,600		5
Hotel Rooms	220		
Total Ballroom Space	6,000	/ Guest Room	27.3
Total Meeting Space	3,600		16.4
Total Function Space	9,600		43.6
Ballroom Divisions	8	/ 100 Guest Rooms	3.6
Meeting Room Divisions	5		2.3
Total Divisions (including Ballroom)	13		5.9

Source: Radisson Cincinnati Riverfront, Hunden Strategic Partners

The Radisson features on-site catering for the 9,600 square feet of flexible function space. The function space consists of a 6,000-square foot ballroom, divisible into five rooms, and five additional meeting rooms. The five meeting rooms offer a total of 3,600 square feet.

Holiday Inn Express & Suites Cincinnati Riverfront

The limited-service Holiday Inn Express is located at 110 Landmark Drive in Bellevue, less than one-half mile southeast of the Comfort Suites and just east of I-471. The once 73-room property (47 rooms and 26 suites) that opened in December of 2007 now features 127 rooms following a renovation and expansion that took place in 2017. The hotel features 900 square feet of function space between two rooms, a business center and a smaller, limited fitness center. As with the Comfort Suites, this property benefits from the convenient proximity to area attractions such as Newport on the Levee, the Newport Aquarium and access to downtown Cincinnati.

The following figure shows the property's exterior.

Figure 4-12



Hampton Inn & Suites Newport / Cincinnati

The limited-service Hampton Inn is located at 275 Columbia Street in Newport, just west of the Taylor Southgate Bridge along the Ohio River. The 122-room property opened in 2016 and features approximately 900 square feet of function meeting space in two rooms, a fitness and business center.

The following image shows the Hampton Inn & Suites Newport / Cincinnati exterior.

Figure 4-13



The Hampton Inn attracts and accommodates the corporate business market and tends to be one of the rate leaders during the week. Operating under the Hilton brand family, with benefits such as the Hilton Honors Program, greatly helps to draw more consistent corporate transient travelers to the property. However, the property accommodates a significant amount of leisure and group visitors to the area, partly due to the proximity to downtown Cincinnati and the Newport attractions. There are a few hotels in Northern Kentucky like the Hampton Inn that have been able to attract the corporate segment during the week and maximize the typically slower weekend days with a more robust leisure segment.

aloft Hotel at Newport on the Levee

The full-service aloft Hotel is located at 201 Third Street between I-471 and the Taylor Southgate Bridge. This property was a part of an expansion of the Newport on the Levee's entertainment district. The hotel features 144 guest rooms (65 single rooms, 79 double rooms and suites) and 2,100 square feet of function space. The hotel also features a fitness center and various restaurant/catering options.

The following image shows the aloft Hotel at Newport on the Levee's exterior.

Figure 4-14



Accommodated Demand and Competitive Set Performance

HSP used Smith Travel Research data to analyze the Covington competitive set performance from 2013 through April 2021.

Table 4-17

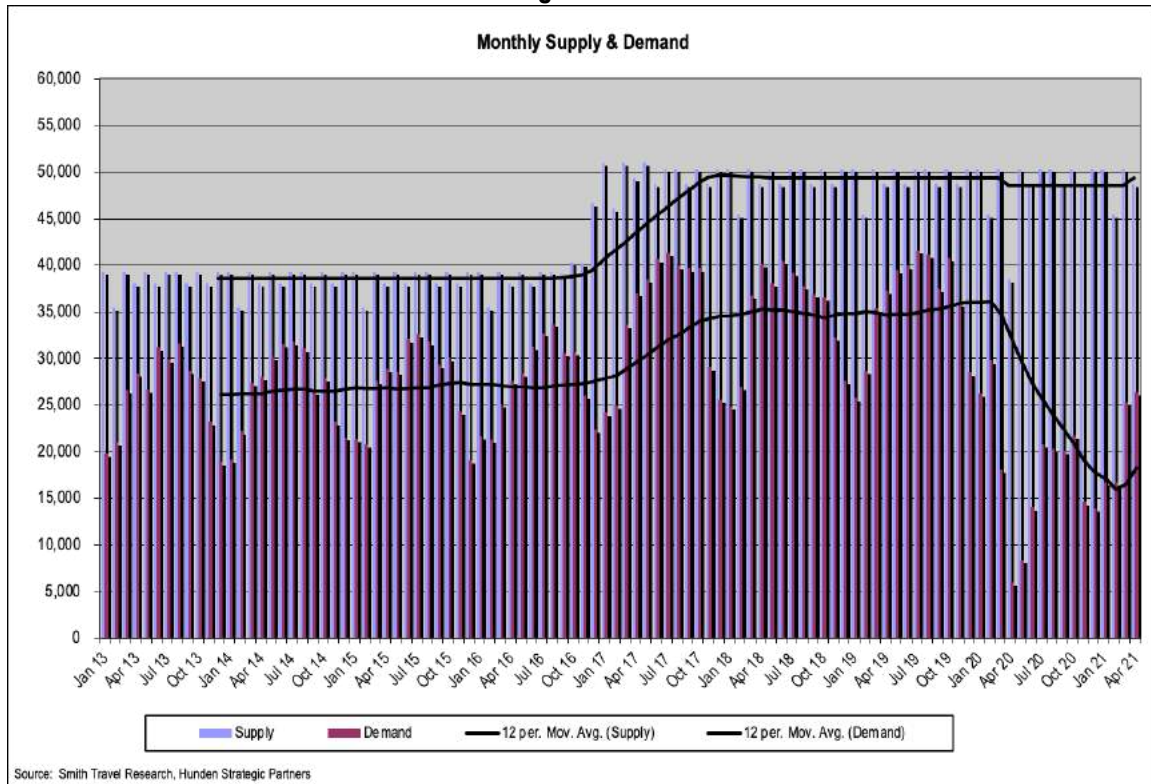
Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels											
Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2013	1,268	462,820	--	313,960	--	67.8	--	\$130.31	--	\$88.40	--
2014	1,268	462,820	0.0%	320,560	2.1%	69.3	2.1%	\$130.03	-0.2%	\$90.06	1.9%
2015	1,268	462,820	0.0%	326,681	1.9%	70.6	1.9%	\$131.28	1.0%	\$92.66	2.9%
2016	1,300	474,339	2.5%	331,622	1.5%	69.9	-1.0%	\$134.08	2.1%	\$93.74	1.2%
2017	1,634	596,384	25.7%	414,377	25.0%	69.5	-0.6%	\$132.80	-1.0%	\$92.27	-1.6%
2018	1,624	592,760	-0.6%	417,674	0.8%	70.5	1.4%	\$131.91	-0.7%	\$92.95	0.7%
2019	1,624	592,760	0.0%	431,991	3.4%	72.9	3.4%	\$136.84	3.7%	\$99.72	7.3%
2020	1,596	582,530	-1.7%	214,047	-50.5%	36.7	-49.6%	\$110.35	-19.4%	\$40.55	-59.3%
2021 YTD (Apr)	1,624	194,880	5.5%	85,169	6.3%	43.7	0.7%	\$113.42	-3.3%	\$49.57	-2.6%
CAGR* (2013-2020)	3.7%	3.7%	--	-4.5%	--	-6.5%	--	-2.2%	--	-7.7%	--

*Compound Annual Growth Rate
Sources: Smith Travel Research, Hunden Strategic Partners

From 2013 to 2019, demand for room nights in the competitive set steadily increased along with the delivery of more than 300 rooms from between the Hotel Covington, Aloft Hotel at Newport on the Levee as well as the renovation of the Holiday Inn Express & Suites at the Cincinnati Riverfront. The average daily rate consistently increased as well, peaking at approximately \$137 in 2019 with a decline in 2020 due to the COVID-19 pandemic. While occupancy rates during 2020 decreased due to a lack of travel and stay-at-home orders in place, the 2021 YTD rates show a slow rise in occupancy that reflects a steady recovery in occupancy rates amongst the hotel competitive set. RevPAR, revenue per available room, peaked in 2019 at \$99.72. It steadily increased between 2013 and 2019. The compound annual growth rate for RevPAR since is 4.6 percent.

The following figure shows the supply and demand trends for the competitive set.

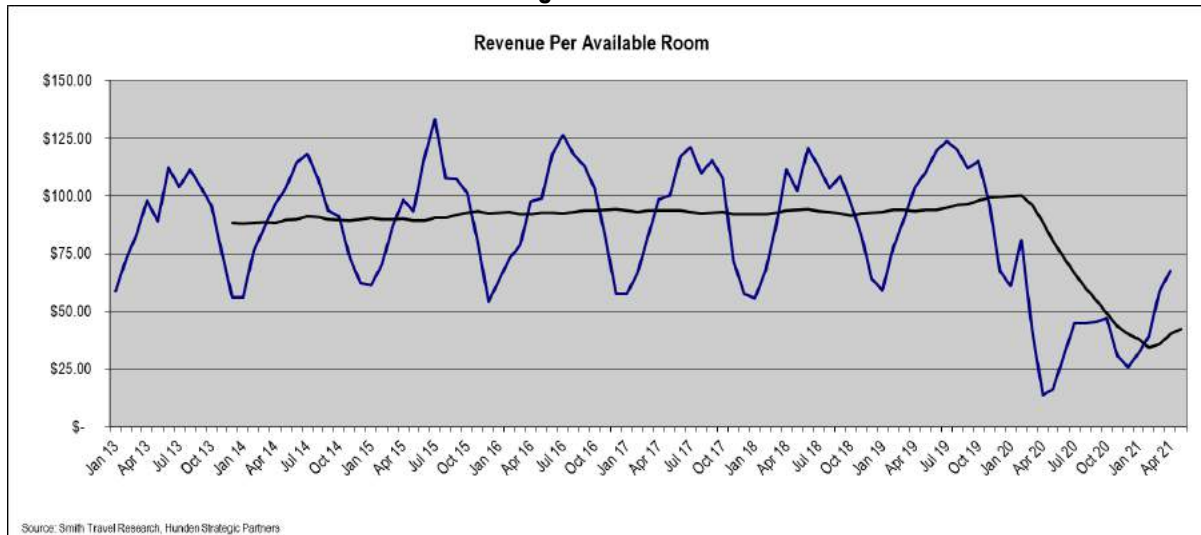
Figure 4-15



The competitive set has a consistent seasonality trend between 2013 and 2021. The addition of more than 300 rooms to the hotel supply was introduced and quickly absorbed. With the COVID-19 pandemic, demand for hotel rooms fell sharply over the course of 2020 with a slight rebound happening in the beginning of 2021.

The following figure shows the Revenue Per Available Room (RevPAR).

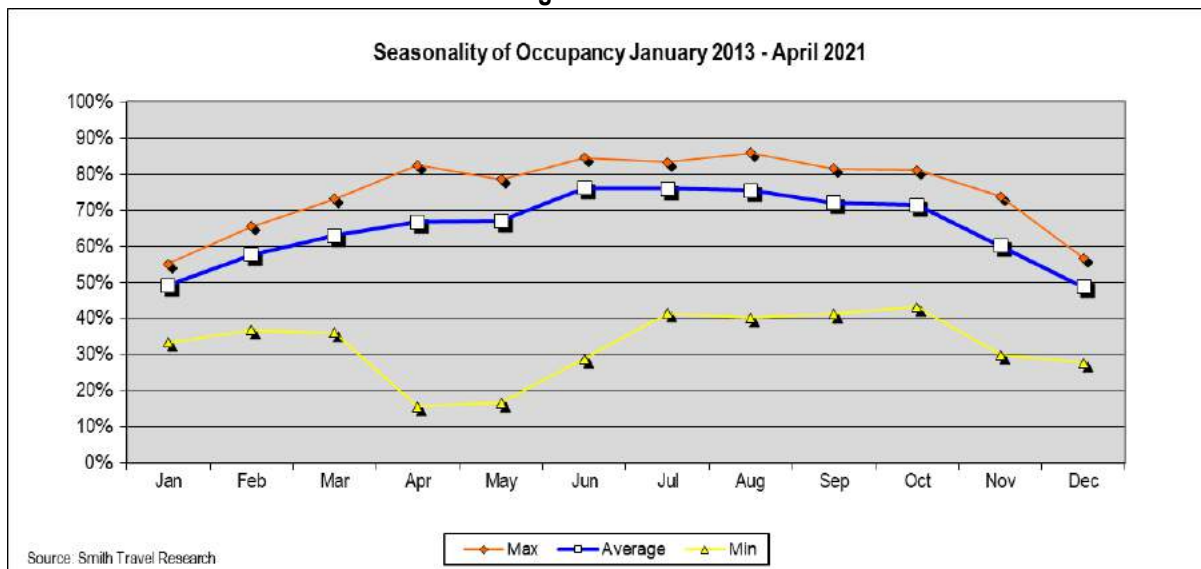
Figure 4-16



The smooth line in the above figure shows the 12-month moving average. The figure shows RevPAR to be fluctuating but fairly consistent over the time period with the exception of the years 2020 and 2021. Decreases in both demand and rates led RevPAR to fall to \$13.88 in April 2020, the lowest point shown, compared to \$103.62 in the same month of the prior year. Despite this, RevPAR has recovered in a sharp rebound to \$67.59 in April 2021.

The following figure displays the seasonality of occupancy during the last eight years.

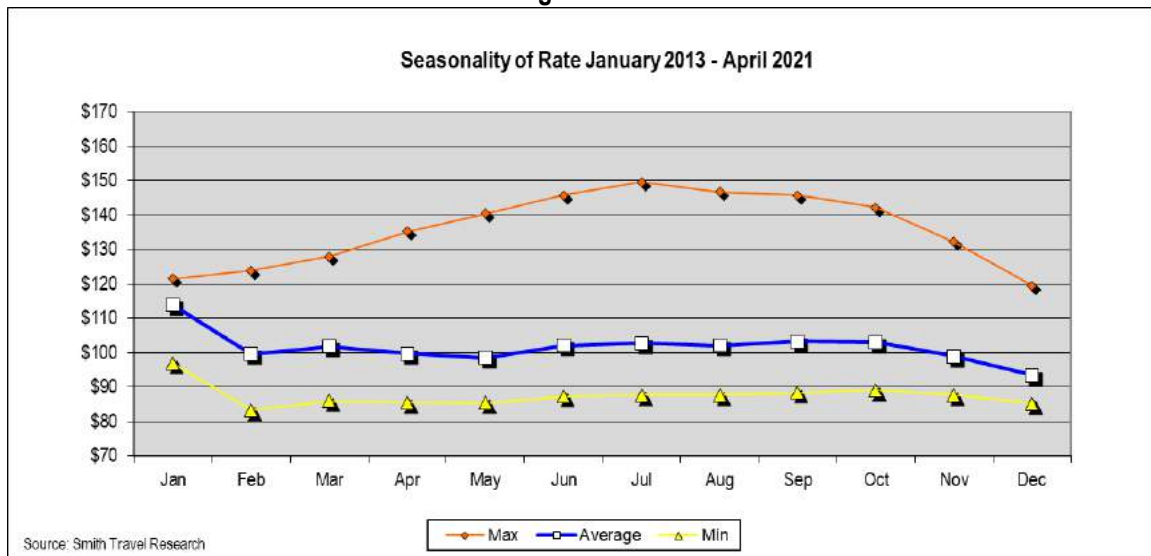
Figure 4-17



In terms of occupancy, June through August are the busiest months. These coincide with the travel and vacation periods for families and leisure travelers as well as when seasonal attractions like Reds games are drawing visitors to the region. These months average between 70 and 75 percent occupancy. The winter months of December and January tend to have the lowest occupancy with rates falling below 50 percent occupancy. The minimum range line reflected in the graph represents the 12 months including and following April 2020.

The following figure shows the seasonality of rate.

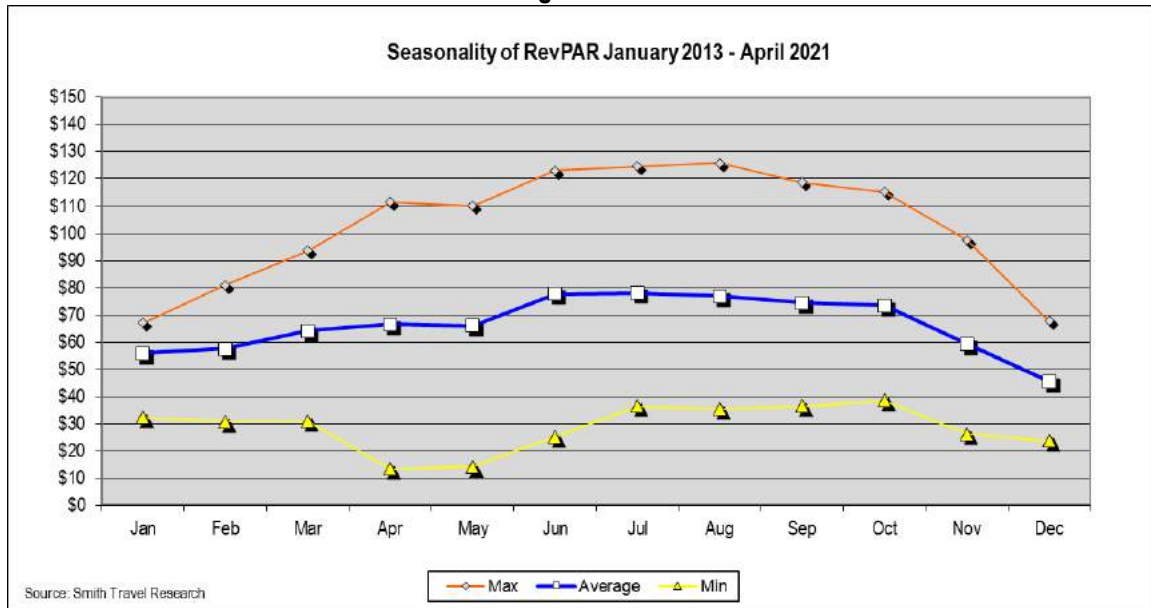
Figure 4-18



The average daily rate shows an increased rate in January with a marginal dip in the rates that remains consistent through the rest of the year. The average line in the above graph reflects the COVID-19 impacts and how it is skewing performance during this period which is lower than typical average daily rates that fluctuated between \$130 and \$140 in prior years.

The following figure shows the seasonality of RevPAR.

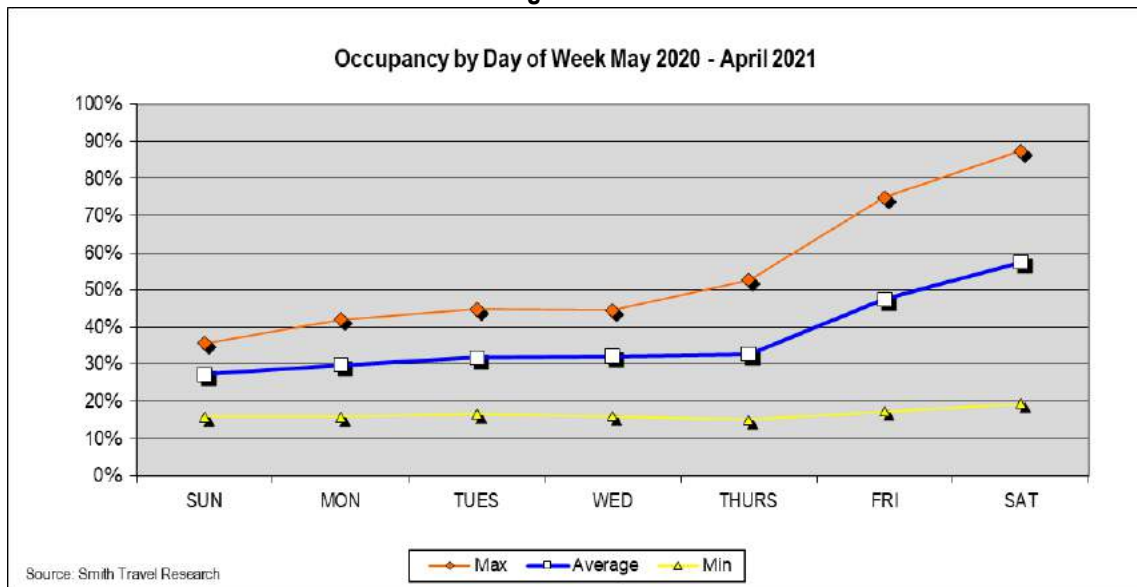
Figure 4-19



As with the other performance indicators, RevPAR data is consistent with the analysis of the prior graphs. RevPAR is highest during May through October when both the rate and the occupancy are high and at their peaks.

The following figure shows the occupancy by day of week during the 12 months ending April 2021.

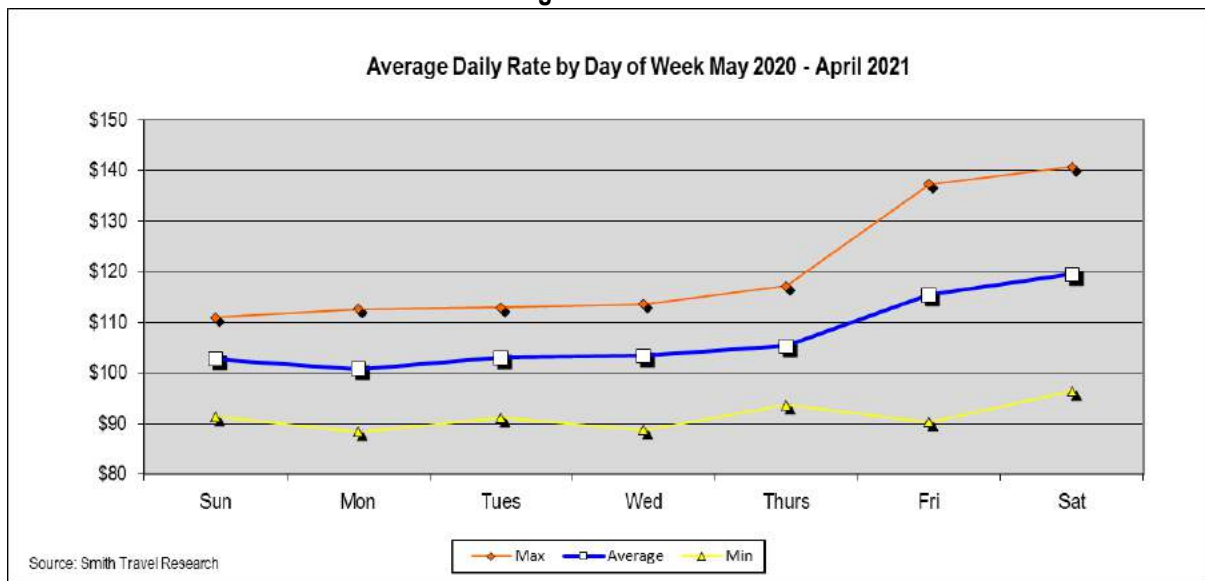
Figure 4-20



Occupancy is highest during the weekends, suggesting a strong leisure market on weekends for the Northern Kentucky hotel competitive set. Towards the end of 2020, occupancy rates over the weekends declined to 56 percent compared to the previous year which reflected rates of 80 percent or more over the weekends. Subsequently, occupancy rates are steadily recovering to pre-pandemic rates. This implies a temporary increase in leisure stays amongst the competitive set towards the end of 2020.

The following figure shows the average daily rate by day of week.

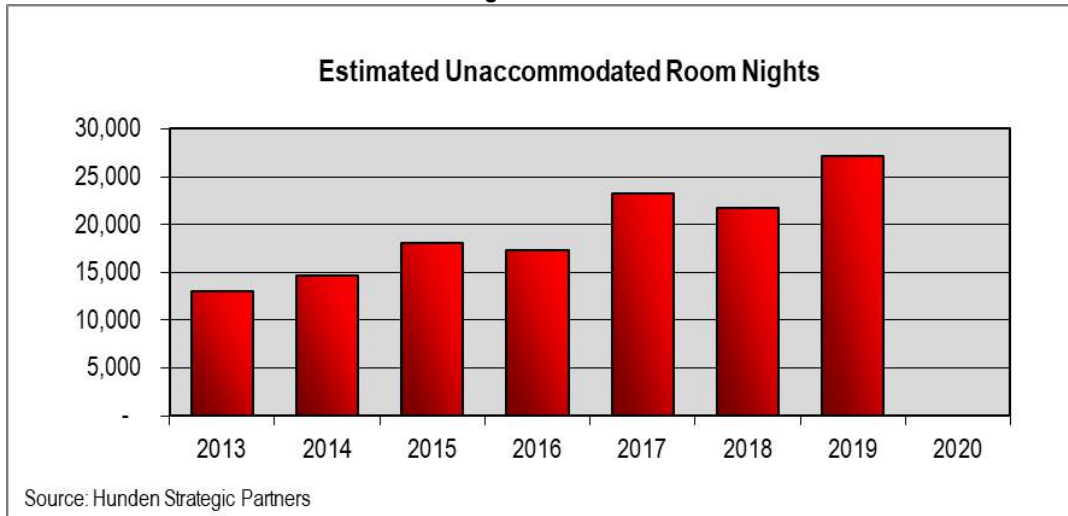
Figure 4-21



Rates followed a similar pattern to occupancy during the pandemic. As corporate and group travel returns post-pandemic, HSP expects rates to be compressed upward near pre-pandemic levels and to levels likely above the weekend rates shown in the chart above.

The following figure shows the estimate of unaccommodated room nights between 2013 and 2020.

Figure 4-22



Within the Northern Kentucky competitive set, the number of unaccommodated room nights increased during the period shown before COVID-19 impacted the travel industry. When rooms sell out or nearly do so, rates can be increased and the viability of new hotels is more likely, which is the case in the Northern Kentucky market. Based on HSP estimates, unaccommodated room night demand for the competitive set has increased from approximately 12,900 room nights in 2013 to 27,100 in 2019. With the development of the Project, especially the office space and expansion of the NKYCC, a new 177-room hotel would likely be well supported by the market once the post-pandemic new normal is achieved.

Northern Kentucky Hotel Market Conclusions

The Project Hotel will be opening into the Northern Kentucky hotel market, which has a number of high-quality and competitive hotels. Despite the proximity of downtown Cincinnati, HSP has determined that there is only peripheral competition and connection between these two markets currently, as overnight visitors perceive and treat them as primarily distinct from one another.

The Northern Kentucky hotel market consists of smaller limited- and select-service properties that were originally built in the 1990's. Four new hotels, the Hotel Covington, aloft Hotel at Newport on the Levee, Hampton Inn & Suites and Holiday Inn Express & Suites have opened in the five years. The other large and impactful hotels in Northern Kentucky have experienced reinvestment during the last ten years, with more than \$15 million spent on updating guest rooms, public areas, food and beverage offerings and meeting spaces throughout the market.

The Project Hotel will also be directly adjacent to and serving the expanded Northern Kentucky Convention Center. The symbiotic relationship of the Project Hotel with the NKYCC, as well as the balance of the Covington Central Riverfront Project, creates a strong level of support and feasibility for the Project Hotel. The Project Hotel will also be instrumental in addressing the gap in walkable hotels that would otherwise exist for the NKYCC once it is expanded.

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CONVENTION AND MEETINGS INDUSTRY & MARKET ANALYSIS

As part of the Project, the Applicant proposes the development of a 111,000-square foot expansion of the Northern Kentucky Convention Center (NKYCC). The expansion includes nearly 20,000 square feet of additional exhibit space and more than 8,000 square feet of meeting space across ten meeting rooms. The intention of the expansion to create space in the NKYCC and its calendar to host simultaneous events, so revenue and impact generating activity is taking place more consistently. The NKYCC will be able to host one show while another is moving in then host the subsequent show while the first moves out and so on.

This chapter will detail current convention and meeting industry trends, outline the regional competitive convention center market, profile the Northern Kentucky Convention Center expansion, and end by analyzing comparable convention centers across the U.S.

Convention and Meetings Market Industry Trends

Trends in the North American convention and tourism industries provide benchmarks against which destinations and executive staff can compare their own facilities to gauge performance. It is important to understand trends in order to project the impact the to-be-expanded NKYCC will have on the Project. In this section, HSP compiled the most recent and relevant information available about current trends regarding the convention and tourism industries.

The location, size, and characteristics of a city and its convention center are determining factors on the size and type of events that it can hold. The following table summarizes the key attributes of various types of meetings held in the industry today, including facility requirements.

Table 5-1

Facility Types & Requirements for Various Event Types										
Event Type	Conventions with Exhibits	Conventions	Tradeshows	Consumer Shows	Assemblies	Sports Events	Conferences	Meetings	Trainings	Banquets
Attendance Range	150 - 50,000	150 - 15,000	250 - 50,000	8,000 - 1,000,000	5,000 - 50,000	500 - 100,000	50 - 2,000	10 - 300	10 - 300	50 - 2,000
Primary Purpose	Info Exchange & Sales	Info Exchange	Sales	Advertising & Sales	Info Exchange	Sports	Info Exchange	Info Exchange	Training	Social, Business & Charity
Facility Requirements	Exhibit Halls, Ballroom, Meeting Rooms, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Exhibit Halls, Hotel Block	Exhibit Halls	Arena or Exhibit Halls, Hotel Block	Arena, Stadium or Exhibit Halls, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Ballroom
Typical Facility Used	Convention Center & Large Hotels	Convention Center & Large Hotels	Expo Facilities & Convention Centers	Expo Facilities & Convention Centers	Arenas or Convention Centers	Arena, Stadiums, Convention Centers	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels

Source: HSP

Convention centers require many peripheral support amenities such as roads and highways for access, hotels and restaurants, and nearby airports and transit stations. These items must all be present in order to not only acquire large events and conferences but to ensure they run smoothly and efficiently.

The following table details the trends in event site-selection and surrounding area amenities.

Table 5-2

Event Site-Selection Trends - Areas and Amenities			
Areas & Amenities	Very Important	Moderately Important	Not Important
On-Site or Near-by Parking	100%	0%	0%
Highway access	75%	25%	0%
Hotels	64%	18%	18%
Proximity to restaurants and bars	36%	45%	18%
Proximity to mass transit access	33%	50%	17%
Suburban areas	25%	50%	25%
Entertainment areas	18%	45%	36%
Downtown business district	17%	50%	33%
Proximity to tourism, cultural attractions	8%	58%	33%
Airport	8%	33%	58%
Sports facilities	8%	17%	75%
Universities/Colleges	8%	17%	75%
Ocean beachfront areas	8%	8%	83%
Proximity to recreational activities	0%	58%	42%
Manufacturing bases	0%	25%	75%
Resorts	0%	25%	75%
Casino/Gaming Destination	0%	8%	92%

Source: R7M Research & Consulting

On-site or nearby parking availability and highway access is a critical issue for most public consumer shows and convention center events. Event and meeting planners want attendees to have easy and convenient access to the facility with plenty of available parking once they arrive. Hotels are another highly important amenity for exhibitors and attendees. Hotels with walkable access to the convention center are prized and commonly show strong demand throughout the year due to their convenient location.

It is important for stakeholders of the Project to understand the forces shaping the ever-changing meetings business. The expectations for ease, walkability, convenience and low prices have increased, while the yearning for authenticity, flexibility, and uniqueness of meeting space has increased as well. Often, a single event will use many different types of spaces, including exhibit halls, banquet facilities and breakout meeting rooms. The soon-to-be renovated and expanded NKYCC will host many event types that will range from small banquets and meetings to trade shows and consumer shows attended by participants from across the regional and the U.S. The expansion allows the NKYCC to host events more events and generate more impact than it could pre-expansion. With these more frequent events come more attendance and thus more visitors into the downtown Covington area who will need hotels to stay in, restaurants to dine at, and entertainment options to cater to their needs.

Event Planner Convention Hotel Expectations

The convention and meetings market has evolved over the past 20 years and has grown more sophisticated and planners have increased their requirements. At one time meeting planners expected to contract with multiple hotels in order to service a convention, pay for their own transportation and seek additional event and meeting locations. In recent years however, cities began to offer room packages within just a few very large hotels adjacent to convention centers. This improvement in packaging of the convention product led to expectations by the market and competitive pressure for all convention facilities to offer a convenient package of hotels attached, adjacent or within immediate walking distance of the convention facility. This eliminates the need for shuttling in most cases and often the hotels provide enough meeting and event spaces for the additional needs of the planners. Those that do not offer such a package, such as Covington has historically, suffer considerably when competing for meetings, conferences, conventions and other events. Those that offer the best packages, such as Indianapolis, San Diego, Charlotte and San Antonio, have shown excellent convention center performance. Even smaller cities like Covington end up competing in this tough market, especially as it is surrounded by four larger convention markets (Indianapolis, Louisville, St. Louis and Nashville).

Further, demands have expanded beyond just having nearby hotel rooms. Many and often all of the following factors are considered to be critical to event planners when selecting convention hotels for their groups.

- Full-service, branded hotel property
- Large room blocks
- High-quality meeting and function space
- Onsite food and beverage service
- Onsite or nearby parking

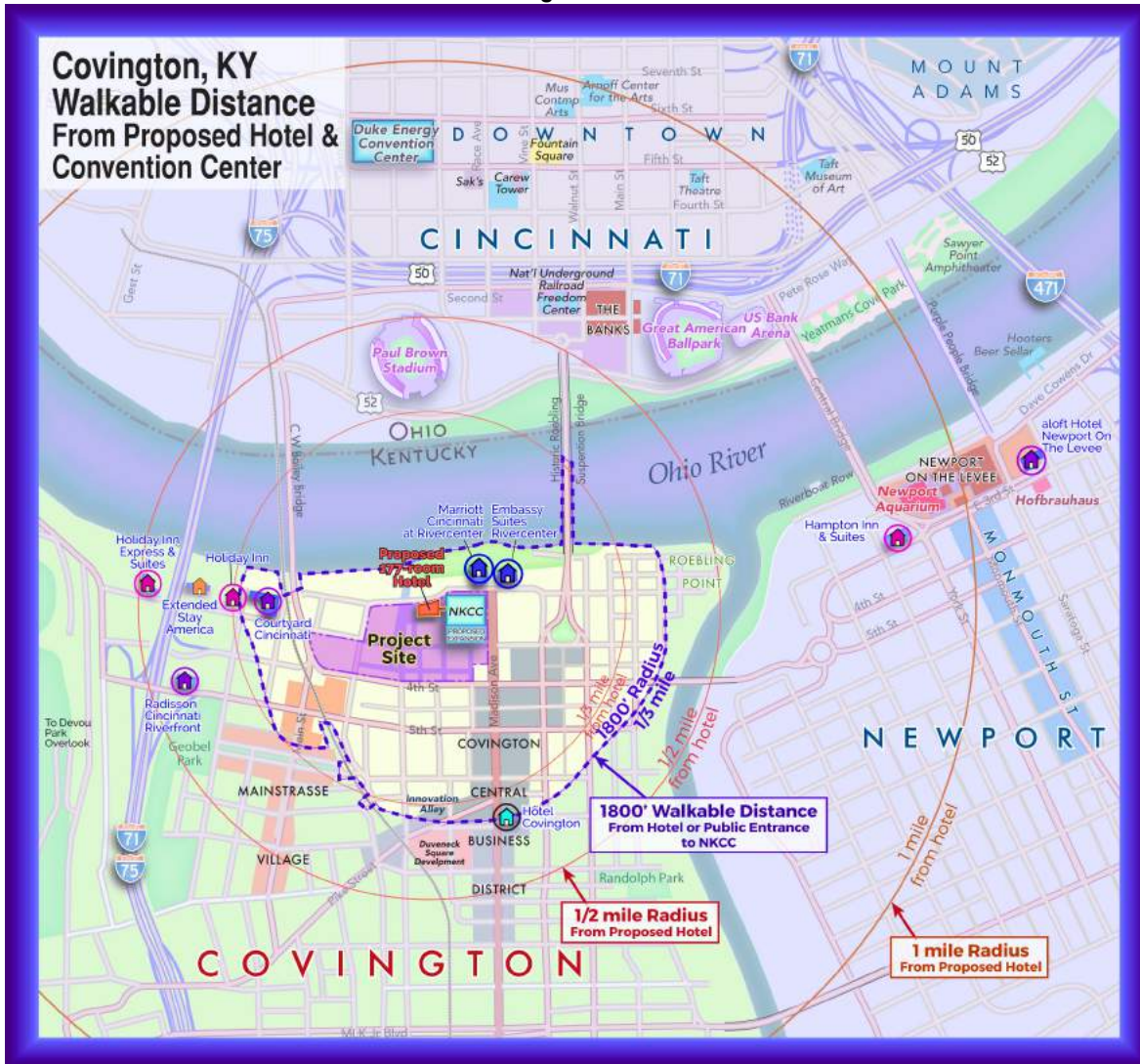
With all of these requirements placed on convention hotels, these facilities are often outside the realm of private financial feasibility. This feasibility gap is generally temporary, typically during the pre-development and early operational stages of the property but renders such projects difficult to finance. However, for markets with lower average daily rates and occupancy levels, the feasibility gap can be ongoing.

Northern Kentucky Convention Center

The Northern Kentucky Convention Center (NKYCC) was built in 1998 as a 204,000-total square foot convention center. NKYCC has 110,000 square feet of meeting, exhibition, and social function space, and is located along the banks of the Ohio River. The NKYCC has 10 flexible meeting rooms totaling 13,288 square feet and a 17,500-square foot ballroom that can be divided into five separate spaces. The facility also offers a 400-seat auditorium, a 46,200-square foot event space, and an 8,000-square foot main lobby.

The following map shows the walkable assets from the Project, including the expanded NKYCC.

Figure 5-1



The following list shows the hotels and their room counts within walking distance of the NKCC.

- Marriott Cincinnati at Rivercenter – 321 rooms
- Embassy Suites Cincinnati Rivercenter – 227 rooms
- Courtyard Cincinnati Riverfront – 194 rooms
- Project Hotel (proposed) – 177 rooms
- The Hotel Covington – 114 rooms

Currently, the Northern Kentucky Convention Center has four walkable hotels offering 856 guest rooms, which represents approximately 19 walkable hotel rooms per 1,000 square feet of exhibit space. An optimal package

has 15 rooms per 1,000 square feet. Once the Project is developed and NKYCC is expanded, the NKYCC will have 15.6 rooms per 1,000 square feet, which is optimal.

The following is a picture of the Northern Kentucky Convention Center.

Figure 5-2



The NKYCC has the advantage of being on the border of a growing city, Covington, and an established metro area, Cincinnati. The NKYCC hosts an array of conferences, meetings, sports tournaments and conventions for mostly out-of-state groups. The largest corporate business groups using the facility include Proctor & Gamble, Kroger and Fidelity Investments. Toyota had been a larger user before it vacated its regional headquarters.

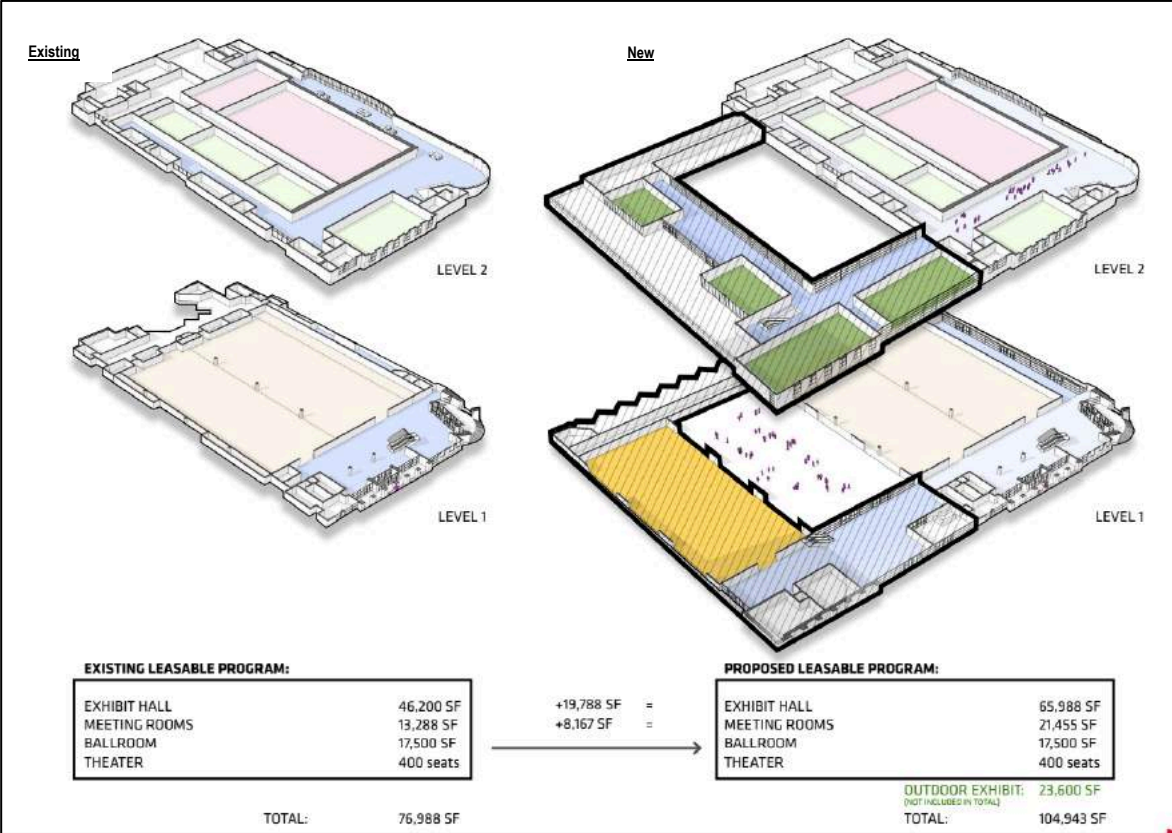
The NKYCC has two adjacent hotels: the 321-room Marriott Cincinnati at RiverCenter and the 227-room Embassy Suites Cincinnati RiverCenter Covington. The two hotels combined offer 548 rooms and approximately 17,500 square feet of additional function space. The two additional walkable hotels, the Hotel Covington and the Courtyard Cincinnati Riverfront, bring the total walkable hotel rooms to 856 for the NKYCC.

Plans for Expansion

The expansion of the NKYCC is proposed to add 111,000 square feet of space to the 204,000-square foot facility. This increase in gross space will provide nearly 20,000 square feet of additional exhibit space via Hall C and more than 8,000 square feet of meeting space across ten meeting rooms.

The following figure shows the existing floor plan of the NKYCC compared to the proposed expanded program. These floor plans were provided by CS&L and Populous in CS&L's 2019 study regarding the NKYCC expansion. CS&L is an advisory and planning firm that specializes in providing consulting services to the sports, entertainment, convention and leisure industries.

Figure 5-3



The figure above shows the existing structure of the NKYCC and the new expansion plan on the right. Beyond the additional indoor meeting space, the expansion of NKYCC also includes nearly 24,000 square feet of outdoor exhibit space in the form of a courtyard between the existing exhibit halls and the proposed Hall C. The plan shown above also offers an 11,000-square foot outdoor patio on the second floor adjacent to the new meeting rooms. The new plan includes an additional 19,788 square feet of exhibit hall space shown in yellow and an additional 8,167 square feet of meeting room space shown in green.

The NKYCC expansion, along with the development of the Project Hotel and the balance of the Project, will open the door to additional out-of-state and regional groups to host their events in Covington. The addition of a vibrant, walkable district offering restaurants and entertainment for attendees will also make NKYCC more competitive for national events, too. Many smaller, suburban convention centers leverage their greater convenience, attractive rate structures and proximity to metropolitan markets to attract impactful events from beyond the local area.

Historical Demand

HSP gathered and summarized historical demand data from the NKYCC to assess trends in the number and types of events, event days and room nights generated.

The following table shows a summary of demand for the NKYCC from 2014 through 2019.

Table 5-3

Northern Kentucky Convention Center Historical Demand Summary							
	2014	2015	2016	2017	2018	2019	Average
Events	96	96	113	129	145	167	124
Event Days	257	265	291	283	281	333	285
Event Days per Event	2.7	2.8	2.6	2.2	1.9	2.0	2.3
Room Nights	17,495	13,633	22,020	21,546	21,121	28,175	20,665
Room Nights per Event	182	142	195	167	146	169	166

Source: NKYCC

Overall, demand has steadily increased at the NKYCC since 2014. Events, event days and room nights all increased significantly during the period shown. However, on a per event basis, events have been getting shorter with a slight decrease in average room nights per event, as well.

The following table shows the events hosted at the NKYCC by demand segment between 2014 and 2019.

Table 5-4

Northern Kentucky Convention Center - Events by Segment							
Segment	2014	2015	2016	2017	2018	2019	Average
Association (A-SC)	21	19	26	23	19	26	22
Corporate (C-OR)	67	68	79	96	115	126	92
Government (G-VT)	2	4	1	4	1	6	3
In-House (I-NH)	1	1	1	1	0	0	1
Social (S-OC)	5	4	6	5	10	9	7
Total	96	96	113	129	145	167	124

Source: NKYCC

As shown in the previous table, total events have increased since 2014. During the six-year period, events hosted increased by more than 70 percent. Corporate events accounted for nearly 75 percent of all events, while association events accounted for 18 percent.

The following table shows the event days per event hosted at the NKYCC by demand segment between 2014 and 2019.

Table 5-5

Northern Kentucky Convention Center - Event Days per Event							
Event Type	2014	2015	2016	2017	2018	2019	Average
Association (A-SC)	3.1	3.4	3.5	3.3	2.8	3.7	3.3
Corporate (C-OR)	2.4	2.5	2.2	1.9	1.8	1.6	2.0
Government (G-VT)	2.0	2.0	2.0	2.0	2.0	2.2	2.1
In-House (I-NH)	13.0	12.0	10.0	8.0	-	-	10.8
Social (S-OC)	3.0	2.5	2.2	1.0	2.3	2.3	2.2
Average	2.7	2.8	2.6	2.2	1.9	2.0	2.3

Source: NKYCC

While total events increased between 2014 and 2019, event days per event trended downward. Corporate events decreased from nearly 2.5 days per event to nearly 1.5. Association and government events instead got longer, though not enough to offset the decreases experienced in other segments.

The following table shows the room nights generated at the NKYCC by demand segment between 2014 and 2019.

Table 5-6

Northern Kentucky Convention Center - Room Nights by Segment							
Event Type	2014	2015	2016	2017	2018	2019	Average
Association (A-SC)	8,430	5,863	8,767	10,260	6,548	12,736	8,767
Corporate (C-OR)	7,915	7,580	13,103	10,107	13,648	13,479	10,972
Government (G-VT)	0	0	0	1,179	0	970	358
In-House (I-NH)	0	0	0	0	0	0	0
Social (S-OC)	1,150	190	150	0	925	990	568
Total	17,495	13,633	22,020	21,546	21,121	28,175	20,665

Source: NKYCC

NKYCC has generated nearly 21,000 room nights per year since 2014. Annual room nights generated increased during the period from 17,500 to more than 28,000. Despite the higher number of corporate events, association events generated a relatively similar number of room nights or even more in some years than corporate events. Government and social events also produced a small number of room nights, typically less than 1,000 each year.

Visitation Trends

The following table shows a breakdown of NKYCC visitors by origin.

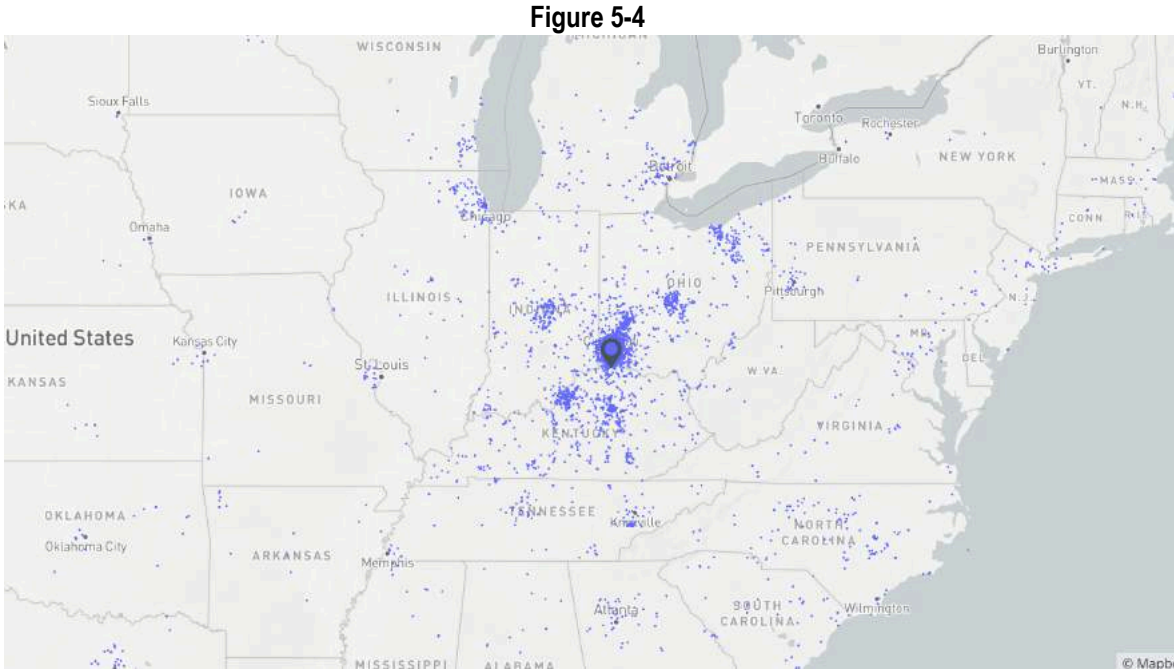
Table 5-7

NKYCC Attendee Origin Jan 2017 - May 2021		
Origin	Estimated Visitors	%
In-State	133,893	35%
Out-of-State	248,754	65%
Total	382,647	100%
Within 50 miles	210,560	55%
Beyond 50 miles	172,087	45%
Total	382,647	100%

Source: Placer.ai, QGIS

The NKYCC has attracted nearly two-thirds of its attendees from outside Kentucky since the beginning of 2017. With more than half of visitors also being from within 50 miles, this suggests that NKYCC is attracting a significant portion of its attendees from the Ohio and Indiana.

The following figure shows regional map of visitor origin between January 2017 and May 2021.



The 45 percent of visitation coming from beyond 50 miles extends from Massachusetts to San Diego and from Miami to Minneapolis. The density of visitation begins to taper off north of Chicago/Madison, east of Pittsburg, south of Atlanta and west of the Mississippi River. As expected, the densest area is within the Cincinnati metro, yet far more visitation comes from Ohio than Kentucky.

Competitive Convention and Meetings Facilities

HSP identified and analyzed the existing regional competitive supply of meeting space. HSP assessed the regional competition by market to better understand the number of walkable hotel rooms surrounding these competitive facilities. In doing so, HSP synthesized implications that will inform the potential demand for additional hotel rooms relative to the expanded NKYCC. Throughout the process, HSP considered how the NKYCC expansion will perform within the regional marketplace and its impact on the future viability and success of the Project, especially the 177-room Project Hotel. An emphasis was put on the walkable hotel rooms per 1,000 square feet of exhibit space to help understand if following the expansion of the NKYCC there would be a demand for additional hotel rooms within walkable distance to the facility.

Regional Competitive Convention Centers

HSP identified meeting and event facilities within the region that displayed similar market characteristics of Covington. To identify such facilities, HSP utilized industry resources, recent studies, and spoke with local stakeholders and those familiar and knowledgeable with the regional convention market.

The following table summarizes the competitive regional meeting and event facilities between 50,000 and 500,000 square feet of total function space and is sorted by total square footage of function space.

Table 5-8

Covington Regional Competitive Convention Centers									
Name	Location	Total SF	Exhibit SF	Ballroom SF	Meeting Room SF	Largest Ballroom SF	Number of Meeting Rooms	Walkable Hotel Rooms	Walkable Rooms/1,000 SF Exhibit Space
Music City Center	Nashville, TN	499,300	345,400	70,250	83,650	52,350	59	8,997	26
Gaylord Opryland Resort & Convention Center	Nashville, TN	468,430	263,781	129,873	74,776	55,314	78	3,393	13
David L Lawrence Convention Center	Pittsburgh, PA	422,694	312,756	33,058	76,880	33,058	53	3,820	12
Charlotte Convention Center	Charlotte, NC	414,142	280,000	75,000	59,142	40,000	46	4,818	17
Duke Energy Convention Center	Cincinnati, OH	295,972	195,320	57,311	43,341	39,985	30	2,675	14
Birmingham-Jefferson Convention Complex	Birmingham, AL	295,646	204,684	14,044	76,918	14,044	46	443	2
Greater Richmond Convention Center	Richmond, VA	256,830	178,159	32,093	46,578	30,550	31	1,957	11
Raleigh Convention Center	Raleigh, NC	212,061	146,843	32,617	32,601	32,617	20	1,132	8
Memphis Cook Convention Center	Memphis, TN	203,703	118,164	27,379	58,160	27,379	40	1,459	12
Von Braun Center	Huntsville, AL	180,036	148,864	16,280	14,892	16,280	14	665	4
Knoxville Convention Center	Knoxville, TN	173,374	120,000	26,684	26,690	26,684	18	1,414	12
Central Bank Center	Lexington, KY	148,010	99,444	24,330	24,236	24,330	16	1,319	13
Chattanooga Convention Center	Chattanooga, TN	144,740	100,800	18,360	25,580	18,360	21	2,126	21
Charleston Civic Center	Charleston, WV	94,841	50,104	18,395	26,342	18,395	23	1,207	24
Charleston Area Convention Center	North Charleston, SC	80,060	76,960	0	3,100	0	2	1,995	26
Sharonville Convention Center	Cincinnati, OH	58,707	20,455	14,067	24,185	14,067	15	881	43
Columbia Metropolitan Convention Center	Columbia, SC	58,570	23,700	16,366	18,504	16,366	15	1,152	49
Bayfront Convention Center	Erie, PA	56,323	28,800	13,500	14,023	13,500	15	486	17
Average		225,747	150,791	34,423	40,533	26,293	30	2,219	18
Northern Kentucky Convention Center w/ Project*	Covington, KY	104,943	65,988	17,500	21,455	24,300	20	1,033	16
Difference from Average w/ Project		-120,804	-84,803	-16,923	-19,078	-1,993	-10	-1,186	-2
Northern Kentucky Convention Center w/o Project	Covington, KY	76,988	46,200	17,500	13,288	17,500	10	856	19
Difference from Average w/o Project		-148,759	-104,591	-16,923	-27,245	-8,793	-20	-1,363	1

* Walkable Rooms Include 177-room Hotel
Source: Various facilities, NKYCC, Cvent, Smith Travel Research

Once expanded, the Northern Kentucky Convention Center will outgrow some of its smaller-sized competitors and cities and begin competing more directly with the medium size facilities in larger Midwestern and Southern markets. Although the NKYCC falls in the lower end of the competitive set by total square feet, its size correlates with the size of the city of Covington and the surrounding area.

The key takeaway from the competitive convention packages is that the NKYCC will be competing for business that will be nearly all from outside of Kentucky. Any new business that the Project helps to induce, will likely be pulled from non-Kentucky locations.

Post expansion, the NKYCC will have nearly 105,000 total square feet of function space. Compared to its competition in the surrounding region, the NKYCC falls in the lower half. Similar sized convention centers are Charleston Civic Center in Charleston, West Virginia with 95,000 total square feet, Chattanooga Convention Center in Chattanooga, Tennessee with 145,000 total square feet, and Central Bank Center in Lexington, Kentucky with 148,000 square feet. In terms of space breakdowns, the NKYCC will have the lowest total ballroom space and meeting space, in terms of exhibit space NKYCC will surpass Charleston Civic Center by nearly 16,000 square feet.

Another important regional convention industry development is the Port of Greater Cincinnati Development Authority's plans to expand the Duke Energy Convention Center (DECC) and redevelop the headquarter Millennium Hotel, which is currently in the process of being demolished. No specific plans or timelines on either the DECC expansion or the Millennium redevelopment have been determined at this point. While the two projects are estimated to cost a total of up to \$500 million, NKYCC management does next expect increased

direct competition from across the river. Duke Energy’s size and target market does not overlap with that of the NKYCC, and the gap is only expected to grow once DECC is expanded.

Feedback

HSP spoke with convention and meetings professionals and other stakeholders in the market regarding the Project. The following takeaways were determined.

- The NKYCC in its current condition is seen as having a declining baseline. Competitive centers have higher-quality space and often more attractive destinations, which will require the renovation of existing spaces and the development of the Project to address.
- The Project Hotel and walkable district of restaurants and green space will create a more attractive pre- and post-event experience for attendees, which can be leveraged to attract more out-of-state business.
- The current supply of walkable hotels is high-quality but a little spread out from the NKYCC, especially with the lack of walkability due to the IRS building. The Project Hotel will be a welcome addition to the hotel offerings.
- The expansion of the NKYCC is likely to come after much of the Project has been developed, so the facility can leverage the new and expanded amenities for marketing.

Comparable Convention Centers

HSP identified and profiled relevant comparable facilities to better understand the key details of each venue. These comparable facilities were chosen based on their size, location within a market near a larger metropolitan market which has its own primary convention center. In this section, HSP explores the physical program and walkable hotels, as well as each center’s pre-pandemic visitation and performance.

The following table shows a summary of the physical program, walkable hotel rooms and visitation for the selected comparable convention centers across the U.S.

Table 5-9

Comparable Convention Centers										
Facility	Metro Area	City	Total Function SF	Exhibit SF	Ballroom SF	Meeting SF	Walkable Hotel Rooms	2018-19 Total Visits	% Out-of-State Visitation	% Visitation from > 50 miles
Northern Kentucky Convention Center*	Cincinnati-Covington, OH, KY	Covington, KY	76,988	46,200	17,500	13,288	1,033	340,200	71%	45%
Overland Park Convention Center	Kansas City, MO-KS	Overland Park, KS	85,000	48,000	26,000	11,000	824	1,480,000	54%	33%
St. Charles Convention Center	St. Louis, MO-IL	St. Charles, MO	56,850	27,600	22,225	7,025	440	1,010,000	35%	40%
Greater Tacoma Convention Center	Seattle-Tacoma, WA	Tacoma, WA	74,550	50,000	13,650	10,900	485	697,600	20%	37%
Meydenbauer Convention Center	Seattle-Tacoma-Bellevue, WA	Bellevue, WA	50,500	--	36,000	14,500	1,067	721,400	19%	31%
Irving Convention Center at Las Colinas	Dallas-Fort Worth, TX	Irving, TX	86,200	49,600	26,100	11,500	629	1,010,000	17%	35%
Average			71,681	44,080	23,579	11,369	746	876,533	36%	37%

* Includes Expansion and Project Hotel
Source: Hunden Strategic Partners, Placer.ai

While geofencing data shows that NKYCC is the least visited facility of the comparable convention centers, it is also most highly visited by out-of-state attendees and attendees from beyond 50 miles as a percentage of total visitation. Overland Park Convention Center, south of Kansas City, and St. Charles Convention Center, near

Saint Louis both also capture a large contingent of their attendees from out-of-state and beyond 50 miles. Upon expansion NKYCC will also be the largest facility with the second highest number of walkable hotel rooms, further enhancing its ability to attract events and attendees from beyond Kentucky and the Cincinnati metro.

Overland Park Convention Center – Overland Park, Kansas

The Overland Park Convention Center (OPCC) opened in 2002 and sits on a 26-acre site in the suburbs of Kansas City. OPCC is operated with a focus on positive net operating income as opposed to the economic impact of the facility on the City of Overland Park. The facility has a 48,000-square foot exhibition hall, 26,000-square foot Edwin C. Eilert Ballroom, 11,000 square feet of additional meeting space, and 40,000 square feet of pre-function space. OPCC hosts roughly 350 events per year including the KC Bridal Spectacular, Johnson County Home and Garden Show, Johnson County Boat Show and Royals Fan Fest among others.

The following figure shows the exterior of the Overland Park Convention Center.

Figure 5-5



The Overland Park Convention Center is owned by the City of Overland Park and is managed by Spectra. There are 1,062 walkable hotel rooms available in the area surrounding OPCC.

The following table shows the OPCC events by type for 2019.

Table 5-10

Overland Park Convention Center - 2019 Performance Summary		
Event Type	# of Events	Revenue
Meeting	128	\$3,807,113
Banquet	81	\$3,271,093
Special Event	38	\$948,342
Trade Show	28	\$2,446,448
Consumer Show	28	\$204,787
Convention	9	\$1,223,224
Total	313	\$13,744,089

Source: Overland Park Convention Center

In 2019, the OPCC generated an operating income of nearly \$13.8 million, including all revenue streams related to events. Meetings and banquet events accounted for the greatest number of events and greatest revenue in 2019, combining to more than 200 events and \$7 million in revenue. Total attendance at OPCC for 2019 was 385,596. A majority of the room nights generated in 2019 were from conventions, meetings and trade shows.

Overland Park Convention Center suggests that convention centers in a suburban setting can thrive on an operational profit basis with more than 100,000 square feet of function space. While the local and regional market dynamics vary between Kansas City and Cincinnati, the lesson learned is that NKYCC could find sustained success with an expanded footprint. NKYCC has not had much success generating an operational profit, when removing tax collections from its pro forma, but OPCC is an example of a larger suburban convention center that is also able to operate in the black.

St. Charles Convention Center – St. Charles, Missouri

The St. Charles Convention Center (SCCC) was originally opened in 2005. SCCC is a total of 121,138 square feet of event and meeting space. The Grand Ballroom is 16,200 square feet and the Junior Ballroom is 6,025 square feet. The exhibit space is expandable to 35,700 square feet. The facility also offers meeting rooms, the Executive Board Room, the Compass Café and other space. The facility hosts events ranging from small corporate meetings to dance competitions to consumer shows and more.

SCCC is located near I-70 and less than ten minutes from Lambert-St. Louis International Airport.

The following figure shows the interior of the St. Charles Convention Center.

Figure 5-6



The St. Charles Convention Center is owned by the City of St. Charles and the St. Charles County Convention & Sports Facilities Authority and is operated by Spectra. There are 440 walkable hotel rooms from the site.

The following table shows the St. Charles Convention Center events by type for 2018.

Table 5-11

St Charles Convention Center - 2018 Events by Type		
Type of Event	Total # of Events	Revenue
Banquet	63	\$1,591,976
Consumer Show	25	\$1,132,629
Convention	29	\$3,263,413
Meeting	68	\$766,060
Special Event	17	\$676,723
Trade Show	22	\$753,287
Total	224	\$8,184,088

Source: St Charles Convention Center

In 2018, the SCCC hosted a total of 224 events and 19 of the 29 conventions were repeat events. This convention market segment contributed 64 percent of the total room nights generated and 40 percent of the

total gross revenue for the facility. Conventions generated the most room nights, while consumer shows generated the largest attendance. The total NOI for 2018 was \$668,000.

Similar to the takeaway from OPCC, St. Charles Convention Center is another suburban convention center that is able to be impactful by attracting out-of-state and regional events into the local economy, while also producing an operational profit. These two facilities are even able to accomplish this without particularly compelling locations. NKYCC has an opportunity to become a national player and regional powerhouse with an enhanced package of walkable hotels and other amenities, given its historical success in attraction non-local and out-of-state events without the support of the Project to sell Covington and Northern Kentucky as a destination.

Greater Tacoma Convention Center

The Greater Tacoma Convention Center, or GTCC, has been part of downtown Tacoma since 2004 and is a 20-minute drive from the Sea-Tac airport. The facility offers 119,000+ square feet of combined meeting and pre-function space. With multiple meetings rooms, a 13,650-square foot ballroom, and a 50,000-square foot exhibit hall, the facility offers a variety of options.

The following figure shows the events hosted at GTCC over the last three years.

Table 5-12

Greater Tacoma Convention Center					
Year	Total # of Events	Events With Room Nights	Total # of Room Nights	Revenue	Average Length of Event (Days)
2017	221	59	19,532	\$2,873,244	1.64
2018	210	55	24,449	\$3,834,046	1.76
2019	219	47	17,211	\$3,074,591	1.66

Source: Greater Tacoma Convention Center

The number of events hosted at the GTCC has remained consistent during the three-year period shown. Despite this fact, 2018 was especially impactful, generating 5,000+ more room nights and \$750,000+ in revenue than the other two years.

The table below shows that meeting events have occurred the most in 2019, followed by conference events.

Table 5-13

Greater Tacoma Convention Center - 2019 Events by Type	
Type of Event	Total # of Events
Competition (COMP)	14
Conference (CONF)	34
Convention, Association (CONV)	11
Convention, Corporate (CRPC)	2
Exhibition (EXHIB)	2
Fundraiser (FUND)	8
Graduation (GRAD)	4
Meal (BLD)	25
Meeting (MTG)	85
Other (OT)	4
Seminar (SEM)	17
Social (SCL)	6
Trade Show - Business to Business (TSBB)	5
Trade Show - Consumer (CNSMR)	2
Total	219

Source: Greater Tacoma Convention Center

In 2017, the City Council approved a two-phased \$150-million project with Interstate Hotels & Resorts to construct a 304-room Marriott with a 10,000-square foot grand ballroom and 9,000 square feet of additional meeting space as well as apartments and condominiums. The hotel was completed in November 2020.

The center has two hotels located within 1,500 feet of it with the Marriott Hotel connected to the center. Retail and restaurant nodes appear at the north and south end of this 1,500-foot segment. The walking radius also reaches the waterfront on Commencement Bay.

GTCC is the most similar convention center to NKYCC of the comparable facilities shown in this chapter, from the available function space to the number and type of events hosted and the number of room nights generated annually. GTCC is a strong competitor within Washington State, but it does not attract much business from outside Washington. It is also important to remember that NKYCC is already particularly strong at attracting business from outside of Kentucky, which is partly a function of being located on the Ohio state border, and that with additional space, enhanced flexibility and a greater package of amenities the NKYCC will become even more competitive and impactful for Covington and the Commonwealth.

Meydenbauer Convention Center – Bellevue, Washington

Meydenbauer Convention Center (MCC) was opened in Bellevue in 1993 and renovated in 2015. The facility is owned and operated by the Bellevue Convention Center Authority. The facility offers the 36,000-square foot Center Hall (divisible by two), 12,000 square feet of meeting rooms, 3,500-square foot theater that seats 410,

and a 2,500-square foot Executive Conference Suite. The facility hosts nearly 300 events each year and has a theater that hosts well over 130 performances each year.

Meydenbauer is also in the planning stages for an expansion, though specific details have not been released.

The facility's downtown location provides a mix of corporate, leisure, and entertainment services just within 1,500 feet of the center. The Shops at the Bravern is the main retail node within the area. There are four hotels offering 1,067 rooms and large corporate offices surrounding the MCC, as well.

Just outside of these 1,500-foot walkable services are more downtown hotels and the Bellevue Square, a large downtown retail/restaurant district.

The following tables profile pre-pandemic performance of the MCC.

Table 5-14

Meydenbauer Convention Center			
Year	Total # of Events	Total # of Room Nights	Net Income
2016	265	34,952	\$1,010,639
2017	297	49,750	\$742,656
2018	281	36,035	\$520,204

Source: Meydenbauer Convention Center

Table 5-15

Meydenbauer Convention Center - 2017 Events by Type		
Type of Event	Total # of Events	Revenue Per Event
Banquets / Receptions	87	\$2,530,000
Conventions	20	\$3,340,000
Meetings	170	\$2,810,000
Other Events	20	\$920,000
Total	297	\$9,600,000

Source: Meydenbauer Convention Center

Net income for the center reached over \$1 million in 2016 and has slowly declined since but remained positive. Room nights generated and events hosted both peaked in 2017 at nearly 50,000 and nearly 300, respectively. In 2017, the MCC saw a majority of its events come from meetings, but conventions generated the highest revenue during this year.

The MCC is a great example of a suburban convention center able to generate a high volume of room nights despite a relatively small amount of function space and a smaller proportion of attendees from beyond its region.

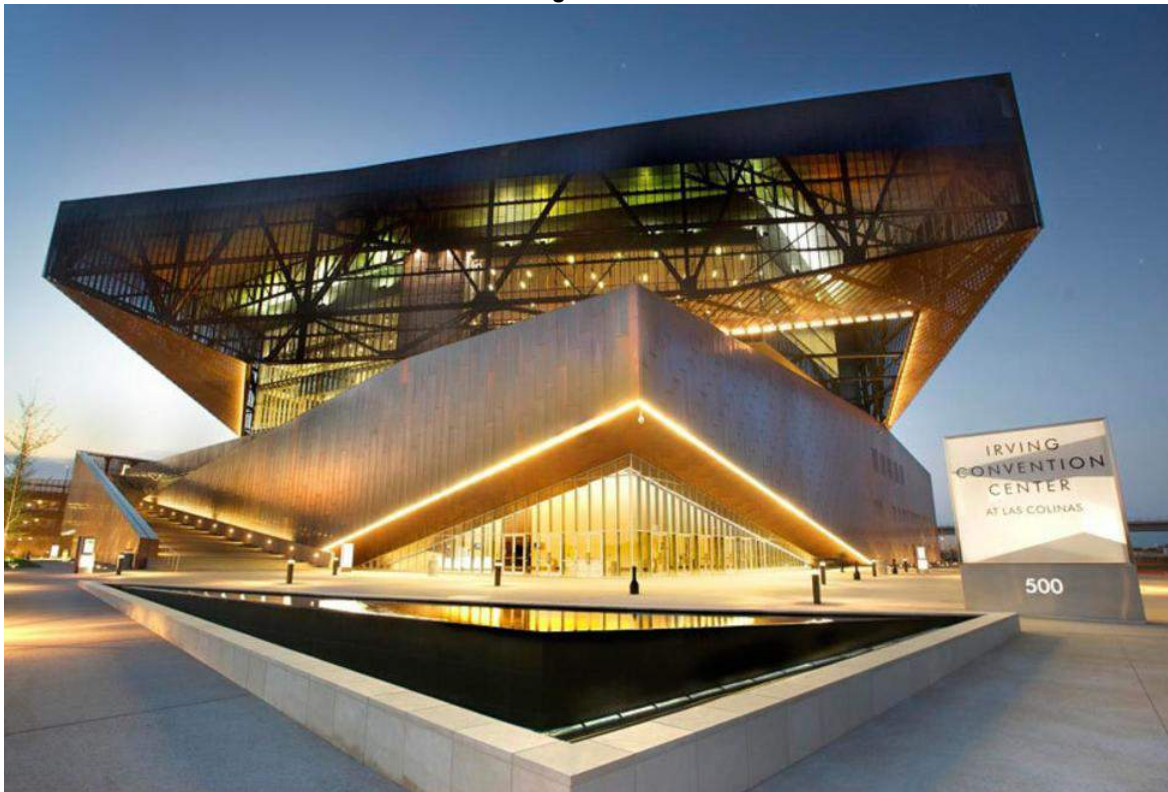
Having a strong package of high-quality, walkable hotels and a compelling place help set the Meydenbauer apart. Both of these aspects will be enhanced by the Project, bolstering NKYCC's and Covington's ability to attract impactful, non-local events to Kentucky.

Irving Convention Center at Las Colinas – Irving, Texas

The Irving Convention Center at Las Colinas (ICC) opened in 2011 with a construction cost of \$133 million. Similar to OPCC, ICC is in a suburban market near a large metropolitan area. The facility hosts a wide range of events and boasts 275,000 gross square feet of space including a 50,000-square foot exhibit hall and 20,000-square foot ballroom. The Las Colinas development surrounds the ICC and is a mixed-use district of restaurants, retail, and more. The Pavilion at the Toyota Music Factory offers three different configurations from 2,500 seats to 8,000 seats and is operated by LiveNation. The 350-room Westin Irving Convention Center at Las Colinas was completed in March 2019 as the headquarter hotel for the Irving Convention Center. Including two other walkable hotels, the ICC has 629 walkable hotel rooms.

The following figure shows the Irving Convention Center at Las Colinas.

Figure 5-7



The Irving Convention Center at Las Colinas is owned by the City of Irving and is managed by SMG. There are 629 walkable hotel rooms from the site. The ICC hosts a diverse set of events every year, including weddings, bar mitzvahs, corporate conferences, expos, trade shows, galas, and concerts. The ICC hosted more than 250

events in 2018. The ICC is funded mainly by the Hotel Occupancy Tax (HOT). The ICC receives two percent of the HOT fund every year. The HOT fund was roughly \$27 million in 2018.

Similar to the Project now, the ICC is part of a larger planned development that has been constructed in phases. The Irving Convention Center is an architecturally compelling facility that attracts most of its business from within Texas but with more than a third of its attendees coming from beyond 50 miles. ICC is also heavily supported by tax collections, like NKYCC, but the investment is made knowing the hundreds of regional events hosted each year and their impact on the local economy offset and justify the investment. HSP believes that the NKYCC will continue to grow as an economic generator for Northern Kentucky, especially with the development of the Project, further justifying the public capital used to support the NKYCC.

Implications

Without the expansion of the Northern Kentucky Convention Center, there is a gap in the market for a large, quality event space in Northern Kentucky. NKYCC management and MeetNKY have expressed the need for additional capacity in the facility and in the calendar to accommodate the business they are currently losing. While the nature of the business NKYCC attracts is expected to remain largely the same, the expansion is envisioned to create a “two-piston engine.” This would allow NKYCC to host simultaneous events and stagger move-in and move-out times of events, so there is always revenue and impact generating activity in the facility, which has been difficult with the existing program.

As shown, the NKYCC currently has a strong supply of walkable hotels between the connected Marriott, adjacent Embassy Suites, and the Courtyard and Hotel Covington within walking distance. The level of quality of walkable hotels is also positive with an array of upscale and above options serving the NKYCC. The simultaneous development of the Project Hotel and the NKYCC expansion is critical to minimizing the time to stabilization for the NKYCC and the Project Hotel. While the brand, level of quality and additional onsite amenities for the Project Hotel have not been defined, HSP believes that another four-star, boutique or soft-branded hotel with its own function space and robust onsite food and beverage package, including a ground floor restaurant and rooftop experience, would be able to accommodate and enhance group demand, as well as other lodging demand segments.

Like each of the individual uses assessed in this report, the convention center expansion is synergistic to the balance of the Project. The expansion of the NKYCC will make the rest of the Project stronger and vice versa. Having a vibrant walkable district of restaurants, nightlife and entertainment creates a more attractive destination for out-of-state groups and events, which will serve as an advantage for Covington during site selection. Conversely, the added weekday and weekend demand from consistent events at the NKYCC post-expansion will drive additional activity and spending into the Project’s retail and restaurant components and likely into neighboring areas such as Mainstrasse Village and along Madison Avenue to the south.

The Central Riverfront Project begins to fill this gap by bringing the market a mixed-use project of upscale hotel rooms, event space, and other amenities expected by event planners and attendees. There is a synergistic relationship between the primary event facility in a market and the walkable package of hotel rooms, meeting space, dining and entertainment options. The hotel will expand the walkable hotel package for the NKYCC and allow it to compete for more events than it would otherwise be able to.

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RETAIL AND RESTAURANT MARKET ANALYSIS

The success of the proposed Project will rely heavily on the ability to create the optimal mix of retail and food and beverage options on the property. The estimated 87,800 square feet of retail space plans to have a mix of retail and food and beverage options that complement each other and the entire redevelopment. Due to the Project's location, retail and food and beverage options both onsite and adjacent to the site in Covington and Newport as well as across the Ohio River in Cincinnati. This chapter considers the historical and projected future performance of restaurant and retail in the market, the overall supply and demand and how this impacts the proposed Project.

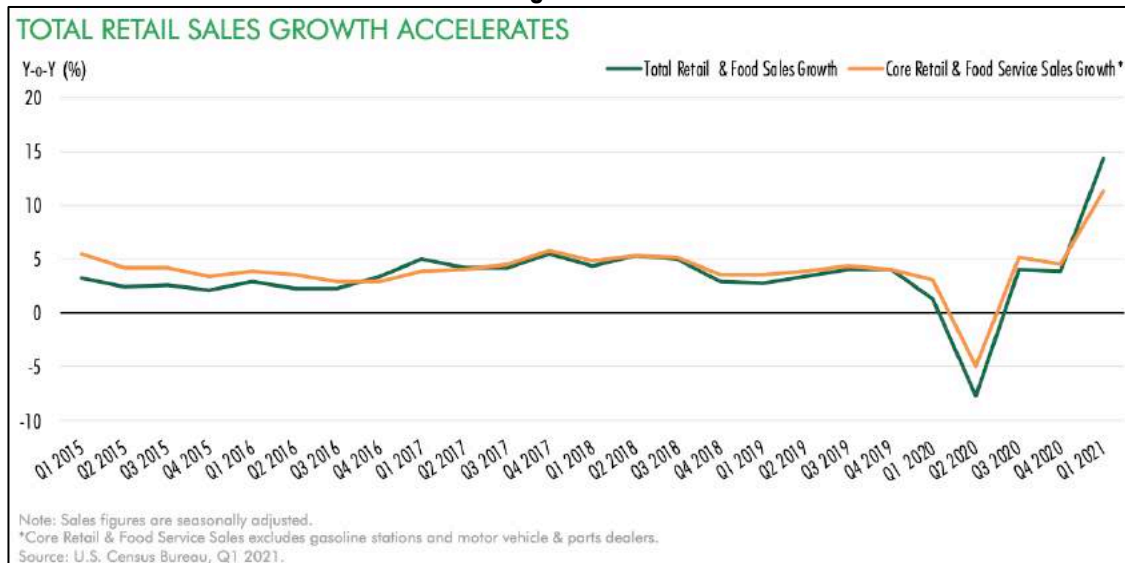
Retail & Restaurant Industry Trends

The retail and restaurant industry was severely impacted by the COVID-19 pandemic, with numerous businesses closing down temporarily or shutting down entirely. In light of this, establishments have increased their efforts online and implemented dining measures that adhere to safety measures. The recovery of the retail and restaurant industry has been reliant on government stimulus support as well as vaccine rollouts. With the rapid deployment of vaccines, operations are slowly returning to normal, and households are increasingly venturing out to shops and restaurants on a more consistent basis. Retail experts agree that an economic recovery to pre-pandemic trajectory levels will take time, some expecting one to two years while others predict a longer timeline of two to five years.

The annual forecast from the National Retail Federation (NRF) predicts retail sales growth between 6.5 to 8.2 percent in 2021. Online sales are expected to grow significantly due to the accelerated adoption of e-commerce during the past year. However, current trends appear to show that people are ready to "experience" shopping and dining in a way that the internet is unable to offer. Current restaurant food trends indicate that the fast-casual chains are projected to thrive with expected total sales to reach \$931.7 billion by 2027 (Business Wire, 2020). Consumer preferences have drastically changed, and the industry trends are beginning to reflect that with the adoption of contactless payment strategies, experimentation with online ordering, food/meal delivery and diversification of revenue streams. Overall retail sales growth is largely attributable to consumers spending the multiple rounds of government stimulus checks in 2020 and 2021, as well as a decline in discretionary spending on service categories like gyms, movie theaters and travel.

The following figure depicts the year-over-year total retail sales growth for the United States by the U.S. Census Bureau.

Figure 6-1

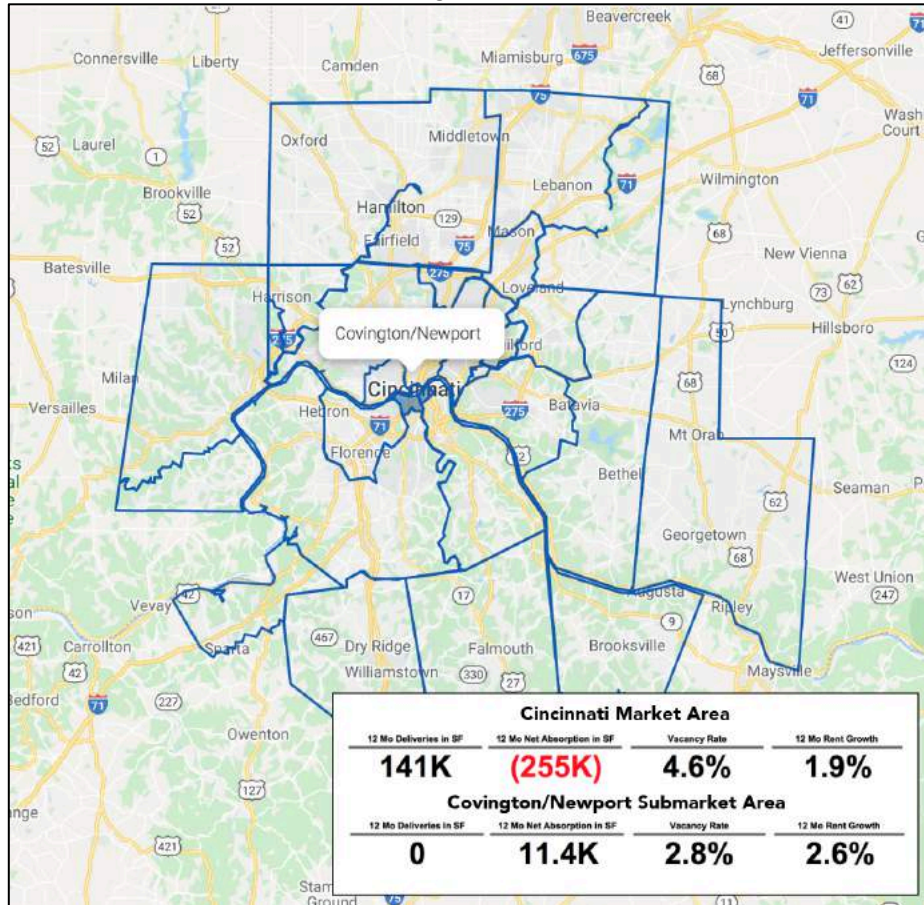


Regional Market Overview

The retail sector in Cincinnati struggled during the pandemic and throughout the recovery period that has followed. Ohio’s strict COVID regulations caused many retail occupants to temporarily close, and even as restrictions are lifted, the limited occupancy has served as an obstacle. At the height of the pandemic, more than 12,000 stores closed returning 600,000 square feet of retail space to the market, causing the vacancy rate to increase by 4.6 percent. Although the downtown area has struggled in the past year, the outlook of 2021 is bright as a result of stimulus spending and increased vaccine distribution.

The following map shows the Covington/Newport submarket within the greater Cincinnati market area.

Figure 6-2

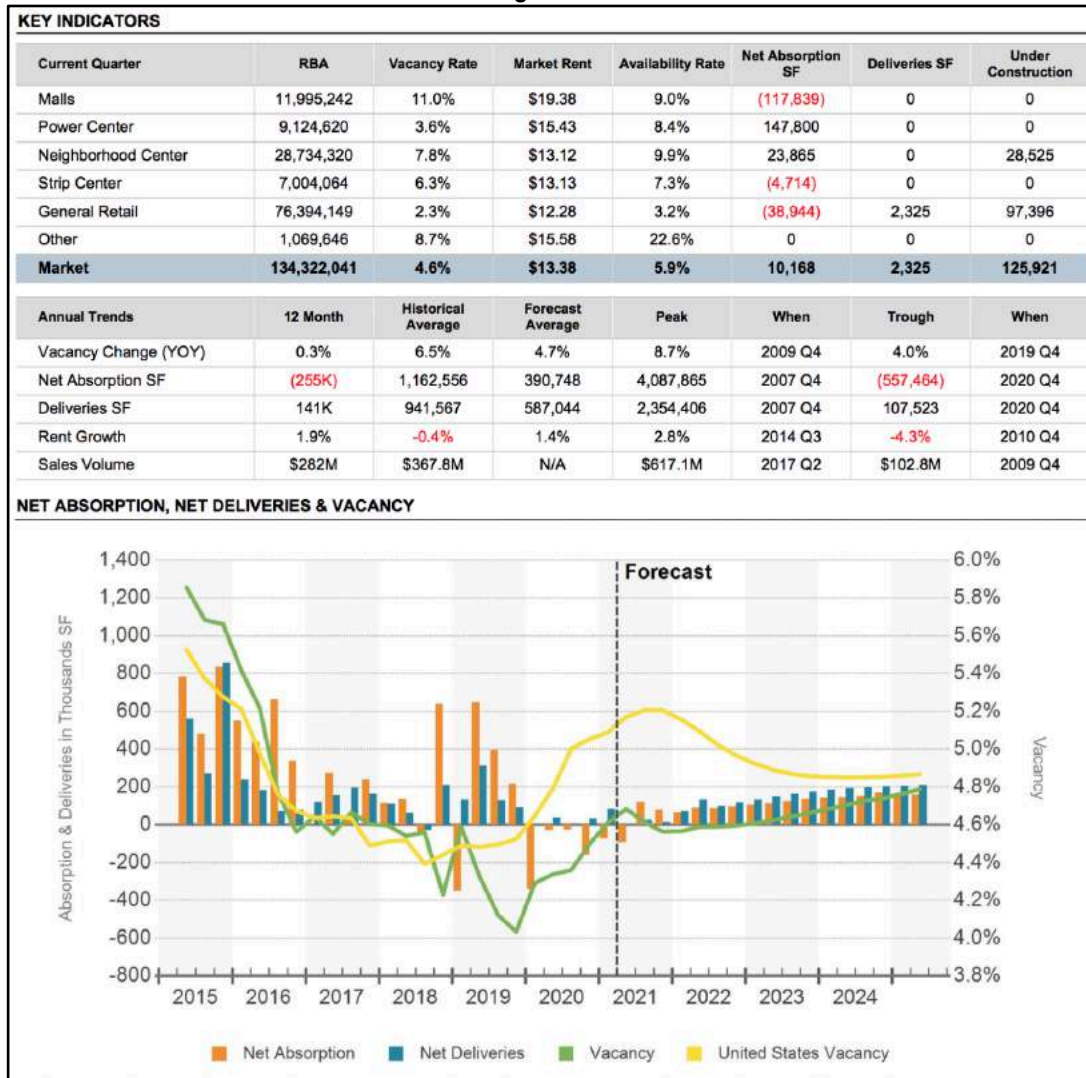


Source: Costar, HSP

Despite weaknesses in the retail sector, leasing activity in the Cincinnati market has remained strong. Demand for retail space in the coming quarters will be supported by this high leasing activity. Approximately two million square feet of retail space was leased in 2020, which is down 17 percent from the historical three-year average. Comparatively, the Covington/Newport submarket has outperformed the greater Cincinnati market in the past twelve months in terms of vacancy and rental rate growth.

The following figure details the performance metrics of the Cincinnati market area.

Figure 6-3



Source: Costar

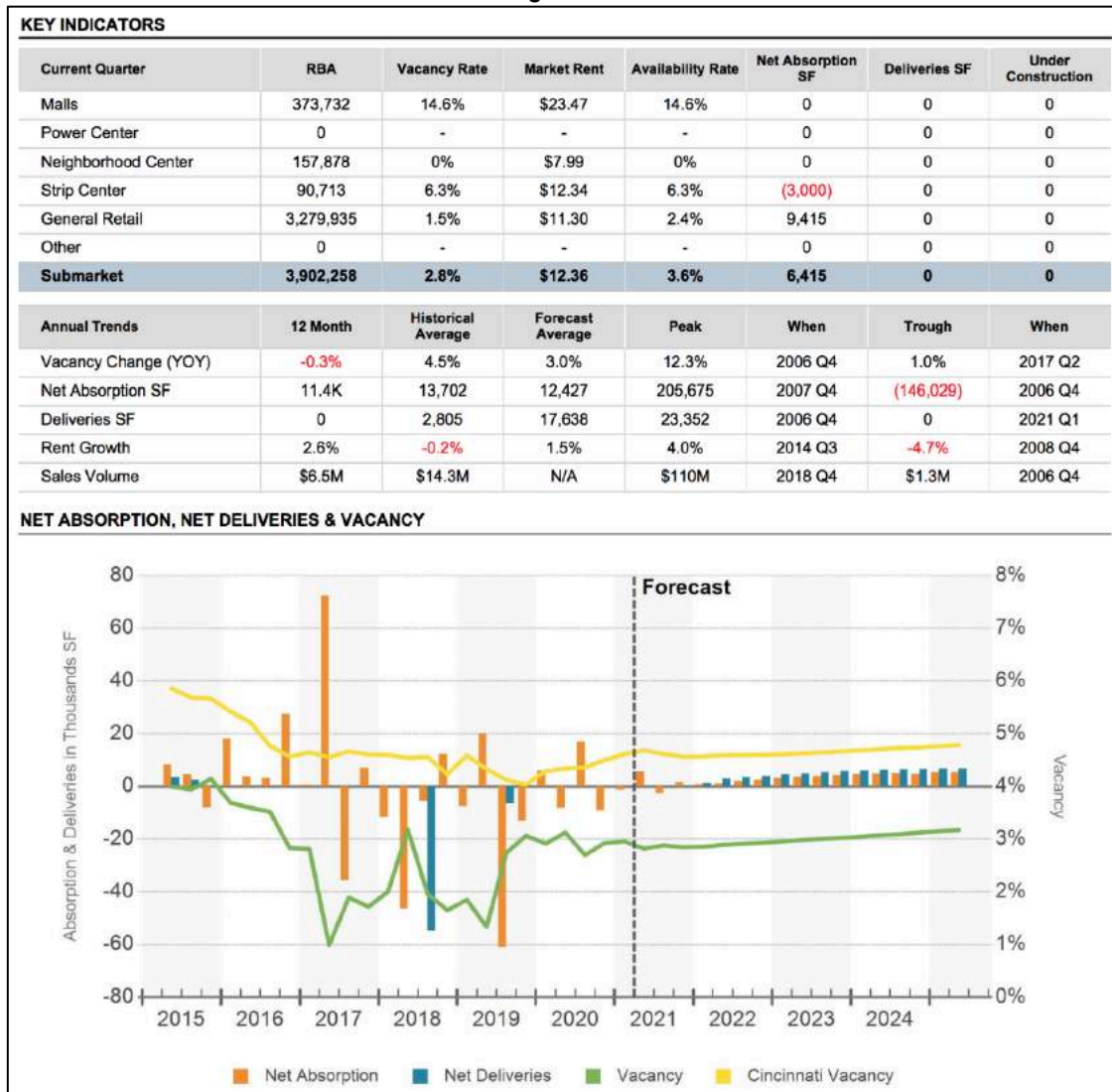
For the greater Cincinnati market, the average lease rate for retail space over the last quarter was \$13.38, the average vacancy rate was 4.6 percent and net absorption was 10,168 square feet. The vacancy rate for retail in the Cincinnati market is well below the United States average showing the resilience of the market throughout the pandemic. The following section will describe the specific Covington/Newport submarket, how it has performed and highlight where potential opportunities exist.

Covington/Newport Submarket Performance

The Covington/Newport submarket is a mid-sized submarket that has been one of the top performing submarkets for the retail sector in the greater Cincinnati market area. Vacancy in the submarket has consistently remained below that of the greater Cincinnati market, and it is currently at 2.8 percent. However, despite the comparative strength of the submarket, it has not been without its share of space give-backs and retailer downsizings. The highest rated Class A and B retail in the submarket is that which is located close to the Ohio River. Average rental rates in the submarket are currently \$12.36 per square foot across the total gross leasable area of 3.9 million square feet.

The following figure detail the performance of the Covington/Newport submarket.

Figure 6-4



Development activity in the submarket has slowed recently, while investment activity has been strong. Currently, retail space is trading for \$88 per square foot in the submarket which is below that found in the region. The following section dives into the supply of retail and restaurants in the submarket as well as the demand for more retail development.

Retail & Restaurant Supply & Demand Analysis

Food and beverage revenue and the related sales tax collected by the Commonwealth of Kentucky is one of the key components for this Project to generate the necessary impact to be approved for Signature Kentucky TIF incentives. It is vital for to understand the existing food and beverage supply and trends in the Covington market area.

Below is a map of the Greater Cincinnati area retail nodes, including both sides of the Ohio River.

Figure 6-5



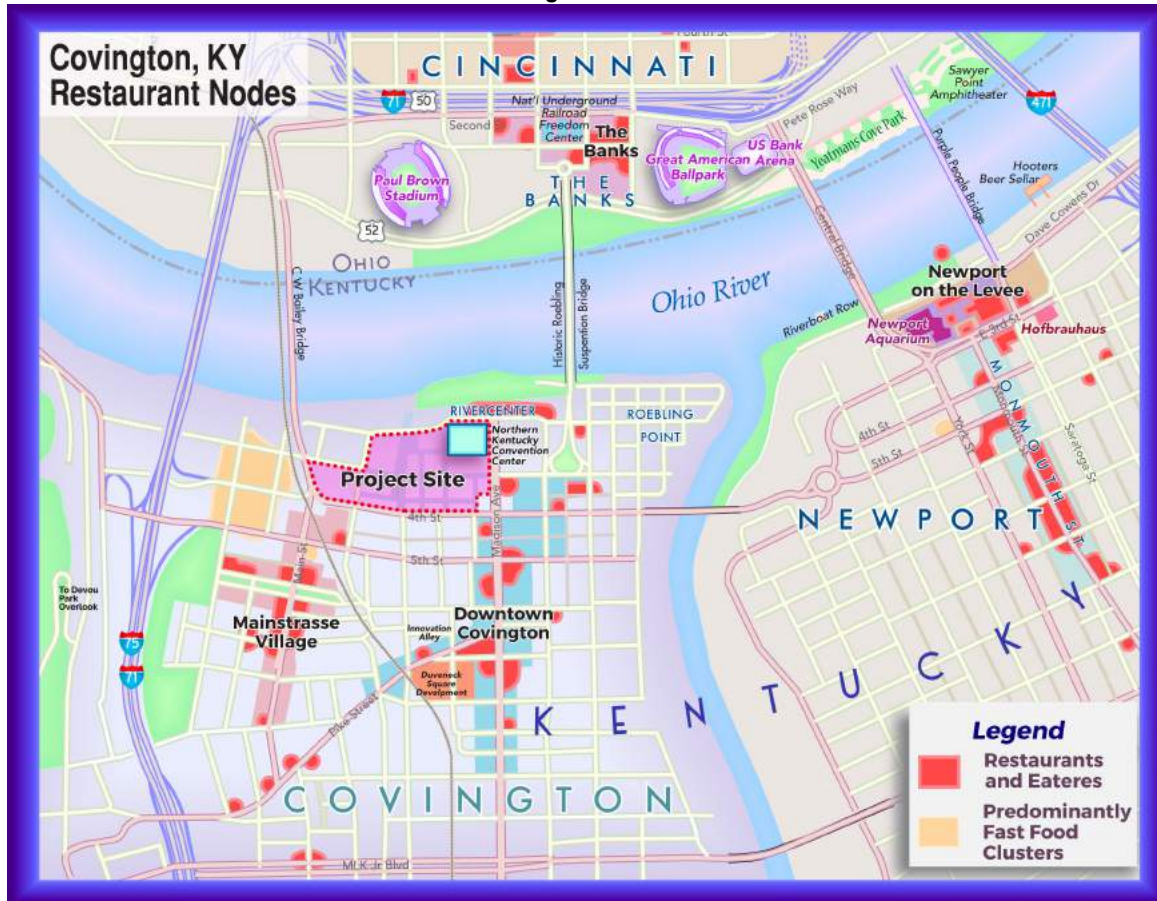
As shown in the map, there are several neighborhoods or nodes of retail and restaurant activity in the Covington, Newport and Cincinnati downtown areas. The nodes of retail activity within the most affluent portions of the metro area have continued to thrive with recent updates or have been redeveloped as dynamic mixed-use districts. On the Cincinnati side of the Ohio River, there is Paul Brown Stadium, which is the home of the Cincinnati Bengals, and the Great American Ball Park, which is the home of the Cincinnati Reds. Between these two stadiums is the Banks district, which has several shops, restaurants, bars and eateries. The Banks district is an approximate 20-minute walk from the Project site via the John A. Roebling Suspension Bridge. Not far from the Banks is the central core of the Cincinnati CBD (Central Business District), which has a wide array of retail and restaurant offerings.

On the Kentucky side of the Ohio River, Covington and Newport are separated by the Licking River. On the Newport side, the core retail and restaurant district is located along Monmouth Street ending at Newport on the Levee. Newport on the Levee is anchored by the Newport Aquarium and an AMC Theaters, and contains a number of other restaurant and retail offerings.

Covington offers a variety of food and beverage options within walking distance of the Project site. Both MainStrasse Village and the Downtown Covington CBD offer restaurants ranging from fast food to fine dining as well as varying retail spaces.

The following map details the restaurant nodes in the walkable market area surrounding the Project.

Figure 6-6



The following table highlights the supply of food and beverage options within a 30-minute walk from the Project.

Table 6-1

Covington Food and Beverage Supply						
Name	Walking Minutes from		Type	Cuisine	Neighborhood	Price Point
	Site					
10 West	1 min		Casual Dining	American	Central Business District	\$\$
Mash & Oak	1 min		Casual Dining	American/Whisky Bar	Central Business District	\$\$
Harley Dogs Hotdog Cart	2 mins		Fast Food	American	Central Business District	\$
Nick & Tony's Double Deckers	2 mins		Fast Casual	American Café	Central Business District	\$
Metropolitan Club	2 mins		Fine Dining	Social Club	Central Business District	\$\$\$
Butlers Pantry Market and Cafe	2 mins		Casual Dining	Brunch Café	Central Business District	\$\$
LaRosa's Pizza Covington	4 mins		Casual Dining	Pizza	Old Town	\$\$
The Gruff	4 mins		Fast Casual	American	Licking Riverside	\$\$
Smoke Justis	5 mins		Casual Dining	BBQ	Licking Riverside	\$\$
Molly Malone's Irish Pub & Restaurant	6 mins		Casual Dining	Pub	Central Business District	\$\$
Keystone Bar & Grill - Covington	6 mins		Casual Dining	American	Licking Riverside	\$\$
Del Gardo's	6 mins		Fast Casual	Italian Dessert	Central Business District	\$
Smoothie King	5 mins		Fast Food	Smoothies	Licking Riverside	\$
Lil's Bagels	6 mins		Fast Casual	Bakery	Licking Riverside	\$\$
Blinkers Tavern	6 mins		Fine Dining	Steakhouse	Licking Riverside	\$\$\$
Wabi Sabi Covington	6 mins		Casual Dining	Sushi	Central Business District	\$\$
Riverside Korean Restaurant	6 mins		Casual Dining	Korean	Central Business District	\$\$
Covington Yard	7 mins		Casual Dining	Beer Garden	Central Business District	\$\$
Hangry Omar's Slider Shack	8 mins		Casual Dining	American	Central Business District	\$\$
George Lopez Tacos	8 mins		Casual Dining	Mexican	Central Business District	\$\$
Kung Food Amerasia	7 mins		Casual Dining	Chinese	Old Town	\$\$
Ripple Wine Bar	8 mins		Casual Dining	Bar	Old Town	\$\$
Lee's Famous Recipe Chicken	9 mins		Fast Casual	American	Central Business District	\$
Old Town Cafe & Catering	9 mins		Fast Casual	American	Old Town	\$
Jimmy John's	9 mins		Fast Food	Sandwiches	Old Town	\$
Papi Jocho's	9 mins		Fast Casual	Mexican	Old Town	\$
Agave & Rye	9 mins		Casual Dining	Mexican	Old Town	\$\$
Coppin's Restaurant & Bar	9 mins		Casual Dining	American	Central Business District	\$\$
Rich's Proper Food and Drink	10 mins		Casual Dining	Pub	Westside	\$\$
City Goat	10 mins		Fast Casual	American	Westside	\$
Jefferson Social	16 mins		Casual Dining	Mexican	The Banks	\$\$
Taste of Belgium - The Banks	19 mins		Casual Dining	Belgian	The Banks	\$\$
Moerlein Lager House	19 mins		Casual Dining	Bar	The Banks	\$\$
Holy Grail Tavern & Grille	19 mins		Casual Dining	American Sports Bar	The Banks	\$\$\$
Galla Park Gastro	19 mins		Fine Dining	Modern Fusion	The Banks	\$\$\$
Newport Pizza Company	25 mins		Fast Casual	Pizza	Newport	\$
Brio Italian Grille	25 mins		Casual Dining	Italian	Newport	\$\$
Cold Stone Creamery	26 mins		Fast Casual	Ice Cream	Newport	\$

The existing restaurant supply mainly consists of quick food offerings and casual dining establishments highlighting classic American cuisine, pizza, comfort food, etc. As shown above, there are more than 30 restaurants and bars in downtown Covington, most of which have opened in recent years.

As the table above highlights, there are fewer higher-end dining experiences offered in close proximity to the site in Covington. The Banks in Cincinnati offers a more diverse supply of higher-end restaurants and bars along the Ohio River. The majority of the casual dining offerings consists of affordable, regular quality food as well as bar food. The fast casual offerings generally offer quick, to-go food such as pizza and sandwiches. There is some diversity among the types of cuisines, with the majority of restaurants offering American food and a handful of businesses offering Mexican and Asian food.

The following table details the overall supply and demand of retail space in the Covington/Newport submarket area.

Table 6-2

OVERALL SUPPLY & DEMAND						
Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	3,986,316	27,358	0.7%	21,509	0.5%	1.3
2024	3,958,958	25,306	0.6%	19,110	0.5%	1.3
2023	3,933,652	20,339	0.5%	14,685	0.4%	1.4
2022	3,913,313	11,156	0.3%	6,442	0.2%	1.7
2021	3,902,157	(101)	0%	3,077	0.1%	-
YTD	3,902,258	0	0%	5,130	0.1%	0
2020	3,902,258	0	0%	5,507	0.1%	0
2019	3,902,258	(6,516)	-0.2%	(61,662)	-1.6%	-
2018	3,908,774	(54,810)	-1.4%	(51,388)	-1.3%	-
2017	3,963,584	0	0%	44,182	1.1%	0
2016	3,963,584	0	0%	52,137	1.3%	0
2015	3,963,584	5,884	0.1%	(12,013)	-0.3%	-
2014	3,957,700	12,431	0.3%	23,059	0.6%	0.5
2013	3,945,269	3,490	0.1%	43,588	1.1%	0.1
2012	3,941,779	12,000	0.3%	35,128	0.9%	0.3
2011	3,929,779	0	0%	(11,634)	-0.3%	-
2010	3,929,779	0	0%	(7,741)	-0.2%	-
2009	3,929,779	0	0%	(5,147)	-0.1%	-

The amount of retail space deliveries in the Covington/Newport submarket in the past five years has been limited. From 2012 to 2015, the deliveries of retail in the submarket were for the most part absorbed, however, negative net absorption of approximately 12,000 square feet of office was witnessed in 2015. Projected net absorption in the next five years is not robust, with potential growth in inventory exceeding net absorption. However, given the prime geographical location of the site combined with lease rates expected to be below those found in Cincinnati, the Project is expected to attract demand for space.

Retail and Restaurant Nodes

The following section profiles each of the primary retail and restaurant nodes in downtown Cincinnati and Northern Kentucky.

Newport on the Levee

Located directly across the river from the Banks entertainment district in downtown Cincinnati and adjacent to Covington in neighboring Newport, Newport on the Levee was envisioned, approved and commissioned in the late 1990s as a multi-level retail entertainment center. It is located between Third Street and the Ohio River and strategically at the foot of the Purple People Bridge that links downtown Cincinnati to Northern Kentucky. A \$100-million renovation is still underway at Newport on the Levee which has partially modernized amenities and replaced old tenants with fresh, new tenants. Vacant spaces still exist as the newly renovated and to-be-completed renovations have yet to stabilize.

The following figure is an aerial of the renovated Newport on the Levee.

Figure 6-7



Due to the access of the Purple People Bridge, fans from Cincinnati Reds games, concerts, US Bank Arena events and others patronize Newport on the Levee's restaurants and retail stores before and after games and events.

Downtown Covington

The Downtown Covington CBD has a mix of restaurant and retail offerings which support the housing and office developments in the area. These offerings are centered around Madison Avenue which runs directly through downtown. This area primarily contains local eateries, breweries, quick service stores and pharmacies and other spaces typically found in downtown core areas.

The following figure is a picture of the downtown area of Covington, Kentucky.

Figure 6-8



Minutes from the downtown core of Covington and one of the most popular destinations in the city for visitors is MainStrasse Village.

MainStrasse Village

MainStrasse Village is a historic 19th Century German neighborhood which is one of the most popular entertainment and dining districts in the area. The village features a wide array of restaurants, unique shops, bars, boutique stores, bourbon pubs and entertainment venues. The center of MainStrasse Village is anchored by Carroll Chimes Belltower and Goose Girl Fountain. Throughout the year there are several events and festivals held on the main street and plaza including Mardi Gras, Maifest, Goettafest, 4th Sunday Antique Shows, Classic Car Show & World's Longest Yard Sale, Oktoberfest, the Northern Kentucky Wine Festival and many holiday festivities in December.

The following figure is a picture of the main plaza around Goose Girl Fountain in the MainStrasse Village.

Figure 6-9



The Banks

The Banks entertainment district, located between the Great American Ball Park and Paul Brown Stadium, is part of a riverfront strategic development plan that was announced in the 1990s. This development serves as a connection between the Downtown CBD and the waterfront, creating a place to live, work and enjoy leisure activities. It is also perhaps a response to the success of Newport on the Levee, which began pulling Ohioans across the river to Kentucky.

The following image shows the Banks, bounded by the Paul Brown Stadium and Great American Ball Park.

Figure 6-10



By the summer of 2011, the first phase opened and consisted of a parking facility, the Current at the Banks, a 300-unit apartment building, and the 96,000 square feet of street-level retail space programmed into the apartment buildings. Restaurants now operating in the Banks include the following:

- BurgerFi
- Condado Tacos
- Fishbowl
- Galla Park
- Holy Grail
- Jefferson Social
- Jimmy John's
- Joella's Hot Chicken
- Moerlein Lager House
- Pies & Pints
- Ruth's Chris Steakhouse
- Smoothie King
- Street Corner Market
- Taste of Belgium
- Tervis
- The Stretch
- Tin Roof
- Yard House

Phase II of the development was completed in August 2016 and included a parking garage with 710 parking spaces and build-to-suit office space. Phase III added a multi-story mixed-use building above the recently completed parking garage. The Andrew J. Brandy ICON Music Center is a state-of-the-art music venue that will open on July 28th with a performance by the Foo Fighters. The venue has an outdoor festival stage which can accommodate 8,000 visitors, while the indoor component can accommodate 4,400.

Relevant Proposed Mixed-Us Developments

To better understand the Greater Cincinnati retail and restaurant market, it is important to note the new proposed developments in the area. The new development project in the pipeline that HSP expects to compete and complement directly, is the Ovation mixed-use development being constructed in Newport Kentucky, which is a few blocks from Newport on the Levee. HSP researched and profiled this mixed-use development below.

Ovation – Newport, KY

The Ovation mixed-use development, located in Newport, Kentucky, is a 25-acre mixed-use development, comprised of roughly 900 residential units, restaurants, retail, hotels, and offices. The development, with all phases complete, could cost up to \$1 billion. Phase one of this development, which is already underway, is the construction of a 38,000-square foot indoor/outdoor concert venue. The concert venue will have the capacity to seat 2,700 guests indoors and up to 7,000 guests outdoor, when weather permits. The concert venue is proposed to be the catalyst for this entire mixed-use development. The venue plaza will be the center of this development and the rest of the phases will build off of this plaza.

The following figure is a rendering of Ovation, viewed from the river.

Figure 6-11



Due to the size and amenities of this mixed-use development, the proposed Project has the ability to differentiate itself and also complement this development. Phase One of Ovation, the 38,000-square foot

concert venue, is proposed to be completed in 2021. The rest of the phases are expected to begin after Phase One is completed.

HSP believes that Phase One of this development will be very beneficial to the overall Northern Kentucky tourism market. A new, hip concert venue of this size will be able to pull business from Ohio, Indiana, and Kentucky.

Feedback

The following bullets highlight the key points from interviews with Greater Cincinnati and Covington brokers and market experts and stakeholders:

- Retail vacancy rates in the Cincinnati market area hover around four to five percent, which is a stronger rate than Indianapolis and St. Louis, but a weaker rate than Louisville and Columbus. Louisville and Columbus have vacancy rates that range from three to four percent.
- A strong food scene in Cincinnati and Northern Kentucky exists. A large number of restaurant concepts have started in the Cincinnati area have been exported and used in other cities.
- The brewing culture is strong on both sides of the river. This culture is more established on the Ohio side of the river with strong German roots and Samuel Adams located in the Over-The-Rhine neighborhood. However, this culture is blossoming on the Kentucky side of the river, led by Braxton Brewing Company.
- The proximity of the Project to the river will be a core driving element of demand for the retail component of the development. This is similar to the success of the Banks district on the Ohio side of the river. The Banks development will be a major competitor of this redevelopment. While the Banks has had high-profile turnover recently, their sales continue to increase. Yard House at the Banks is one of the top Yard Houses, in terms of sales, in the region. The majority of the restaurants at the Banks lease for \$32 to \$35/SF NNN.
- Restaurant lease rates:
 - Downtown: \$32/SF NNN (+\$12/SF for CAM/Taxes/Insurance)
 - Northern Kentucky: \$18 to \$25/SF NNN (+\$7-8/SF for CAM/Taxes/Insurance)
- Similar to many other cities, restaurant lease rates are much stronger than retail lease rates. Restaurants tend to be less price sensitive and willing to pay higher prices for prime locations. Retail lease rates at some of the best performing centers in the area range between \$18 to \$22/SF NNN. The Project site's prime location along the river is expected to command premium rent rates.
- Parking is cheaper on the Kentucky side and provides easy in and out for visitors attending live events in Cincinnati. The walk across the John A. Roebling bridge is quick and is expected to accommodate increase vehicular and pedestrian traffic during gamedays. Restaurant and retail space at the Project will likely experience and benefit from increased activity during periods before and after live events.

Implications

The retail industry was hit hard by the COVID-19 pandemic nationwide, however, as vaccine rollout continues and restrictions ease, it has begun to quickly recover. The phasing out of regional malls and big box centers which was under way prior to the pandemic was amplified throughout 2020 and continues in 2021. Taking their place are dynamic entertainment and food and beverage anchored mixed-use districts, which have shown to be successful across the country in numerous locations.

The retail and food and beverage marketplace in the Greater Cincinnati region contains strong supply, significant leasing activity and sizeable growth potential in the near future. Market rents and lease rates are higher in downtown Cincinnati than in Northern Kentucky. While Covington and Newport generally underperform for market rent averages, the location and density of the proposed Project will likely capture higher rental rates than existing inventory within the same submarket. It can be expected that the higher than average performance of the Project upon completion may elevate the performance of surrounding retail and restaurant assets in the Covington area as well as create a link between Cincinnati, the Ohio River and MainStrasse Village.

Retail in downtown Cincinnati and Covington has struggled for decades without any major new developments gaining traction, however, new independent retail continues some growth in downtown Covington. Newport has expanded its retail presence in the market with redevelopment of the Newport on the Levee. Additionally, adjacent to the district is a proposed mixed-use district called Ovation that will contain significant portions of retail, restaurant and entertainment space.

Restaurants, on the other hand, are strong in all areas of downtown on both sides of the Ohio River, and are clustered in neighborhoods that feed off people coming to the combined downtown areas from all over the metro area and the region for entertainment and sporting events. The Project is geographically positioned well to take advantage of these activities, only a 15- to 20-minute walk via the John A. Roebling Suspension Bridge.

The development of the former IRS site must focus on capitalizing on the potential synergies with the Greater Cincinnati downtown across the Ohio River, MainStrasse Village which is within a short walking distance and the critical mass formed from the office and residential components of the Project. The Project has the potential to be known as the anchoring district in Covington for shopping, dining and much more.

Due to the level of net new visitor, employee and resident spending on retail and prepared food and beverage within the Project, HSP has estimated that 20 percent of retail and restaurant spending will be net new to Kentucky.

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OFFICE MARKET ANALYSIS

In this chapter, HSP will analyze the current office market conditions within Downtown Covington. As previously discussed, the proposed Project features 200,000 square feet of office space along with other retail, residential, hotel and convention center components. This chapter details the supply and performance of the existing office market and provides market insight into the future opportunity for office development in Downtown Covington.

Office Market Industry Trends

Like many other markets, the office market has been severely impacted by the COVID pandemic with widespread unemployment and complete shift to work from home for many companies. Currently, a return to normal in the office industry is unknown. Companies have contemplated maintaining work from home mandates post-COVID which has kept office vacancies high.

However, as the vaccine rollout continues and mask mandates are lifted, it is expected that many employers will begin to shift towards a return to the office space. CBRE conducted a survey in 2020 which was aimed at understanding the sentiment among employers and employees for the long-term expectations and preferences for the workplace. The survey concluded that 73 percent of respondents support a balanced workstyle of both work-from-home and in-person. The decrease of in-person days in the office is expected to shift the space needs of office tenants, who are projected to reduce footprints and seek more flexible spaces.

The following figure depicts the year-over-year office market forecast for the United States by CBRE Economic Advisors.

Figure 7-1

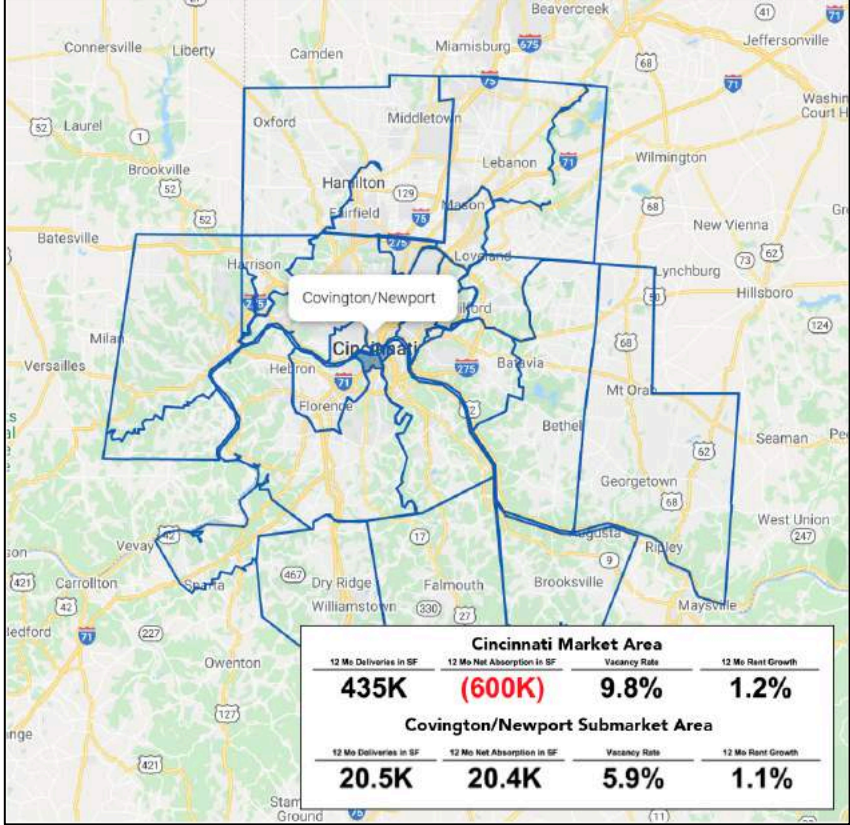


Regional Market Overview

The regional market encompasses the Cincinnati Metropolitan Statistical Area (MSA) which spans across Southern Ohio, Northern Kentucky and Eastern Indiana. Covington is located across the Ohio River from Downtown Cincinnati and adjacent to Newport, Kentucky.

The following map depicts the Covington/Newport Costar submarket within the greater Cincinnati market area.

Figure 7-2

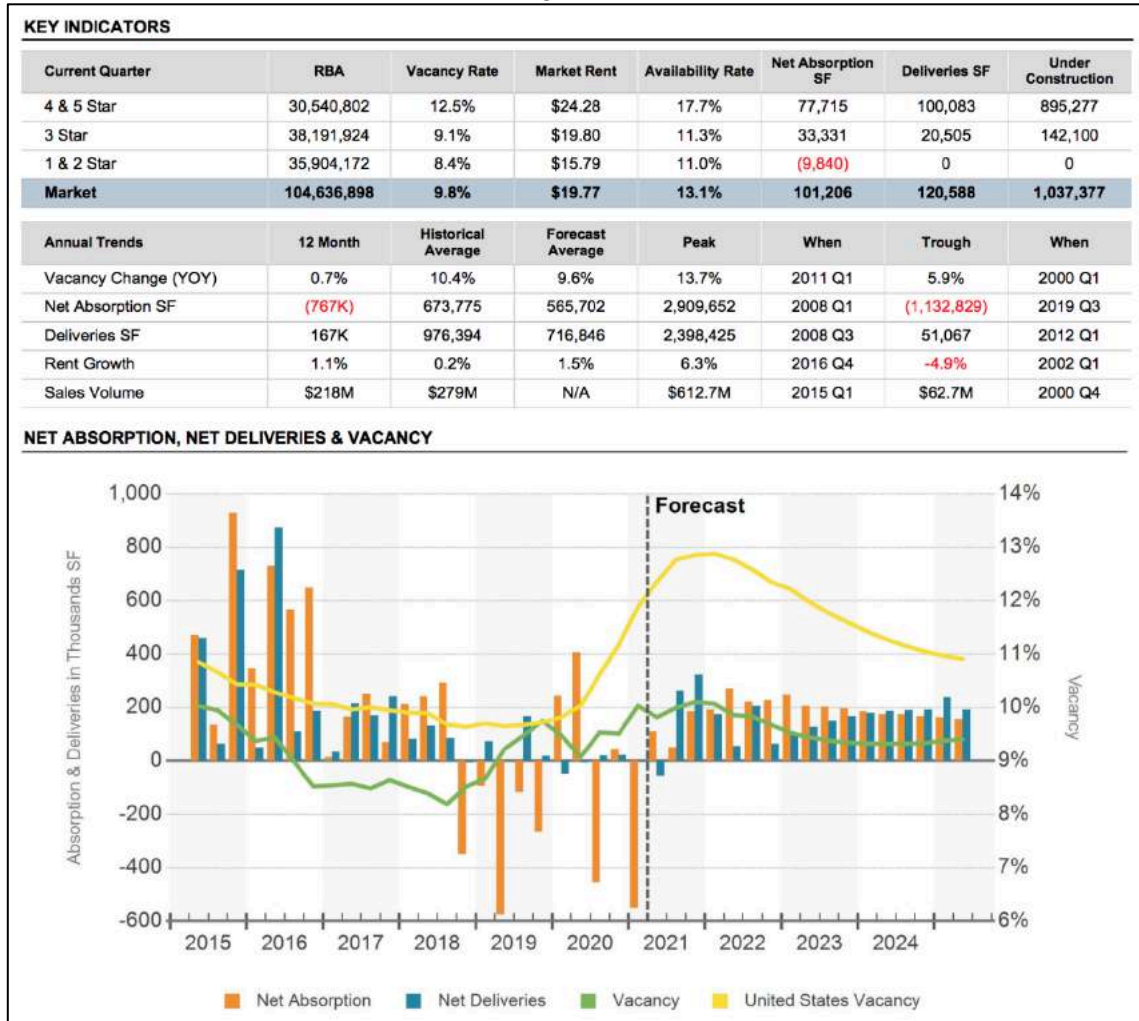


Source: Costar

The office sector in the Cincinnati market area remains depressed from the COVID-19 pandemic like many other second tier cities across the country. However, demand in Cincinnati has recovered due to several corporate expansions in the MSA. Although the twelve-month net absorption was negative, the 2020 annual year reported a full-year positive absorption of 230,000 square feet. The Cincinnati market has an average vacancy rate of 9.8 percent with a twelve-month rental rate growth of slightly more than one percent, while the Covington/Newport submarket has a lower vacancy at 5.9 percent, positive twelve-month net absorption and a similar rental rate growth.

The following table summarizes the performance attributes of the greater Cincinnati market area.

Figure 7-3



Source: Costar

The office market fundamentals in the Cincinnati market area remain strong despite the COVID-19 pandemic, however investment activity has cooled slightly. The current market is characterized by high cap rates which reflects liquidity constraints and related risk premiums in the market. There is a preference from the investment side for well-leased assets and value-add transactions which has kept pricing subdued.

There is strong development activity in the market area with more than one million square feet of office currently under construction. Although investment activity has slowed, leasing activity has remained strong with approximately 2.5 million square feet of lease-up in 2020. Average lease rates are currently \$19.77 per square foot across all classes of office space.

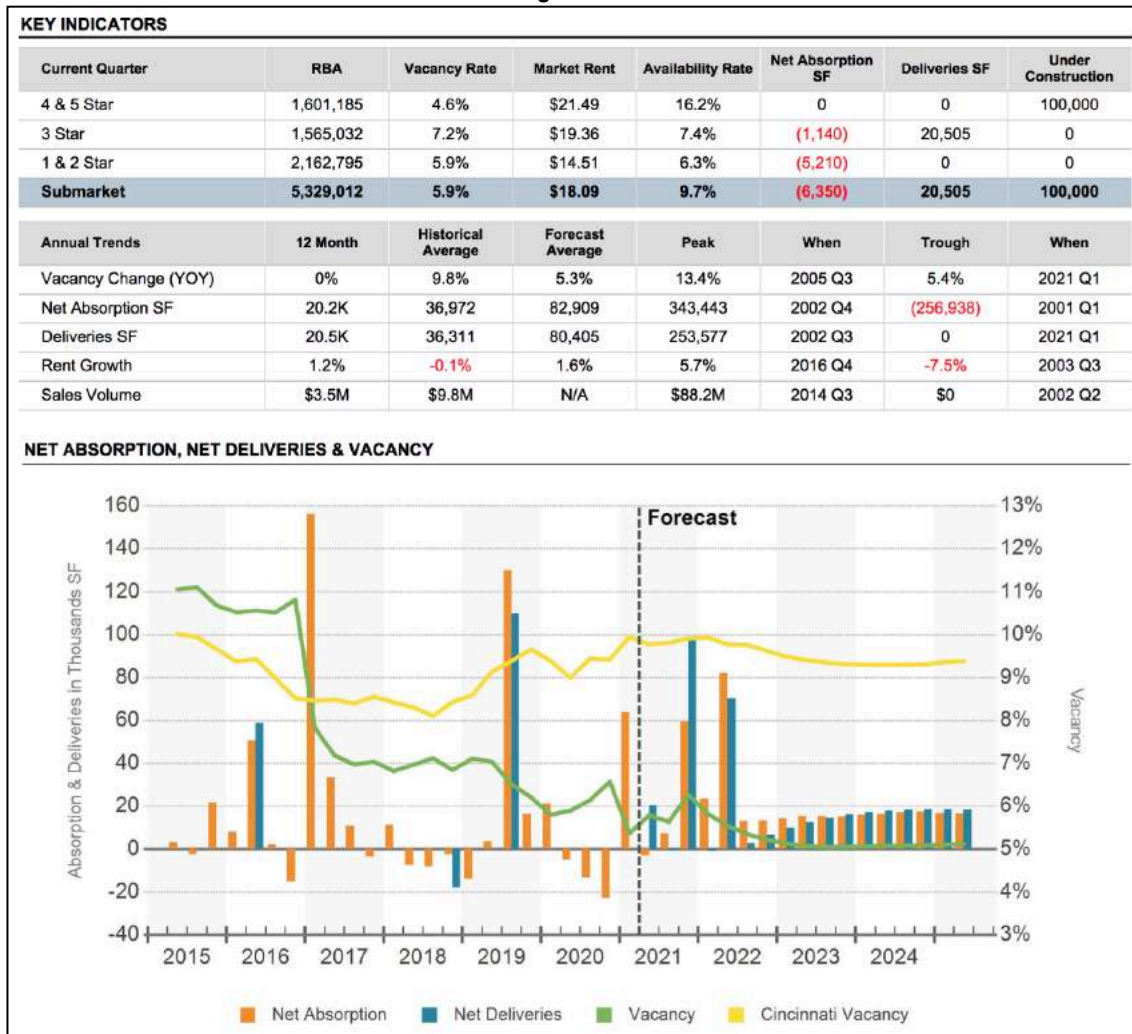
Covington/Newport Submarket Performance

The Covington/Newport submarket is a mid-sized office submarket located within the greater Cincinnati market. The submarket contains 5.3 million square feet of space which represents a total asset value of \$600 million. Costar utilizes an industry recognized five-star rating system which classifies properties based on their quality, design, amenities, structure, certifications, and much more. The Covington/Newport submarket is comprised of primarily one- and two-star properties, which make up a total of approximately 40 percent of the total inventory or 2.2 million square feet. Three-star as well as four- and five-star properties account for 30 percent, or 1.6 million square feet.

Vacancy in the submarket has stabilized at 5.9 percent, which is well below the historical average and the average for the entire Cincinnati market area. Declining vacancy in the submarket can be attributed to the acceleration of demand and consistent levels of development activity.

The following figure shows key performance indicators and the net absorption, net deliveries and vacancies for the Covington/Newport submarket.

Figure 7-4

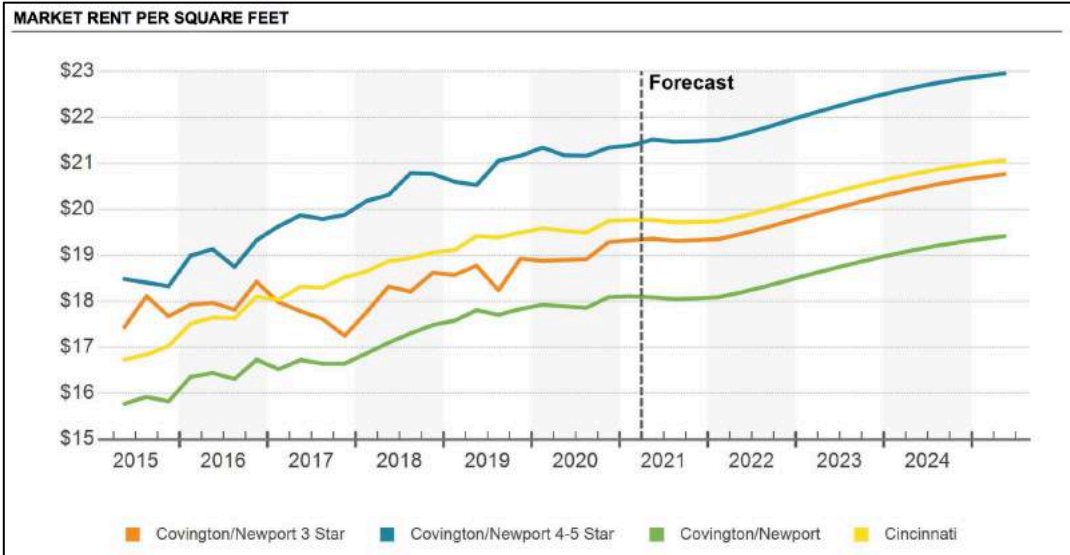


Source: Costar

Forecasted performance in the submarket for the remainder of 2021 and in 2022 is promising, with strong absorption of the new deliveries to the market and low vacancy rates.

The following chart shows the market rents on a per square foot basis for the different classes of office in the Covington/Newport submarket.

Figure 7-5



Source: Costar

Covington/Newport is a cost-effective office submarket with average rents of \$18.20 per square foot, which is approximately \$1.57, or eight percent below the Cincinnati market average. The primary reason for this is the sizeable supply of one- and two-star inventory in the market.

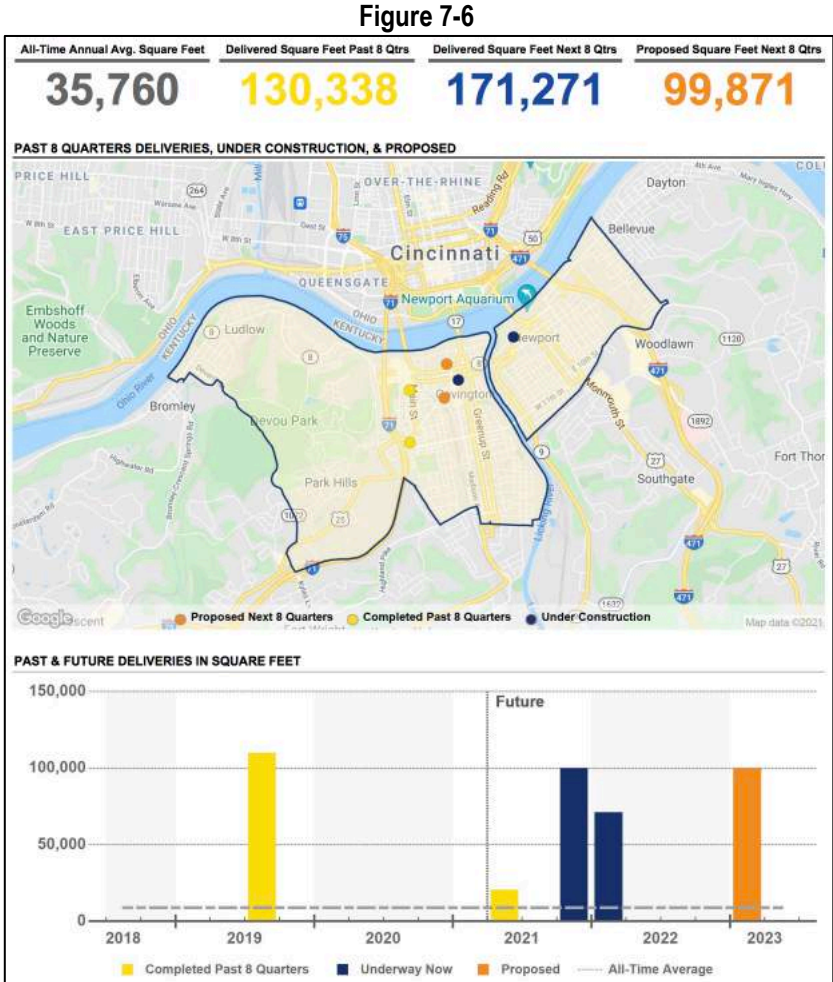
Rent growth prior to the COVID-19 pandemic had begun to slow from a period of acceleration in 2018. Prior to this, rent growth in the submarket was historically low at approximately one percent. The pandemic slowed rent growth, however, remained positive, which was not witnessed in many markets and submarkets across the country.

Development Pipeline

The recent deliveries, under construction and proposed pipeline of developments in the submarket are critical to understand the new inventory in the market, how this may impact additional deliveries and how the market is absorbing additional office space.

Since 2010, there has been two deliveries totaling 169,000 total square feet in the Covington/Newport submarket, with 65 percent of this coming in 2019. Currently, there are two office developments under construction which total approximately 171,000 square feet to be delivered in late 2021 and early 2022. Approximately 100,000 square feet is proposed to be completed in early 2023.

The following figure shows recent deliveries, under construction and proposed office developments in the Covington/Newport submarket.



Source: Costar

The following profiles detail the recent deliveries to the market and the proposed development that will come online in the near future.

Kenton County Administration Building – 1840 Simon Kenton Way

The Kenton County Administration Building is a Class A 4-Star urban office building that was built in 2019 and contains a gross leasable area (GLA) of 109,833 square feet. Kenton County occupies 100 percent of the space. The estimated rental rate for the space ranges from \$13 to \$16 per square foot triple net.

The following picture shows the new Kenton County Administration Building.

Figure 7-7



200 W 3rd Street

Currently, at 200 W 3rd Street in Newport, Kentucky there is approximately 100,000 square feet of Class A 4-star urban office space under construction that is expected to be delivered Fall of 2021. The project is being developed by CPX Newport Commercial Development LLC. with primary leasing by Corporex. The development will be alongside a new Homewood Suites hotel and is located within the greater Ovation Development. The projected total development cost is \$45 million.

The following picture shows an aerial rendering of the proposed office space within the Ovation Development project.

Figure 7-8



Duveneck Square – 101 W Pike St.

Duveneck Square is a mixed-use project in Covington along Washington Street, which is located between 7th and 8th Streets within the greater historic district of the area. The project will contain a mix of residential, restaurant and retail, office space and support parking. The project will be completed in two phases and is a combined effort by Johnsen Hauser Architects, Northpointe Group, Bellwether Enterprise and the City of Covington. The total GLA is expected to be 84,000 square feet of office space that will be preliminarily leased at \$21 per square foot triple net.

The following picture shows a rendering of the proposed office space within the Duveneck project.

Figure 7-9









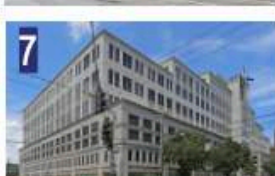


Covington/Newport Submarket Comparable Office Supply

HSP identified the relevant comparable supply of office space in the Covington market area to understand the performance, size, location and core tenants of the major office developments in the close proximate area surrounding the site. The supply of office space in the Covington market is comprised of three core categories which include traditional high-rise multi-tenant office towers built in the 1980s and 1990s, adaptive reuse of historic structures, and newer built modern loft office space. Each of these categories of office product attract different tenants, achieve varying rental rates and have different performance levels.

Rental rates for the selected supply of Class A and B office range from approximately \$10 per square foot to an estimated \$27 per square foot. Several of the office buildings in the selected office supply are single tenant.

The following figure shows a summary of the comparable office developments within Covington.

Figure 7-10

	Property Name - Address	Type	Yr Built	Size
	1 RiverCenter I 50 E Rivercenter Blvd Covington, KY 41011	Office ★★★★★	1988	301,981 SF
	2 Gateway Center West 300 Madison Ave Covington, KY 41011	Office ★★★★★	2002	132,244 SF
	3 RiverCenter II 100 E Rivercenter Blvd Covington, KY 41011	Office ★★★★★	1998	244,656 SF
	4 Kenton County Ad... 1840 Simon Kenton Way Covington, KY 41011	Office ★★★★★	2019	109,833 SF
	5 Doctors Bldg 33 E 7th St Covington, KY 41011	Office ★★★★★	1931	15,120 SF
	6 Republic Bank Build... 535 Madison Ave Covington, KY 41011	Office ★★★★★	1925	26,286 SF
	7 Gateway Center 333 Scott St Covington, KY 41011	Office ★★★★★	1994	305,950 SF
	8 Two Rivers 525 Scott St Covington, KY 41011	Office ★★★★★	2022	71,271 SF
	9 614 Madison Ave Covington, KY 41011	Office ★★★★★	1920	5,900 SF

Source: HSP, Costar

Within the competitive set there are notable deliveries and reconstruction projects that have been introduced to the Covington office market. The Republic Bank building (27,000-square feet), the Two Rivers building (45,000-square feet of renovation) and the building located at 614 Madison (10,000-square feet after renovation) have been all been renovated into Class A space.

Supply and Demand Analysis

Analyzing how the inventory that has been delivered is absorbed in the market is critical in projecting both the ability and rate at which the market absorbs the office proposed in the Project.

The following table details the overall historical and five-year projected supply and demand of the Covington/Newport submarket.

Table 7-1

OVERALL SUPPLY & DEMAND						
Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2025	5,704,523	73,240	1.3%	66,610	1.2%	1.1
2024	5,631,283	71,991	1.3%	66,809	1.2%	1.1
2023	5,559,292	53,109	1.0%	60,339	1.1%	0.9
2022	5,506,183	78,764	1.5%	131,966	2.4%	0.6
2021	5,427,419	118,912	2.2%	127,883	2.4%	0.9
YTD	5,329,012	20,505	0.4%	57,398	1.1%	0.4
2020	5,308,507	0	0%	(19,400)	-0.4%	-
2019	5,308,507	109,833	2.1%	136,145	2.6%	0.8
2018	5,198,674	(18,000)	-0.3%	(6,503)	-0.1%	-
2017	5,216,674	0	0%	196,912	3.8%	0
2016	5,216,674	58,878	1.1%	45,766	0.9%	1.3
2015	5,157,796	0	0%	4,307	0.1%	0
2014	5,157,796	0	0%	55,968	1.1%	0
2013	5,157,796	0	0%	(31,243)	-0.6%	-
2012	5,157,796	0	0%	(46,065)	-0.9%	-
2011	5,157,796	0	0%	35,127	0.7%	0
2010	5,157,796	0	0%	(18,138)	-0.4%	-
2009	5,157,796	118,000	2.3%	11,411	0.2%	10.3

Based on market projections, net absorption will outpace the deliveries of office space supply into the Covington/Newport submarket, showing the strength and increasing demand for space in the market. Inventory growth in the submarket for 2021 is expected to be approximately 119,000 square feet of office with a net absorption of approximately 128,000 square feet.

Tenant Relocations

The Northern Kentucky Tri-ED tracked the entrance of new office tenants into the three counties that make up Northern Kentucky, Kenton, Boone and Campbell Counties.

Table 7-2

Prospective Office Tenants 2018 - 2020					
	Firms	Firms %	Jobs	Jobs %	Average Wage
In NKY	33	43%	3,606	35%	\$ 70,632
Outside of Region	44	57%	6,784	65%	\$ 75,673
Total	77	-	10,390	-	\$ 74,014.09

Source: Northern Kentucky Tri-Ed

The Northern Kentucky Tri-Ed tracked 77 total companies that sought office space in Northern Kentucky from 2018 to 2020. More than half of the firms and nearly two-thirds of the jobs were from outside of the region.

Several of the office entrants did not track the approximate number of jobs that would be expected to be added to the area, which contributes to lower than expected job totals. Conversely, HSP also considered the potential for existing employers within Kentucky to expand or relocate to the Project, representing substitution employment and spending.

Although the company names were not disclosed due to confidentiality reasons, understanding the breakdown of non-local prospective office tenants, the number of firms and jobs, and the average wages will help project the net new impact of the Project's office space.

Considering the potential for expansion and relocation of existing firms within Kentucky to the Project and existing Kentucky residents occupying new jobs, HSP has estimated that net new spending due to office employees within the Project would be 35 percent. While a larger percentage of tenants may be new to Kentucky, HSP considered that a portion of new employees from non-Kentucky tenants would be from Kentucky. This assumption will be utilized within spending and impact projections shown later in this report.

Demand & Stakeholder Feedback

To supplement the data presented in this chapter, HSP also had conversations with market participants including property managers, city representatives, and other stakeholders to better understand macro trends as well as supply and demand trends within the office marketplace. The following bullet points summarize these conversations:

- The location of the Project site is in the most premier location in Covington with great views of the river and Cincinnati skyline. The attractive site location is expected to garner premium rental rates and attract major tenant entrants to the area.
- One of the core reasons for office lease-up in the Covington/Newport submarket is the value advantage of lease rates on a per square foot basis. The ability of the market to deliver premium office products below the lease rates that are found in Cincinnati make the market attractive to companies.
- Even prior to the pandemic, the Cincinnati market had a significant supply of office space available. COVID-19 has amplified the available office on the market. With a sizeable amount of vacant space on the market, lease-up of new deliveries to the market can be difficult.
- Newly developed office lease rates (Developed after 2000):
 - Downtown: \$19 to 25/SF NNN
 - Northern Kentucky: \$15 to \$23/SF NNN
- Several new developments are in the works in the Covington/Newport submarket, with the most prominent being the Ovation project. New entrants to the market need to have competitive lease rates, modern features, and strong amenity offerings to attract tenants.

Conclusion

The office market across the country continues to be depressed by the COVID-19 pandemic. However, as vaccine rollout continues and companies return to the office, the industry is expected to rebound. With strong

demographic trends in the region and significant development activity currently happening and proposed in the area, the potential impact of the Project is sizeable. The premier location of the site, strong mix of uses, attractive lease rates, and surrounding growth in the area position the Project well to attracting a major anchor tenant.

As the office space evolves, tenants no longer seek sterile office space in the core CBD of cities. Attractive modern spaces which are flexible, have strong amenity offerings and exist in an environment where employees want to be in the office, is what will be successful in the post-pandemic office sector. Currently, the Covington/Newport submarket is lacking these offerings, while Cincinnati has begun to add a few of these developments to their supply of space in the past several years. However, Covington is also seen as a value market currently, offering space for much lower rental rates. With the development of the Project, the attractive rental rates will also be paired with an exciting, walkable environment for employees, which will greatly improve tenant attraction and retention in Covington.

The work-from-home trend will likely continue for companies in a hybrid form, with both in-home and in-office days for employees. Office buildouts must create spaces with the proper technology and flexibility to accommodate these needs.

HSP expects that the Project would achieve lease rates approaching \$25 per square foot and occupancy between 89 percent and 95 percent if stabilized today given the current market conditions. The primary demand driver for the Project will be its premier location, which is situated on one of the most valuable parcels in Covington. The stellar views of Cincinnati, the Ohio River and the combination of Paul Brown Stadium and the Great American Ballpark will result in premium lease rates for the office space within the development. It is expected that the Project will create strong synergies between Downtown Covington, the MainStrasse Village and The Banks District. With 200,000 square feet of office, absorption may be slower than historical averages due to the pandemic, however it can be expected that stabilization will be achieved within a five-year time frame following completion.

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RESIDENTIAL MARKET ANALYSIS

In this chapter, HSP will analyze the current residential market conditions within downtown Covington. As previously discussed, the proposed Project features 348 apartment units along with other retail, office, hotel and convention center components. This chapter details the supply and performance of the existing residential market and provides market insight into the future opportunity for residential development in Downtown Covington.

Multifamily Market Industry Trends

There has been a large exodus of residents from cities with high costs of living, high tax rates, and high density. COVID-19 only served to accelerate this preexisting trend as millennials escaped to lower tax states with pro-business policies such as Tennessee and Texas. COVID-19 has also generated a few trends, including the urban-to-suburban shift, remote working, increased desire for larger living areas, and increased desire for easy access to nature. While some of these trends will be temporary, others may have more permanent effects. The migration from cities to suburban submarkets has created a nationwide housing crunch with demand outpacing supply. For-sale homes are currently receiving higher bids and more offers than previously seen. The increased cost of development materials also compounds this effect, as deals are becoming harder to pencil.

The following figure depicts the year-over-year rental rate change for the Midwest by CBRE Research as of Q1 2021.

Figure 8-1

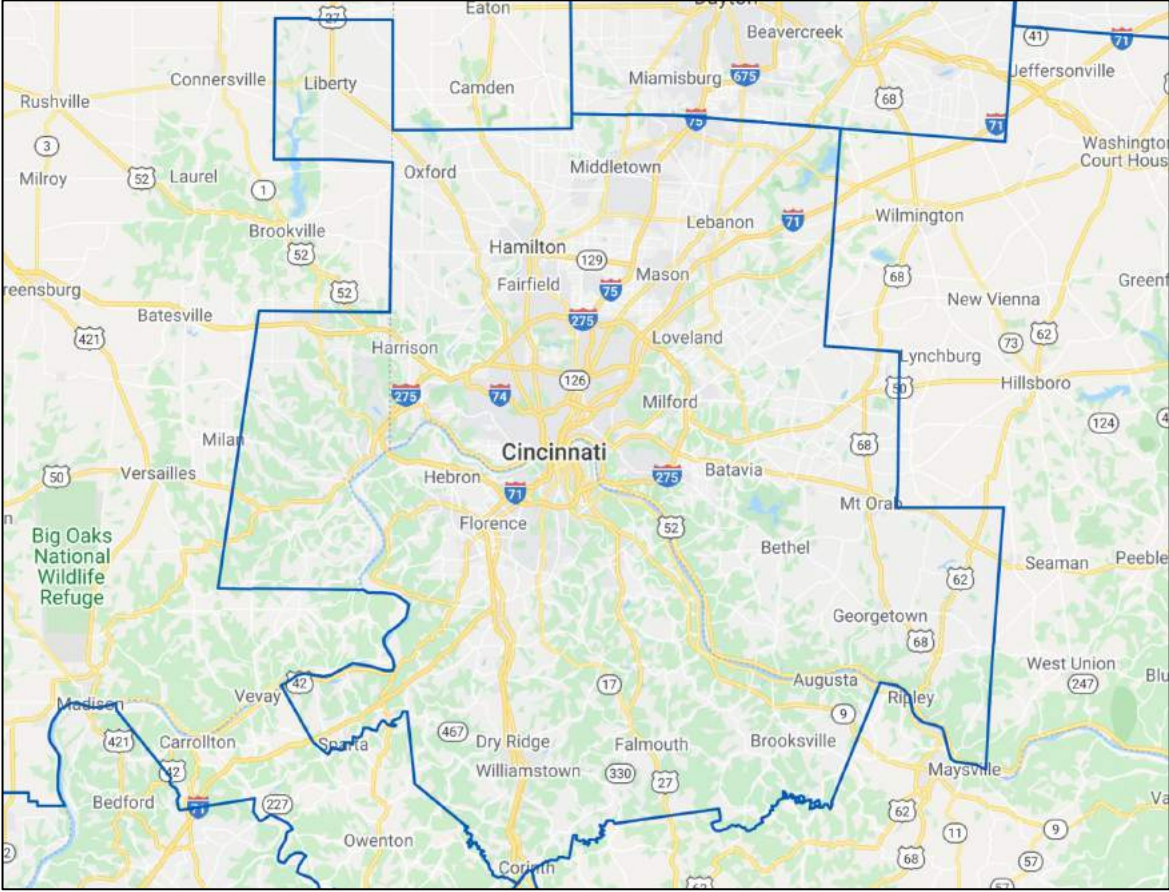
Rank	Market	Rent Change Y-o-Y (%)
MIDWEST		
1	Indianapolis	3.9
2	Detroit	3.8
3	Columbus	3.0
4	Cleveland	2.9
5	Cincinnati	2.5
6	Dayton	2.4
7	Milwaukee	1.9
8	St. Louis	1.3
9	Madison, WI	1.2
10	Omaha	1.1
11	Kansas City	0.9
12	Minneapolis	-1.7
13	Chicago	-5.2

Regional Market Overview

The regional market encompasses the Cincinnati Metropolitan Statistical Area (MSA), which spans across three states including seven counties in Kentucky, five counties in Ohio, and three counties in Indiana. Covington is located across the Ohio River from Downtown Cincinnati and adjacent to Newport, Kentucky.

The following map depicts the regional market area described above.

Figure 8-2



Source: Costar

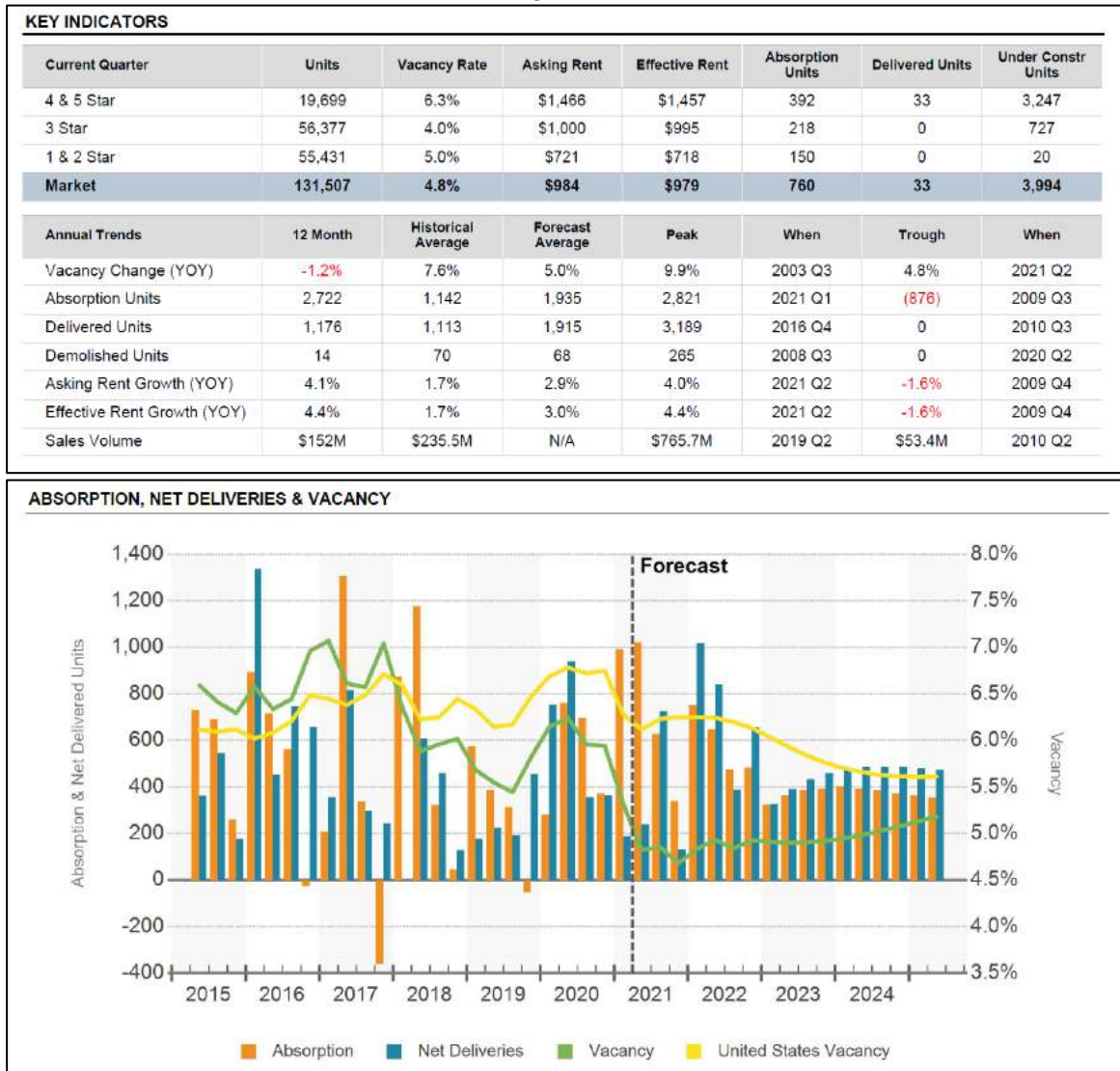
The regional multifamily market has been performing well, with strong demand and slowing development activity driving vacancy downwards to record lows and rents upward to record highs. In addition, surging home prices have benefited the market by keeping more households in the renter pool. However, the next wave of multifamily development will likely slow the decreasing vacancy trend.

The pandemic has reversed a multi-year trend of urbanization across the nation's largest cities and induced strong needs for social distance, affordability, and more space. Renters are showing continued interest in more spacious units, which drove rents for three-bedroom units up eight percent from early 2020 levels. In addition,

studio units are beginning to experience strong lease-up as employees return to working in offices. One-bedroom units have also performed well, as the rents are more than five percent higher than pre-pandemic levels.

The following table summarizes the performance attributes of the regional market.

Figure 8-3



Source: Costar

CoStar utilizes an industry recognized five-star rating system which classifies properties based on their quality, design, amenities, structure, certifications, and much more. There are over 131,000 multifamily units in the regional market, 85 percent of which are weighted towards one, two, and three-star inventory. The two largest submarkets are North Cincinnati and Northern Kentucky, followed by Outlying East and Downtown Cincinnati.

The regional multifamily market was resilient during the COVID-19 pandemic as over 2,000 units were absorbed in 2020, which is a 70 percent increase year-over-year from 2019. Q1 2021 was a record quarter for the market, as over 900 units were absorbed in that time period. Eighty percent of the units delivered in 2020 are now occupied, in addition to 50 percent of the units that entered the market in 2021. The majority of the new supply includes four- and five-star units, which is why vacancy rates for higher quality assets are higher than the three star and lower quality apartment complexes.

Northern Kentucky, the submarket where Covington lies, topped the list for strong demand over the past year. The submarket captured approximately one-third of the total units absorbed in the region. Downtown Cincinnati is improving but the vacancy rate is still eight percent, which is higher than other submarkets. The higher-rent, urban submarkets could face future challenges as the total number of renters who will return once offices and amenities fully reopen are still unclear. The pandemic may also have accelerated a trend towards single-family rentals and homeownership within the millennial population, which could have negative effects on multifamily assets.

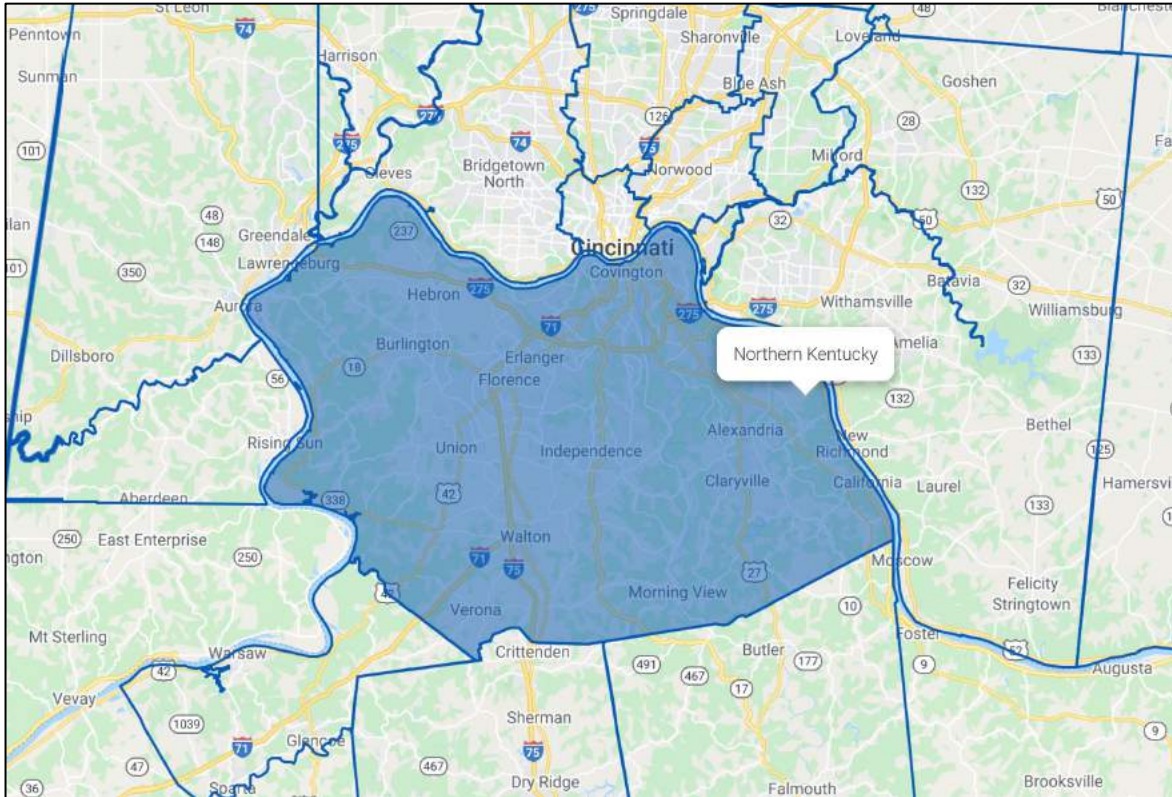
Urban apartments have experienced a sharp decrease in demand, which has also negatively affected asking rents. Cincinnati rents for urban product are nearly the same as early 2020 levels, while suburban rents have increased seven percent since that time period. However, urban rents have turned the corner in early 2021 and began increasing since February. When urban amenities and offices fully open, renters will likely return to the high-density environments and be willing to pay the significant location premium.

Northern Kentucky Submarket Performance

The Northern Kentucky submarket is a large multifamily submarket located just south of downtown Cincinnati. The submarket is bordered by the Ohio River from the north, west, and eastern edges. Verona and Morning View in Kentucky generally mark the southern border of the Northern Kentucky submarket. The submarket consists of over 23,000 units and a total asset value of \$2.3 billion. The majority of the inventory is concentrated along the Ohio River, in Covington and Newport, and along I-71 and I-471.

The following map depicts the submarket area as described above.

Figure 8-4



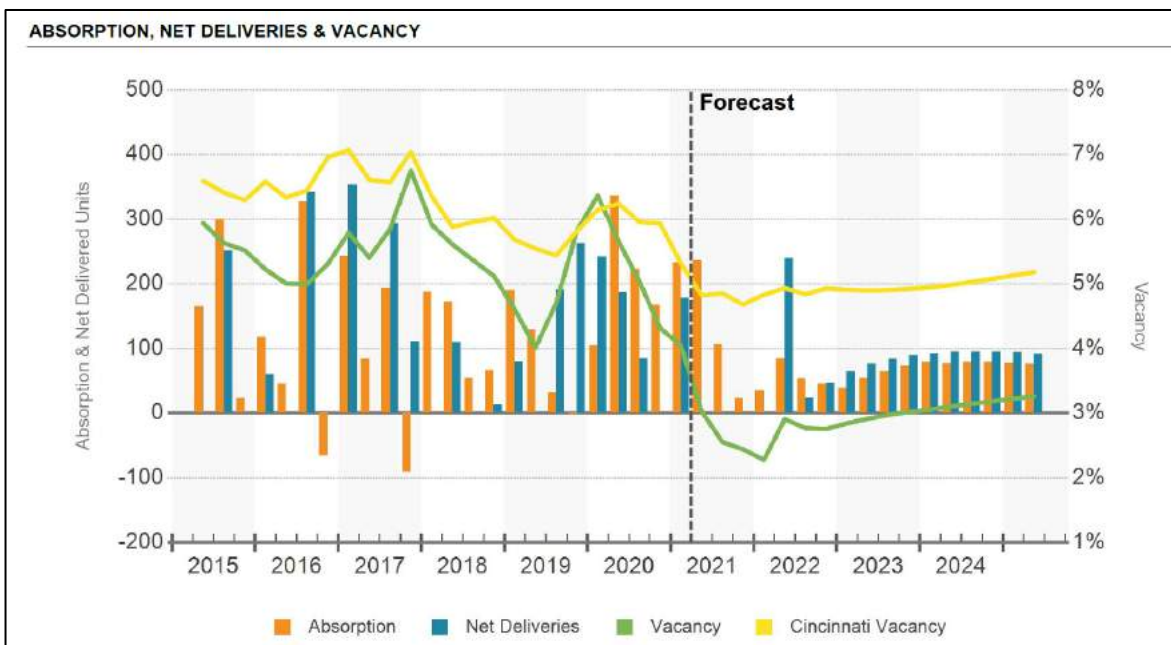
Northern Kentucky is the most active submarket in the region, delivering over 2,100 units since 2017. The new supply has increased vacancy volatility, but the steady demand has allowed for strong absorption for most newer apartments. In 2020, demand topped all other submarkets and approached a 20-year high with 800 units absorbed. Submarket vacancy hovers around 3.2 percent after decreasing 200 basis points. The four- and five-star properties only experienced moderate absorption due to the volume of new units entering the market, but the percentage continues to decrease rapidly as lease up remains strong.

The submarket's strong performance was assisted by the COVID-19 pandemic, as renters shifted from dense urban submarkets into larger units in the suburbs. The average unit size in the Northern Kentucky submarket is larger than that of the region's, resulting in a rent per square foot that is seven percent lower. The difference is much greater when compared to Downtown Cincinnati, as rents per square foot are 25 percent lower.

Figure 8-5

KEY INDICATORS							
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	3,550	7.9%	\$1,383	\$1,372	164	0	240
3 Star	12,298	2.3%	\$951	\$947	27	0	0
1 & 2 Star	7,279	2.4%	\$747	\$744	13	0	0
Submarket	23,127	3.2%	\$973	\$968	204	0	240

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-2.5%	6.6%	3.0%	10.1%	2002 Q1	3.2%	2021 Q2
Absorption Units	862	306	342	1,187	2002 Q3	(127)	2014 Q1
Delivered Units	301	288	295	1,397	2002 Q3	0	2014 Q2
Demolished Units	0	0	12	0	2021 Q1	0	2021 Q1
Asking Rent Growth (YOY)	3.7%	1.5%	3.0%	4.6%	2019 Q2	-2.7%	2009 Q4
Effective Rent Growth (YOY)	4.1%	1.5%	3.1%	4.9%	2019 Q2	-2.7%	2009 Q4
Sales Volume	\$16.7M	\$42.2M	N/A	\$151.5M	2019 Q3	\$6.2M	2005 Q1



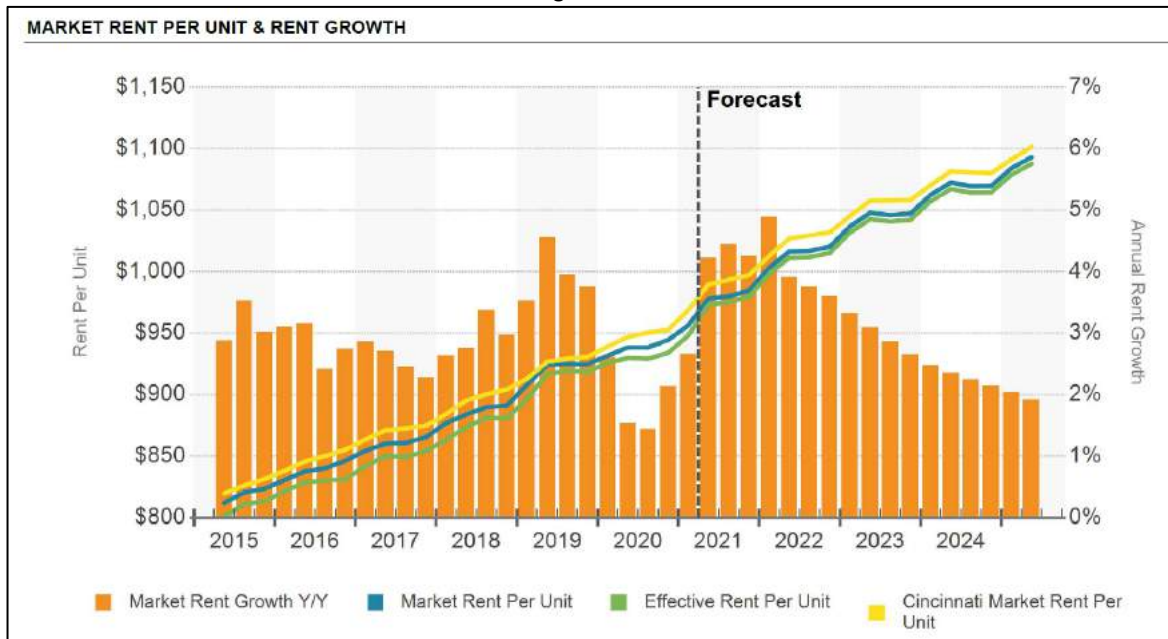
Source: Costar

The Northern Kentucky submarket has been performing very well despite the COVID-19 pandemic and continues to experience strong demand. The submarket vacancy rate decreased from over six percent in Q1 2020 to nearly three percent in the current quarter. The three-, four-, and five-star multifamily assets experienced the highest demand over the past year, although all segments generally experienced strong demand. Vacancy sharply declined among the three-star assets while four- and five-star assets experienced moderate decreases due to new, high-quality supply penetrating the market. The four- and five-star assets sit at a 7.9 percent vacancy rate while one-, two-, and three-star properties sit at a 2.3 to 2.4 percent vacancy rate.

Since early 2019, the Northern Kentucky submarket has experienced an influx of over 1,200 multifamily units. As of Q2 2021, 35 percent of these units are still available. One factor driving the slower lease-up could be location, as downtown Covington is the most urban, high-density area in Northern Kentucky. The urban-to-suburban flight trend has weakened the demand for high-density, high-quality housing. The ongoing revitalization and pockets of distress have also deterred renters from living in downtown Covington. River Haus is a 192-unit apartment complex that opened in Covington in September 2019, and it was only 62 percent occupied as of April 2021. Madison Place is a 187-unit multifamily property that opened in downtown Covington in April 2020 and the complex is currently 60 percent occupied. New supply is limited before mid-2022, which should allow vacancy to steadily decline across all segments. HSP expects that multifamily demand in urban markets will recover as the COVID-19 pandemic continues to fade into history.

The following chart describes the market rents and projected rent growth on a per-unit basis for the Northern Kentucky submarket.

Figure 8-6



Source: Costar

The Northern Kentucky submarket rents average \$970 per month as of Q2 2021, which is generally in-line with Cincinnati overall. Rent growth has averaged 2.7 percent per year over the past ten years, which is in-line with the market average. The three-star properties experienced the strongest rent growth average 2.8 percent annually, compared to 2.2 percent within the four- and five-star segment. Overall submarket rents have increased 2.5 percent year-over-year as of April 2021.

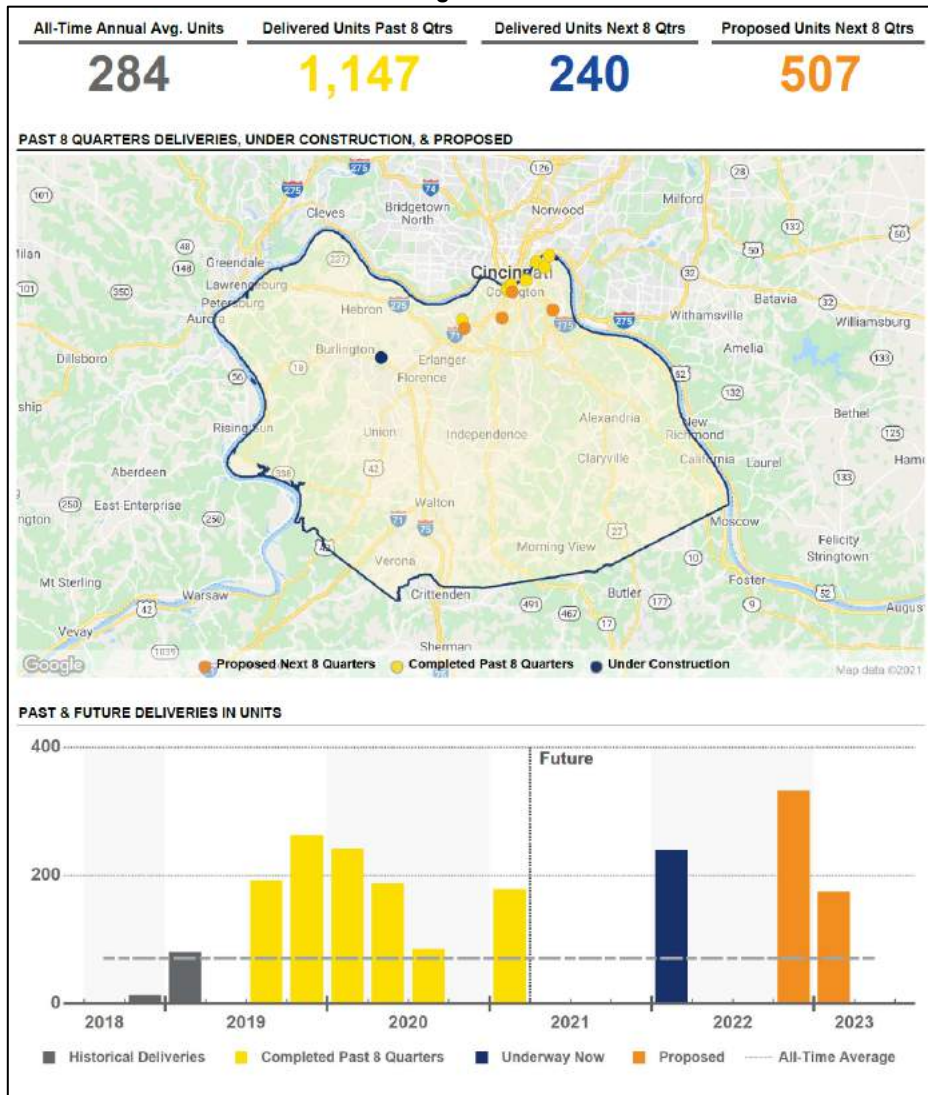
The four- and five-star multifamily properties average \$1,380 in rent per month, which is a considerable premium over the \$950 in rent per month for three-star properties. Newer properties built in early 2020 and later seek an even higher premium with asking rents averaging \$1,580 per month. As the market continues to recover from the COVID-19 pandemic, urban multifamily markets continue to improve.

Development Pipeline

The recent deliveries, under construction and proposed pipeline of developments in the submarket are critical to understand the new inventory in the market, how this may impact additional deliveries and how the market is absorbing additional residential units.

The Northern Kentucky submarket is an active development market, as eight properties offering roughly 1,200 units have entered the market since 2019. The influx of supply has increased vacancies, particularly in the four- and five-star multifamily assets. From Q2 2021 to Q1 2022, there will be zero new apartment complexes entering the Northern Kentucky submarket. This should help decrease vacancies among the higher quality assets. However, the 240-unit Parkway Trails in Florence, KY will open in Q2 2022. In addition, there are four apartment complexes totaling 507 units that have been proposed and the projects all estimate completion dates near the end of 2022 or early 2023.

Figure 8-7



Source: Costar

The following profiles detail relevant recent deliveries to the market and the proposed development that will come online in the near future.

John R. Green Lofts – 437 W 6th Street

John R. Green Lofts is a \$38-million, 178-unit mixed-use apartment project with commercial and office space that is located in Covington's Mainstrasse neighborhood. The project was completed in March 2021 and the multifamily component offers studios, one-bedroom units, and two-bedroom units. The starting rents range from \$970 to \$1,650. Several amenities offered on-site include a private conference and dining room, co-working space, bar seating, rooftop pool & lounge, outdoor green space, grilling area, and more.

The following image shows the John R. Green Lofts building.

Figure 8-8



Madison Place - 50 W Rivercenter Blvd

Madison Place is an apartment complex that offers 187 units and completed construction in April 2020. The luxury multifamily property overlooks the Ohio River and downtown Cincinnati at 15 stories or 260 feet. Madison Place offers studio, one-bedroom, and two-bedroom units ranging from 724 to 1,981 square feet. The apartment offers amenities such as a 13th floor club lounge, riverfront terrace with outdoor kitchen & fire pit, advanced fitness center, sauna, spa, and more.

The following picture shows Madison Place as it stands across the John A. Roebling Suspension Bridge across the Ohio River.

Figure 8-9



Parkway Trails – 4987 Aero Parkway

Parkway Trails is a 240-unit apartment complex that is under construction and estimated to be completed by February 2022. The complex is the next multifamily building that will enter the Northern Kentucky submarket. It is located in Florence, KY and will be located near shopping, restaurants, entertainment, interstate highways, golf courses, public schools, and recreation. Monthly rents will start at \$950 and pre-leasing will occur in early 2022. Some amenities offered by the apartment complex include a swimming pool, fitness center, cyber café, clubhouse, outside exercise equipment, and a bike trail.

The following picture shows a rendering of the finished Parkways Trails apartment complex.

Figure 8-10



The Hayden – 303 Court Street

The Hayden is a 133-unit luxury apartment complex that is undergoing a \$31.4 million renovation. The new complex will include a mix of studio, one and two-bed apartments. 303 Court Street was once home to county and city government entities when it was opened in 1969. Covington has invested roughly \$500,000 in TIF funds into the project to help support public infrastructure costs. Two floors will be added to the historic building and 6,000-square feet of ground floor retail will be incorporated into the space upon completion.

The following picture shows a rendering of the finished Hayden apartment complex.

Figure 8-11

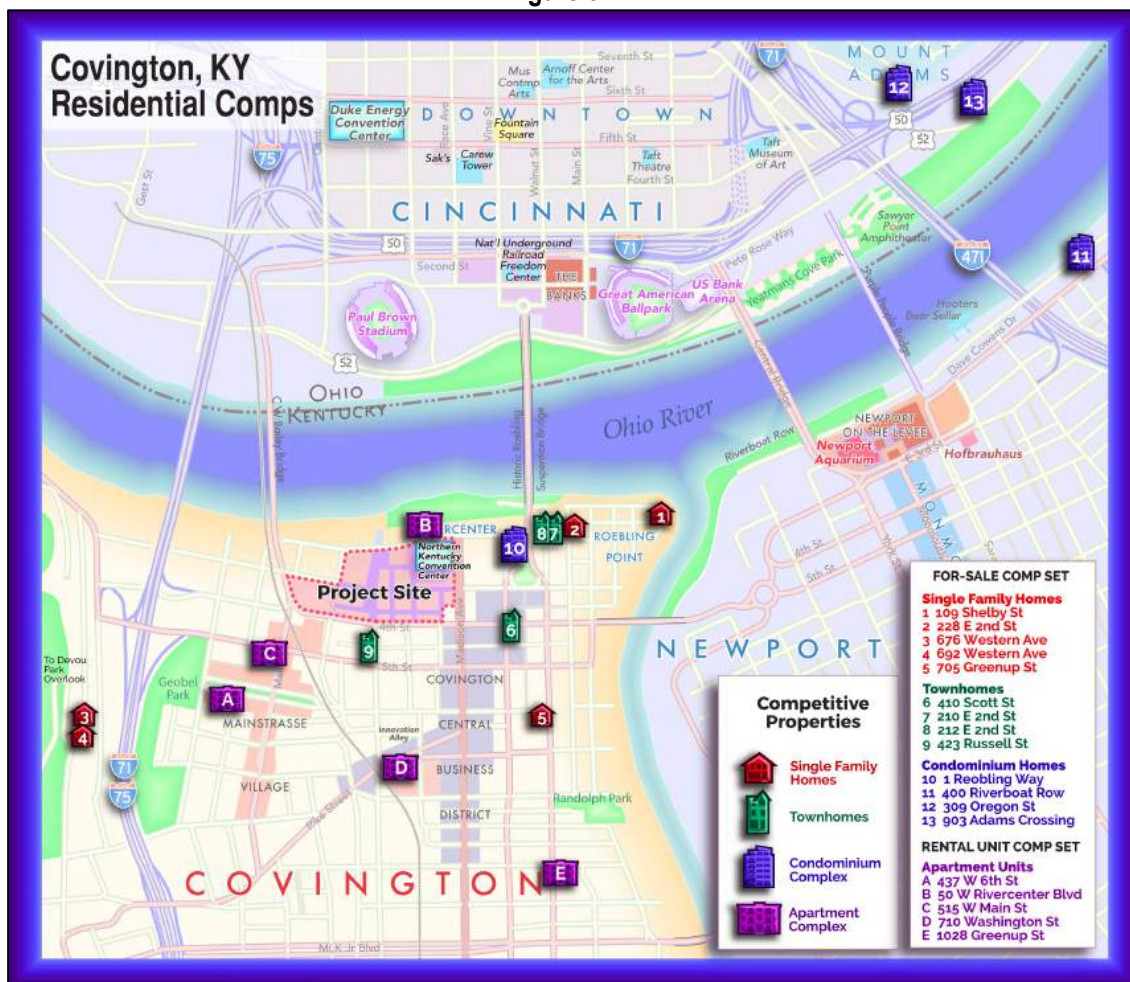


Northern Kentucky Submarket Relevant Multifamily Supply

HSP identified the relevant supply of multifamily assets in the Covington market area to understand the performance, size, and unit characteristics of the highest quality and newest apartment developments. The identified supply of multifamily assets in the Covington market generally consists of three- to five-story apartment complexes averaging 157 units per building. The outlier is Madison Place, a 15-story high-rise apartment building that opened in April 2020 and rests on the Ohio River.

The image below describes the location of the selected multifamily comps.

Figure 8-12



The five apartment complexes identified are all located in downtown Covington. The newer and higher quality multifamily assets are generally located closer to the Ohio River while the older apartment complexes can be found further away. The analysis of the top five apartments in Covington allows for the most accurate projections and forecasts regarding how the Project's 348-unit structure will perform in the future.

The table below describes the general characteristics, performance, and images of the relevant supply.

Figure 8-13

Residential Complex	Address	Distance from Site	Stories	Year Built/Renovated	Units	Number Vacant	Percent Vacant	Avg. Unit Size (Sq. Ft.)	Q2 2021			
									Avg. Rent	Avg. Rent/SF	Eff. Rent	Eff. Rent/SF
 John R. Green Lofts	437 W 6th St	0.7	4	2021	178	70	39.6%	739	\$1,435	\$1.94	\$1,350	\$1.83
 Madison Place	50 W Rivercenter Blvd	0	15	2020	187	57	30.6%	1151	\$1,914	\$1.66	\$1,914	\$1.66
 River Walk	515 Main St	0.6	5	2019	192	24	12.7%	859	\$1,385	\$1.61	\$1,374	\$1.60
 Duveneck Square	710 Washington St	0.5	4	2018	110	8	7.2%	838	\$1,456	\$1.74	\$1,444	\$1.72
 River's Edge at Eastside Pointe	1028 Greenup St	0.8	3	2014	120	3	2.1%	962	\$1,156	\$1.20	\$1,156	\$1.20
Average	-	-	6	2018	157	33	18.4%	910	\$1,469	\$1.63	\$1,448	\$1.60

Source: CoStar

The selected comp set entirely consists of four-star multifamily properties that represent the top apartment complexes that downtown Covington has to offer. The rental rates range from \$1.20 per square foot on the low end and can reach up to \$1.94 per square foot at the top of the market. The average vacancy rate is high at 18.4 percent because several of the apartments are still undergoing lease-up. Several of the comp properties are leasing up relatively slowly due to COVID-19 temporarily shrinking the renter pool for urban apartment complexes. However, renters are returning to cities and lease-up is strengthening in urban markets. The unit sizes for urban assets will be considerably smaller than suburban properties, with the average unit size only 910 square feet. With renters preferring more spacious units and working more from home, it may be wise to include larger units and dens in a new development.

Supply and Demand Analysis

Analyzing how inventory has been delivered and absorbed in the market is critical in projecting both the ability and rate at which the market absorbs new units as proposed in the Project.

The following table details the overall historical and five-year projected supply and demand of the Northern Kentucky submarket.

Table 8-1

OVERALL SUPPLY & DEMAND						
Year	Inventory			Absorption		
	Units	Growth	% Growth	Units	% of Inv	Construction Ratio
2025	24,434	351	1.5%	304	1.2%	1.2
2024	24,083	364	1.5%	314	1.3%	1.2
2023	23,719	301	1.3%	228	1.0%	1.3
2022	23,418	299	1.3%	218	0.9%	1.4
2021	23,119	170	0.7%	602	2.6%	0.3
YTD	23,127	178	0.8%	438	1.9%	0.4
2020	22,949	514	2.3%	831	3.6%	0.6
2019	22,435	535	2.4%	350	1.6%	1.5
2018	21,900	123	0.6%	478	2.2%	0.3
2017	21,777	759	3.6%	430	2.0%	1.8
2016	21,018	402	1.9%	424	2.0%	0.9
2015	20,616	252	1.2%	442	2.1%	0.6
2014	20,364	221	1.1%	190	0.9%	1.2
2013	20,143	93	0.5%	(5)	0%	-
2012	20,050	144	0.7%	230	1.1%	0.6
2011	19,906	124	0.6%	134	0.7%	0.9
2010	19,782	0	0%	119	0.6%	0
2009	19,782	303	1.6%	132	0.7%	2.3

Based on market projections, net absorption will outpace multifamily deliveries in 2021 but turn slightly negative from 2022 until 2025. The demand for apartment units, and housing in general, is currently very high and vacancies are relatively low. Developers are allowing vacancies for four- and five-star assets to recover for another year before continuing to build into a robust housing market.

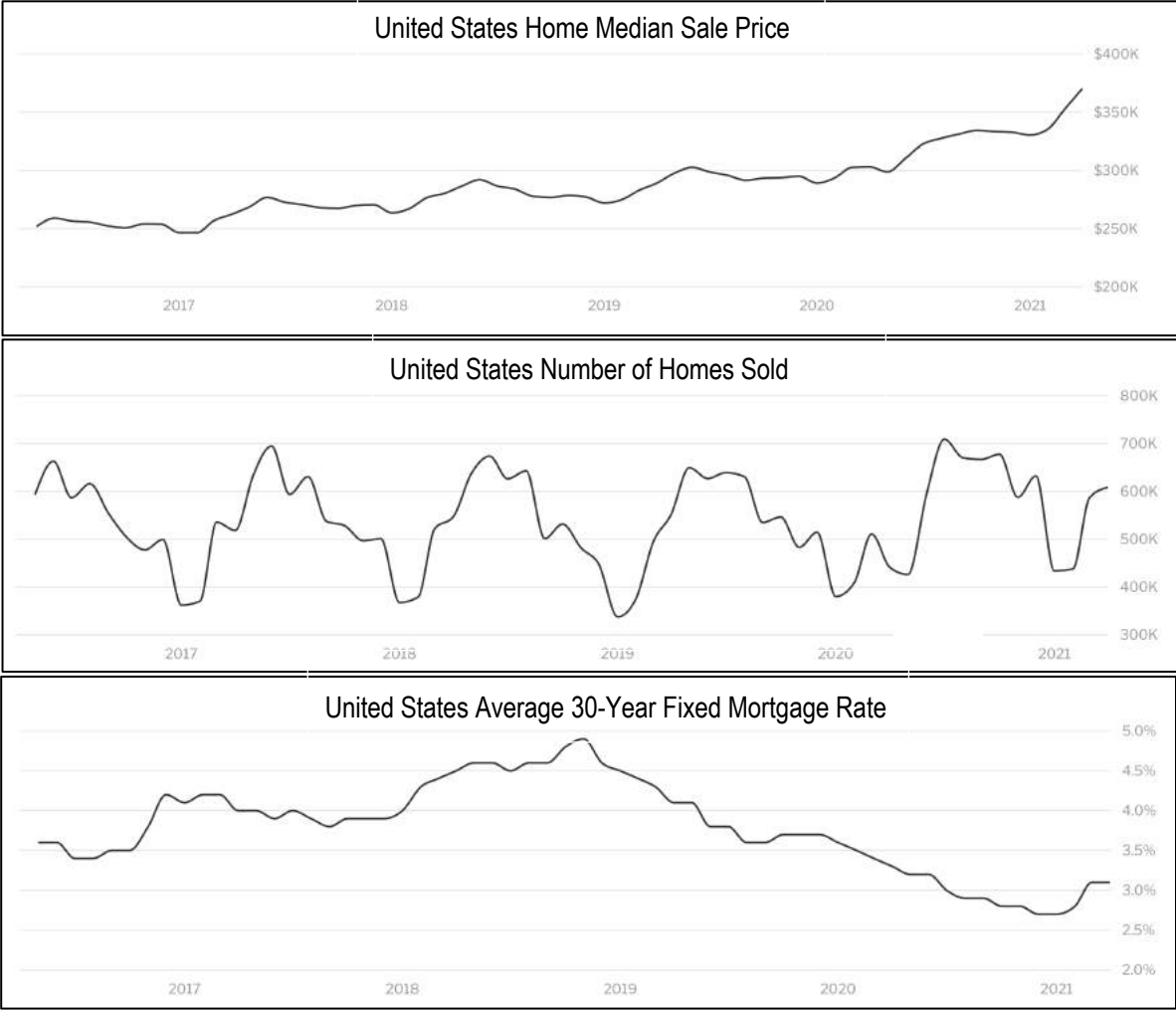
For-Sale Market Industry Trends

The for-sale housing market began performing exceptionally well after the onset of the COVID-19 pandemic. Housing demand surged for all residential real estate. According to Freddie Mac, the U.S. housing market is 3.8 million single-family homes short of what is needed to meet the country’s demand. The housing shortage is especially acute for entry-level homes, which makes it harder for first-time home buyers to purchase a house. The supply shortage has pushed up housing prices and homes are receiving multiple offers above asking price within hours and days of listing.

Single-family housing starts rose in 2020 to 991,000 units, which is the highest rate since 2007. However, the starts fell in January and February as construction costs begun rising dramatically. Typically, recessionary events decrease housing demand and increases supply. However, COVID-19 spurred housing demand as higher-income households who were able to work from home wanted more space and were willing to work further away from their primary work location.

The following figures depict national home sale price, homes sold, and fixed mortgage rate trends since the beginning of 2016.

Figure 8-14



For-Sale Comp Map

The image below describes the location of the identified condominium, single-family, and townhome comps.

Figure 8-15








The two most important factors in selecting the for-sale comps were location and quality. The highest quality single-family homes in Covington are generally located downtown, either near the Ohio River or near the top of Devou Park's highest hill Memorial Overlook. Most of the best and most expensive townhomes were also located near the Ohio River in downtown Covington due to the walkable retail/restaurant amenities and gorgeous views. There were very few new condominium complexes located in downtown Covington, so HSP looked at adjacent comparable projects near the Ohio River in similar markets such as Newport and downtown Cincinnati.

Relevant Single Family Comp Set

HSP identified the relevant supply of single-family homes in Covington to understand the current sale prices and property characteristics of the highest quality and newest home developments. The identified supply of homes in the Covington market generally consists of three-bed, three-bath properties that were either built in the 1850s or are currently under construction. The majority of single-family homes in the set are approximately two stories or 20 feet tall. The properties are located within 1.5 miles of the Project site and average 2,224 square feet per home. The sale prices per square foot range from \$254 per square foot on the low end and reach up to \$323 per square foot at the top of the market.

The table below describes the general characteristics, performance, and images of the relevant supply.

Figure 8-16

Residential Complex	Address	Distance from Site (miles)	Stories	Year Built	Beds	Baths	Total Square Footage	Asking Price	Price/SF
	109 Shelby St	0.5	2	1850	3	3	2,400	\$775,000	\$323
	228 E 2nd St	0.3	2	1851	3	2.5	2,750	\$849,900	\$309
	676 Western Ave	1.3	N/A	U/C	3	3	2,200	\$558,000	\$254
	692 Western Ave	1.4	N/A	U/C	3	3	2,200	\$565,000	\$257
	705 Greenup St	0.6	2	--	2	1.5	1,568	\$395,000	\$252
Average	--	--	2	1,851	3	2.6	2,224	\$628,580	\$279

Source: CoStar, Zillow, Redfin, Trulia

The Covington residential housing market is very strong, with median sale prices up 19.7 percent year-over-year to \$179,500. According to Redfin, the price per square foot has also increased approximately 38 percent to \$153 per square foot with sale activity increasing 21 percent since last year. Redfin has also indicated that there has been a total of 88 homes sold in the past year with only 0.8 percent of sales transacting for under list price. The most valuable home characteristics in the Covington market are two bathrooms, followed by corner lot homes and brick homes. Homes with two bathrooms on average sold for 123.5 percent sale-to-list with a median home listing price of nearly \$200,000.

109 Shelby St

109 Shelby Street is a single-family home that resides within the Licking Riverside District and on the corner of the Ohio River and Licking River. It was built in 1850 and offers three bedrooms and three bathrooms across

2,400 square feet. Like other homes within the Licking Riverside District, this home is a restored Civil War property and carries no homeowner association (HOA) fees. This house is currently listed for \$775,000 or \$323 per square foot and is proximate to Holmes High School and John G Carlisle Elementary School.

The following image details the exterior of the home from the adjacent street.

Figure 8-17



228 E 2nd St

228 E 2nd Street is another single-family home that resides within the Licking Riverside district. The home sits right beside the George Rogers Clark Park, which has scenic views of Downtown Cincinnati and Roebling Bridge and hosts the Duveneck Art Festival hosted by Baker Hunt Art & Cultural Center annually. The home is 2,750 square feet and offers three bedrooms and 2.5 bathrooms across four floors. This home is also a Civil War restored home that was built in 1851 and does not have HOA fees. The current asking market price is \$849,900 or \$309 per square foot.

The following picture shows the entrance and the exterior of the single-family property.

Figure 8-18







Relevant Townhome Comp Set

HSP also analyzed the relevant supply of townhome properties in Covington to understand the going sales prices and physical characteristics of the top-of-market assets. The relevant townhomes in the comp set generally offer two bedrooms and two bathrooms at an average size of 1,786 square feet. The majority of the townhome supply in downtown Covington is older and there are currently very few properties for sale, as Zillow only has six properties listed in all of Covington.

The following table describes the general characteristics, performance, and images of the relevant supply.

Figure 8-19

Residential Complex	Address	Distance from Site (miles)	Stories	Year Built	Beds	Baths	Total Square Footage	Asking Price	Price/SF	Monthly HOA
	410 Scott St	0.3	3	2016	2	3	2,185	\$450,000	\$206	--
	210 E 2nd Street	0.2	3	1987	2	2	1,364	\$290,000	\$213	\$527
	212 E 2nd St	0.2	3	1987	2	2	1,462	\$280,000	\$192	\$576
	423 Russell St	0.4	2	1865	2	2	2,134	\$508,000	\$238	--
Average	--	--	3	1964	2	2.3	1,786	\$382,000	\$212	\$552

Source: CoStar, Zillow, Redfin, Trulia

The selected downtown Covington townhome comps' sale prices range from \$192 square feet to \$238 per square foot, with an average sale price of \$212 per square foot. The properties are generally three stories tall and the average homeowner's association fee was \$552 per month. Townhomes are much more scarce than single-family homes and condominium units in the current market. There are only two townhomes for sale in downtown Covington and four townhomes for sale near Park Hills in Covington.

410 Scott St

410 Scott Street is located near the John A Roebling Suspension Bridge and was built in 2016. This property is also located close to Roebling Row as well as schools such as John G Carlisle Elementary School, Transformational Learning Center School, and Holmes High School. The home offers two bedrooms and three bathrooms across 2,185 square feet. This property is currently listed for \$450,000 or \$206 per square foot.

The following picture shows the garage and back entrance to the townhome.

Figure 8-20



210 E 2nd St

210 E 2nd Street is a townhome built in 1987 and is located near the John A Roebling Suspension Bridge. This property is also within close proximity to Roebing Row as well as schools such as John G Carlisle Elementary School, Transformational Learning Center School, and Holmes High School. The home offers two bedrooms and two bathrooms across 1,364 square feet. This property was recently sold for \$287,000 or \$213 per square foot.

The following picture shows the entrance of the townhome.

Figure 8-21



423 Russell St

423 Russell Street is a townhome located in the Mutter Gottes Historic Neighborhood in Covington. The property was built in 1865 and sits in between various retail and restaurant/dining nodes within Covington. The home offers two bedrooms and two bathrooms across 2,134 square feet. This property was recently sold for \$508,000 or \$238 per square foot. Other amenities within proximity to the property include access to schools such as John G Carlisle Elementary School, Transformational Learning Center School, and Holmes High School.

The following image details the exterior of the home from the adjacent sidewalk.

Figure 8-22




Relevant Condominium Comp Set

HSP examined the relevant supply of condominiums in the Covington market area to understand sale prices, size, and unit characteristics of the highest quality and newest condo developments. The selected supply of condominiums is located in downtown Covington, Newport, and Cincinnati. The properties are approximately 13 years old on average and range in height from four stories to 22 stories.

The table below describes the general characteristics, average sale prices, and images of the relevant supply.

Figure 8-23

Residential Complex	Address	Distance from Site	Stories	Total Unit Count	Year Built/Renovated	Avg. Unit Price	Avg. Unit Size	Avg. Unit Price	Avg. Price/SF	Avg. HOA (Per Mo.)
	1 Roebing Way, Covington, KY 41011	0.2	22	70	2008	Studio				
						1-Bed	1,200	\$445,000	\$371	\$682
						2-Bed	2,200	\$750,000	\$341	\$1,100
						3-Bed	3,800	\$1,900,000	\$500	\$1,961
	400 Riverboat Row, Newport, KY 41071	1.8	21	61	2009	Studio				
						1-Bed	1,200	\$450,000	\$375	\$632
						2-Bed	2,200	\$720,000	\$327	\$1,051
						3-Bed	3,500	\$1,170,000	\$334	\$1,500
	309 Oregon St, Cincinnati, OH 45202	2.5	5	N/A	2009	Studio				
						1-Bed				
						2-Bed				
						3-Bed	3,517	\$1,200,000	\$341	\$673
	903 Adams Xing, Cincinnati, OH 45202	2.2	4	40	2006	Studio				
						1-Bed	1,469	\$435,000	\$296	\$366
						2-Bed	1,755	\$480,000	\$274	\$390
						3-Bed	1,959	\$660,000	\$337	\$405
Average	--	--	13	57	2008	Studio				
						1-Bed	1,290	\$443,333	\$347	\$560
						2-Bed	2,052	\$650,000	\$314	\$847
						3-Bed	3,194	\$1,232,500	\$378	\$1,135
						4-Bed				

Source: CoStar, Zillow, Redfin, Trulia

The supply of new condominiums near the Ohio River in downtown Covington, Newport, and Cincinnati generally offer one-bedroom, two-bedroom, and three-bedroom units. The one-bedroom units average 1,290 square feet and are selling for \$347 per square foot, while two-bedroom units average 2,052 square feet and are priced slightly lower at \$314 per square foot. The three-bedroom units are the largest at 3,194 square feet with market rates of \$378 per square foot. These condominium comps represent the top of the market in the Covington market area. There are only 13 condo units for sale in Covington, which makes condo units more scarce than single-family homes but more common than townhomes.

1 Roebing Way

1 Roebing Way or The Ascent at Roebing's Bridge is the highest quality condominium development in downtown Covington. It was developed in 2008 and measures 22 stories tall. The structure offers a diverse unit mix of one- to three-bedroom condos with unit sizes ranging from 1,200 to 3,800 square feet. The average unit price across the different unit types varies from \$371 to \$500 per square foot. The monthly HOA fees range from \$682 to \$1,961.

The following picture shows the exterior of Covington's top condominium.

Figure 8-24



400 Riverboat Row

400 Riverboat Row or SouthShore Condominiums is located in Newport and sits along the Ohio Riverfront, as well as I-471 that runs along Daniel Carter Beard Bridge. The property is also near popular hotspots such as the Newport Aquarium and Hofbrauhaus Newport. The unit mix offered includes one- to three-bedroom units with average unit sizes that are similar to the Ascent at Roebling’s Bridge. The average price per square foot is slightly lower on average in part due to the high premium commanded by penthouse units at Covington’s top condominium.

The following picture shows the exterior of the condominium structure.

Figure 8-25



309 Oregon St

309 Oregon Street is a smaller condominium building located in downtown Cincinnati. The property sits adjacent to the Riverview Park, which is known for its large urban green space and its proximal distance to the Great American Ball Park and Paul Brown Stadium. The unit mix consists of three-bedroom units and the average price per square foot is \$341.

The following image details the exterior of the property.

Figure 8-26



Demand & Stakeholder Feedback

To supplement the data presented in this chapter, HSP interviewed key market participants including brokers, research analysts, property managers, city representatives, and other stakeholders to better understand macro trends, as well as supply and demand trends within the multifamily marketplace. The following bullet points summarize these conversations:

- Urban multifamily markets were negatively affected by the new renter preferences formed by the COVID-19 pandemic. High-density, urban markets such as downtown Covington have experienced slower lease-up than expected. However, absorption is beginning to accelerate as vaccine deployment continues and urban cities repopulate.
- The residential for-sale market has performed extremely well throughout the pandemic and into 2021. Brokers have indicated the need for single-family homes and townhomes priced in the \$400,000 to \$500,000 range. Additionally, more affordable condominiums around the \$300,000 range would absorb more quickly than expensive, luxury builds that are priced much higher.
- The continued revitalization and pockets of distress are additional factors that have been deterring renters from living in downtown Covington. Many renters have flocked to the suburban residential markets that offer larger spaces and more social distancing.

- The largest value of living in Northern Kentucky versus Cincinnati would be the cost differential. Cincinnati has all of the amenities, including major league sports, The Banks, and Over-The-Rhine (OTR).

Conclusion

Covington's residential market has shown strength throughout the pandemic and is currently performing well. Multifamily developers have continued to build new apartments because of the low vacancy, rising rents, and high overall demand for housing. The medium and lower quality apartment complexes are currently outperforming the newest, high-end properties because of the influx of new product and the effects of the COVID-19 pandemic. However, absorption is accelerating among the five-star properties and the highest quality apartment complexes will quickly lease-up as the economy returns to normal. The for-sale market has been flourishing and assets such as single-family homes, townhomes, and condominiums are selling at higher prices at lower days-on-market (DOM). The national supply crunch, in addition to low interest rates and COVID-induced trends, are generally the driving factors behind the for-sale boom.

The residential component of the Project has very high potential and HSP expects the asset to perform well in the future, with starting lease rates of approximately \$1.90 per square foot (excluding inflation) and vacancy rates stabilizing at approximately 95 percent.

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DEMAND AND REVENUE PROJECTIONS

Based on HSP's review of the data supplied by the Applicant, the local market information gathered, and other information analyzed, as well as HSP's overall experience studying hotels, convention centers and mixed-use developments, HSP projected the demand and financial performance of each project component, as well as the net new spending to Kentucky. Full tables and projections can be found in the Appendix A chapter at the end of the report.

Project Hotel

The following table shows the estimated growth of each hotel market segment for the competitive set through the first ten years of the Project's operations.

Table 9-1

Estimated Competitive Set Demand Growth by Segment												
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2017	156,378	—	114,333	—	143,666	—	414,377	—	596,384	—	1,634	69.5%
2018	157,623	—	115,242	—	144,809	—	417,674	0.8%	592,760	-0.6%	1,624	70.5%
2019	163,026	—	119,192	—	149,773	—	431,991	3.4%	592,760	0.0%	1,624	72.9%
2020	64,214	—	21,405	—	128,428	—	214,047	-50.5%	582,530	-1.7%	1,596	36.7%
2021	109,164	70.0%	42,809	100.0%	147,692	15.0%	299,666	40.0%	582,530	0.0%	1,596	51.4%
2022	158,288	45.0%	85,619	100.0%	169,846	15.0%	413,753	38.1%	627,790	7.8%	1,720	65.9%
2023	166,202	5.0%	115,585	35.0%	174,942	3.0%	456,729	10.4%	627,790	0.0%	1,720	72.8%
2024	172,850	4.0%	121,365	5.0%	185,438	6.0%	479,653	5.0%	680,350	8.4%	1,864	70.5%
2025	176,307	2.0%	123,792	2.0%	189,147	2.0%	489,246	2.0%	680,350	0.0%	1,864	71.9%
2026	176,307	0.0%	123,792	0.0%	189,147	0.0%	489,246	0.0%	680,350	0.0%	1,864	71.9%
2027	176,307	0.0%	123,792	0.0%	189,147	0.0%	489,246	0.0%	680,350	0.0%	1,864	71.9%
2028	176,307	0.0%	123,792	0.0%	189,147	0.0%	489,246	0.0%	680,350	0.0%	1,864	71.9%
2029	185,123	5.0%	136,171	10.0%	192,930	2.0%	514,224	5.1%	744,955	9.5%	2,041	69.0%
2030	192,528	4.0%	147,065	8.0%	194,859	1.0%	534,452	3.9%	744,955	0.0%	2,041	71.7%
2031	198,303	3.0%	154,418	5.0%	196,808	1.0%	549,529	2.8%	744,955	0.0%	2,041	73.8%
2032	204,252	3.0%	157,506	2.0%	198,776	1.0%	560,535	2.0%	744,955	0.0%	2,041	75.2%
2033	204,252	0.0%	157,506	0.0%	198,776	0.0%	560,535	0.0%	744,955	0.0%	2,041	75.2%
2034	204,252	0.0%	157,506	0.0%	198,776	0.0%	560,535	0.0%	744,955	0.0%	2,041	75.2%
2035	204,252	0.0%	157,506	0.0%	198,776	0.0%	560,535	0.0%	744,955	0.0%	2,041	75.2%
2036	204,252	0.0%	157,506	0.0%	198,776	0.0%	560,535	0.0%	744,955	0.0%	2,041	75.2%
2037	204,252	0.0%	157,506	0.0%	198,776	0.0%	560,535	0.0%	744,955	0.0%	2,041	75.2%
2038	204,252	0.0%	157,506	0.0%	198,776	0.0%	560,535	0.0%	744,955	0.0%	2,041	75.2%

Source: Hunden Strategic Partners

The proposed 177-room Project Hotel is assumed to open in 2029 alongside the expansion of the Northern Kentucky Convention Center (NKYCC). Following the opening of the Project Hotel, which, in the absence of concrete plans from the Applicant, HSP is assuming to be an upper upscale, full-service soft branded property, demand in the competitive set is expected to increase over the period, especially in the leisure and group segments due to NKYCC expansion and existing mix of demand. Occupancy of the competitive set is projected to stabilize at 75.2 percent in 2032.

The following table below shows the estimated market penetration of the proposed hotel, based on how the hotel will penetrate various markets. For example, if the hotel penetrated each market segment at 100 percent, its resulting occupancy would match that of the competitive set. If its penetration is greater than 100 percent, then its occupancy would be higher than the competitive set. The market segments are weighted as they are in the competitive set.

Table 9-2

Estimated Market Penetration for 177-Room Full-Service Group Hotel						
Year	Corporate Transient	Group	Leisure	Total Penetration	Projected Set Occupancy	Subject Occupancy
2029	92%	130%	70%	94%	69%	65%
2030	93%	130%	70%	95%	72%	68%
2031	94%	130%	80%	99%	74%	73%
2032	95%	130%	90%	103%	75%	78%
2033	95%	130%	90%	103%	75%	78%
2034	95%	130%	90%	103%	75%	78%
2035	95%	130%	90%	103%	75%	78%
2036	95%	130%	90%	103%	75%	78%
2037	95%	130%	90%	103%	75%	78%
2038	95%	130%	90%	103%	75%	78%

Source: Hunden Strategic Partners

The Project Hotel is expected to cater to groups especially but also to leisure and corporate travelers due to the unique nature of the hotel and brand affiliation to a major brand family. Most of the group business is expected to be generated by the NKYCC expansion. The resulting occupancy is expected to be higher than the competitive set of hotels in the market.

The following table shows the estimated demand for the proposed hotel based on the penetration rates established above.

Table 9-3

Projected Demand for Proposed 177-Room Hotel												
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2029	14,770	-	15,352	-	11,712	-	41,834	-	64,605	-	177	65%
2030	15,528	5.1%	16,580	8.0%	11,829	1.0%	43,937	5.0%	64,605	0.0%	177	68%
2031	16,166	4.1%	17,409	5.0%	13,654	15.4%	47,229	7.5%	64,605	0.0%	177	73%
2032	16,828	4.1%	17,757	2.0%	15,515	13.6%	50,100	6.1%	64,605	0.0%	177	78%
2033	16,828	0.0%	17,757	0.0%	15,515	0.0%	50,100	0.0%	64,605	0.0%	177	78%
2034	16,828	0.0%	17,757	0.0%	15,515	0.0%	50,100	0.0%	64,605	0.0%	177	78%
2035	16,828	0.0%	17,757	0.0%	15,515	0.0%	50,100	0.0%	64,605	0.0%	177	78%
2036	16,828	0.0%	17,757	0.0%	15,515	0.0%	50,100	0.0%	64,605	0.0%	177	78%
2037	16,828	0.0%	17,757	0.0%	15,515	0.0%	50,100	0.0%	64,605	0.0%	177	78%
2038	16,828	0.0%	17,757	0.0%	15,515	0.0%	50,100	0.0%	64,605	0.0%	177	78%

Source: Hunden Strategic Partners

As shown, the majority of business is expected to come from group guests, followed by the corporate segment.

The following table shows the estimated market segmentation for the proposed hotel versus the competitive set. The proposed hotel's penetration of each market segment then leads to a higher or lower rate for each segment relative to the competitive set.

Table 9-4

Projected Hotel Stabilized Demand Mix vs. Comp Set		
Segment	Hotel at Stabilization	Comp Set
Corporate	34%	36%
Group	35%	28%
Leisure	31%	36%
Total	100%	100%

Source: Hunden Strategic Partners

The proposed hotel is projected to generate 35 percent of its room nights from the group market (more than the competitive set, which gets approximately 28 percent from groups), 34 percent from corporate (compared with 36 percent) and 31 percent from the leisure market.

The next table shows the estimate of daily rate for the Project.

Table 9-5

Average Daily Room Rate Projections					
Year	Comp. Set ADR	Annual Increase	Hotel Rate Penetration	Projected Hotel Rate	Annual Increase
2019	\$137	–	–	–	–
2020	\$110	-19.4%	–	–	–
2021	\$113	2.8%	–	–	–
2022	\$130	15.0%	–	–	–
2023	\$137	5.0%	–	–	–
2024	\$140	2.2%	–	–	–
2025	\$143	2.2%	–	–	–
2026	\$146	2.2%	–	–	–
2027	\$149	2.2%	–	–	–
2028	\$153	2.2%	–	–	–
2029	\$156	2.2%	112%	\$174	–
2030	\$159	2.2%	112%	\$178	2.3%
2031	\$163	2.2%	111%	\$182	2.0%
2032	\$167	2.2%	111%	\$185	2.0%
2033	\$170	2.2%	111%	\$189	2.2%
2034	\$174	2.2%	111%	\$193	2.2%
2035	\$178	2.2%	111%	\$198	2.2%
2036	\$182	2.2%	111%	\$202	2.2%
2037	\$186	2.2%	111%	\$206	2.2%
2038	\$190	2.2%	111%	\$211	2.2%

Source: Hunden Strategic Partners

Based on HSP's analysis of the market and the Project Hotel's rate penetration of each market segment, it is estimated that in the first year of the hotel's operation the average daily rate will be \$174, which is 12 percent higher than the expected rate for the competitive set.

The next table shows a summary of expected performance of the hotel.

Table 9-6

Performance Projections				
Year	Average Daily Rate	Occupancy	Revenue per Available Room	Annual Increase
2029	\$174	65%	\$113	–
2030	\$178	68%	\$121	7.4%
2031	\$182	73%	\$133	9.6%
2032	\$185	78%	\$144	8.2%
2033	\$189	78%	\$147	2.2%
2034	\$193	78%	\$150	2.2%
2035	\$198	78%	\$153	2.2%
2036	\$202	78%	\$157	2.2%
2037	\$206	78%	\$160	2.2%
2038	\$211	78%	\$164	2.2%

Source: Hunden Strategic Partners

Average daily rate is expected to increase from \$174 to \$211 over the period, while occupancy is expected to begin at 65 percent and increase to 78 percent as the hotel stabilizes, leading to a RevPAR of \$113 in the first year, increasing to \$164 by Year 10.

Financial Performance

The next table shows the projected revenues of the proposed hotel based on a number of assumptions about the property.

The figures are shown as earned (cash basis) and in nominal amounts, not discounted. PAR stands for “per available room” and are shown on an annual basis and POR stands for “per occupied room” and are shown on a per night basis.

Table 9-7

Projection of Income & Expense: 177-room Group Hotel - (in \$000, inflated)										
	Year 1				Year 2	Year 3	Year 4	Year 5	Year 10	
Room Count	177				177	177	177	177	177	
Available Room Nights	64,605				64,605	64,605	64,605	64,605	64,605	
Occupancy Rates	65%				68%	73%	78%	78%	78%	
Occupied Room Nights	41,834				43,937	47,229	50,100	50,100	50,100	
Average Daily Rate	\$174				\$174	\$178	\$182	\$185	\$206	
RevPAR	\$113				\$118	\$130	\$141	\$144	\$160	
Percent of Change from Prior Year	-				5.0%	10.0%	8.1%	2.0%	2.2%	
	\$	%	PAR	POR	\$	\$	\$	\$		
REVENUE										
Rooms	\$7,282	63.0%	\$41,139	\$174	\$7,648	\$8,409	\$9,094	\$9,274	\$10,340	62.5%
Hotel Food and Beverage	3,331	28.8%	\$18,818	\$80	3,509	3,871	4,200	4,283	4,775	28.9%
Other Operated Departments	586	5.1%	\$3,309	\$14	617	681	739	753	840	5.1%
Rentals and Other Income	356	3.1%	\$2,012	\$9	375	414	449	458	578	3.5%
Total Revenue	\$11,554	100.0%	\$65,277	\$276	\$12,149	\$13,374	\$14,481	\$14,768	\$16,534	100.0%

Source: Hunden Strategic Partners

The property is projected to generate a total of \$11.6 million in gross revenue in the first year, increasing to more than \$16.5 million in the tenth year.

The primary new demand from the hotel (demand that would not be in Kentucky “but for” this project) is the business that is currently staying in other states because the Northern Kentucky Convention Center and surrounding hotel group room blocks have limited availability. While the gross operations of the Project will generate tax revenue, additional analysis for the KEDFA is the amount of net new spending generated by the Project in the Commonwealth of Kentucky.

The hotel, as demonstrated, will retain a multitude of events and room nights that would have left Kentucky had the convention center not been expanded and the new hotel developed to support the expansion.

The table below shows the projected net new room nights to Kentucky due to the Project.

Table 9-8

Projection of Net New Room Nights due to Hotel & Convention Center													
	Year 1	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 20	Year 25	Year 30
New Corp Transient Room Nights in Comp Set	--	--	8,815	16,220	21,996	27,945	27,945	27,945	27,945	27,945	27,945	27,945	27,945
% Due to Hotel	--	--	65%	35%	30%	27%	25%	25%	25%	25%	25%	25%	25%
Due to Hotel	--	--	5,730	5,677	6,599	7,545	6,986	6,986	6,986	6,986	6,986	6,986	6,986
New to KY Due to Hotel	--	--	3,724	3,690	4,289	4,904	4,541	4,541	4,541	4,541	4,541	4,541	4,541
Not Due to Hotel	--	--	9,040	9,851	9,567	9,283	9,841	9,841	9,841	9,841	9,841	9,841	9,841
Total Corp Transient at Hotel	--	--	14,770	15,528	16,166	16,828	16,828	16,828	16,828	16,828	16,828	16,828	16,828
% of Corp Transient Net New	--	--	39%	37%	41%	45%	42%	42%	42%	42%	42%	42%	42%
New Group Room Nights in Comp Set	--	--	12,379	23,273	30,626	33,714	33,714	33,714	33,714	33,714	33,714	33,714	33,714
% Due to Hotel	--	--	75%	46%	38%	38%	38%	38%	38%	38%	38%	38%	38%
Due to Hotel	--	--	9,284	10,706	11,638	12,812	12,812	12,812	12,812	12,812	12,812	12,812	12,812
New & Recaptured to KY Due to Hotel	--	--	6,035	6,959	7,565	8,327	8,327	8,327	8,327	8,327	8,327	8,327	8,327
Not Due to Hotel	--	--	6,068	5,875	5,771	4,946	4,946	4,946	4,946	4,946	4,946	4,946	4,946
Total Group at Hotel	--	--	15,352	16,580	17,409	17,757	17,757	17,757	17,757	17,757	17,757	17,757	17,757
% of Group Net New	--	--	60%	65%	67%	72%	72%	72%	72%	72%	72%	72%	72%
New Leisure Room Nights in Comp Set	--	--	3,783	5,712	7,661	9,629	9,629	9,629	9,629	9,629	9,629	9,629	9,629
Due to Hotel	--	--	3,405	2,856	3,064	3,852	3,852	3,852	3,852	3,852	3,852	3,852	3,852
New to KY Due to Hotel	--	--	2,213	1,856	1,992	2,504	2,504	2,504	2,504	2,504	2,504	2,504	2,504
Not Due to Hotel	--	--	8,307	8,973	10,590	11,663	11,663	11,663	11,663	11,663	11,663	11,663	11,663
Total Leisure at Hotel	--	--	11,712	11,829	13,654	15,515	15,515	15,515	15,515	15,515	15,515	15,515	15,515
% of Leisure Net New	--	--	29%	24%	22%	25%	25%	25%	25%	25%	25%	25%	25%
Total New Room Nights in Comp Set	--	--	24,977	45,205	60,283	71,289	71,289	71,289	71,289	71,289	71,289	71,289	71,289
Due to Hotel	--	--	18,419	19,239	21,301	24,208	23,649	23,649	23,649	23,649	23,649	23,649	23,649
New to KY Due to Hotel & Convention Center	--	--	11,972	12,505	13,846	15,735	15,372	15,372	15,372	15,372	15,372	15,372	15,372
% of New Hotel Demand	--	--	28.6%	28.5%	29.3%	31.4%	30.7%	30.7%	30.7%	30.7%	30.7%	30.7%	30.7%

Source: Hunden Strategic Partners

HSP projects that, by Year 11, there will be more than 15,000 net new room nights in Kentucky due to the Project. These will primarily be generated in the group and leisure segments. HSP projects that 30.7 percent of all room nights at the hotel will be net new to Kentucky (69.3 substitution rate). HSP believes the projection is conservative and that more than this proportion will be net new to Kentucky due to the hotel. This is because there is a lack of interesting full-service, downtown hotels in Northern Kentucky. This impacts all market segments, especially group. For similar accommodations, guests would need to go to Cincinnati. The combined complex that includes the expanded NKYCC underscores this situation and HSP believes that the hotel and convention center will be major inducers of new business to Kentucky and will also recapture business that wanted to be in Kentucky, but chose non-Kentucky locations due to the quality, amenities, meeting facilities, size and branding.

The table below shows the room rates for each market segment and the resulting new revenue to Kentucky from the new room nights.

Table 9-9

Projection of Room Revenue from Induced/Recaptured Room Nights													
	Year 1	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 20	Year 25	Year 30
Corp Transient Rate	-	-	\$194	\$199	\$203	\$208	\$212	\$217	\$222	\$226	\$248	\$281	\$318
Corp Transient Net New Revenue (000s)	-	-	\$724	\$733	\$871	\$1,018	\$963	\$984	\$1,006	\$1,028	\$1,128	\$1,277	\$1,444
Group Rate	-	-	\$181	\$185	\$189	\$194	\$198	\$202	\$207	\$211	\$232	\$262	\$297
Group Net New Revenue (000s)	-	-	\$1,094	\$1,290	\$1,433	\$1,612	\$1,648	\$1,684	\$1,721	\$1,759	\$1,930	\$2,184	\$2,471
Leisure Rate	-	-	\$166	\$170	\$174	\$178	\$182	\$186	\$190	\$194	\$213	\$241	\$272
Leisure Net New Revenue (000s)	-	-	\$368	\$316	\$346	\$445	\$455	\$465	\$475	\$485	\$532	\$602	\$682
Total Room Revenue from Induced Rooms (000s)	-	-	\$2,187	\$2,339	\$2,650	\$3,075	\$3,065	\$3,133	\$3,202	\$3,272	\$3,591	\$4,063	\$4,597

Source: Hunden Strategic Partners

The average daily rates range from \$166 to \$194 in the first year and when multiplied by the new Kentucky room nights for each segment, totals approximately \$2.2 million in the first year, increasing to nearly \$3.3 million in Year 15.

In addition to new room nights to Kentucky from the Project, the improvement in lodging quality will shift existing Kentucky lodgers to spend more on the upgraded facilities. As a result, Kentucky will experience an increase in hotel room spending by the increment of hotel rate in the new hotel over the existing rates at lesser hotels. The table below shows the incremental spending on existing rooms for those shifting to the new hotel.

Table 9-10

Projection of Room Revenue from Incremental Spending on Existing Room Nights													
	Year 1	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 20	Year 25	Year 30
New Hotel Corp Transient Rate	-	-	\$194	\$199	\$203	\$208	\$212	\$217	\$222	\$226	\$248	\$281	\$318
Market Corp Transient Rate	-	-	\$177	\$181	\$185	\$189	\$193	\$197	\$201	\$206	\$232	\$262	\$296
Difference	-	-	\$18	\$18	\$18	\$19	\$19	\$20	\$20	\$21	\$17	\$19	\$22
Corp Transient Net New Revenue (000s)	-	-	\$160	\$178	\$177	\$175	\$190	\$194	\$198	\$203	\$167	\$189	\$213
New Hotel Group Rate	-	-	\$181	\$185	\$189	\$194	\$198	\$202	\$207	\$211	\$232	\$262	\$297
Market Group Rate	-	-	\$134	\$137	\$140	\$143	\$147	\$150	\$153	\$156	\$163	\$163	\$167
Difference	-	-	\$47	\$48	\$49	\$50	\$51	\$52	\$54	\$55	\$68	\$99	\$129
Group Net New Revenue (000s)	-	-	\$285	\$282	\$283	\$248	\$254	\$259	\$265	\$271	\$338	\$489	\$639
New Hotel Leisure Rate	-	-	\$166	\$170	\$174	\$178	\$182	\$186	\$190	\$194	\$213	\$241	\$272
Market Leisure Rate	-	-	\$151	\$155	\$158	\$162	\$165	\$169	\$172	\$176	\$184	\$184	\$189
Difference	-	-	\$15	\$15	\$16	\$16	\$17	\$17	\$17	\$18	\$29	\$57	\$84
Leisure Net New Revenue (000s)	-	-	\$126	\$139	\$167	\$188	\$193	\$197	\$201	\$206	\$334	\$660	\$975
Total Incremental Spend on Existing Rooms (000s)	-	-	\$571	\$599	\$627	\$612	\$636	\$650	\$664	\$679	\$839	\$1,338	\$1,828

Source: Hunden Strategic Partners

By Year 9, HSP projects that the hotel will generate nearly \$600,000 in net new incremental spending on existing room nights in the market. For any guest who was a guest in the new hotel and transferred over from other Kentucky hotels (all of the substitute demand), they will be paying a higher rate and likely will spend more on amenities (as they did not exist in the limited service hotels). As such, HSP counted the incremental room rate paid at this hotel versus the limited service hotels the substitute guests had been spending in existing hotels. In short, there is still net positive impact to Kentucky due to the increase in existing guest spending.

NKYCC Expansion

The table below shows the projected events, by type, for the to-be-expanded 104,000-square foot Northern Kentucky Convention Center. These projections were determined through interviews with local competitive facilities, convention and tourism representatives, local hoteliers, and other local stakeholders.

Table 9-11

Northern Kentucky Convention Center Event Demand Projection										
Event Type	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Exhibit Events										
Conventions and Trade Shows	8	10	12	15	15	15	15	15	15	15
Consumer Shows	2	3	4	4	4	4	4	4	4	4
Sports/Entertainment Events	7	10	12	12	12	12	12	12	12	12
Sub-total Exhibit Hall	17	23	28	31	31	31	31	31	31	31
Non-Exhibit										
Corporate Events and Conferences	16	22	26	28	30	30	30	30	30	30
Banquets & Related	24	32	36	38	40	40	40	40	40	40
Meetings	160	180	190	195	200	200	200	200	200	200
Total	217	257	280	292	301	301	301	301	301	301

Source: Hunden Strategic Partners

Overall, it is projected that the number of total events at the facility will increase from 217 in Year 1 to 301 by stabilization. NKYCC is projected to host a high number of meetings, typically from corporate clients, as well as many banquets and social events and conferences. It is also projected that NKYCC will host at least one convention or trade show and one sports or entertainment event per month on average starting in Year 10.

The next table shows the number of attendees projected in the first ten years of operation for the conference center.

Table 9-12

Projected Attendance										
Event Type	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Exhibit Events										
Conventions and Trade Shows	5,700	8,400	8,800	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Consumer Shows	10,000	15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Sports/Entertainment Events	10,500	15,100	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400
Sub-total Exhibit Hall	26,200	38,500	47,200	48,900	48,900	48,900	48,900	48,900	48,900	48,900
Non-Exhibit										
Corporate Events and Conferences	7,000	9,800	12,600	12,800	14,000	14,000	14,000	14,000	14,000	14,000
Banquets & Related	14,900	19,800	22,400	23,500	25,000	25,000	25,000	25,000	25,000	25,000
Meetings	40,700	45,800	48,300	50,000	50,900	50,900	50,900	50,900	50,900	50,900
Sub-total Non-Exhibit	62,600	75,400	83,300	86,300	89,900	89,900	89,900	89,900	89,900	89,900
Total	88,800	113,900	130,500	135,200	138,800	138,800	138,800	138,800	138,800	138,800

Source: Hunden Strategic Partners

A total of 88,800 attendees are projected in the first year, ramping up to 138,800 by stabilization. HSP projects that meetings will account for more than 50,000 attendees annually upon stabilization. Banquets and related social events, including weddings, will account for 18 percent of all attendees while consumer shows are expected to account for 14 percent by stabilization.

The following table presents the projected operating revenues for the facility's first ten years of operation. Revenues include all revenues of the facility that can be used for operations. Revenue assumptions are based on industry averages compiled by HSP and analysis of other comparable venues.

Table 9-13

NKYCC Pro Forma Operating Statement of Revenues (\$000's, Inflated)										
	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Revenue										
Event Revenue										
Space Rental	1,067	1,445	1,713	1,918	2,034	2,075	2,116	2,159	2,202	2,246
Equipment Rental	75	101	120	134	142	145	148	151	154	157
Net Food and Beverage	731	948	1,095	1,170	1,242	1,267	1,292	1,318	1,345	1,372
Sub-total	2,064	2,746	3,213	3,536	3,745	3,820	3,896	3,974	4,053	4,134
Other Revenue										
Advertising and Sponsorships	8	8	8	8	9	9	9	9	9	10
Parking	148	151	154	157	160	163	167	170	173	177
Sub-total	156	159	162	166	169	172	176	179	183	186
Total Operating Revenue	2,220	2,905	3,375	3,701	3,914	3,992	4,072	4,153	4,236	4,321

Source: Hunden Strategic Partners

It is projected that in the first year of operation, the expanded NKYCC will generate revenues of more than \$2.2 million, the majority of which will be generated through space rentals. Once the building stabilizes, it is expected the facility will reach more than \$3.9 million by Year 12.

The following table shows the projected net new room nights and day trips to Kentucky as a result of the conference center development.

Table 9-14

NKYCC Net New Room Nights and Day Trips to Kentucky										
Net New Room Nights to KY	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Conventions and Trade Shows	1,246	1,836	1,923	2,295	2,295	2,295	2,295	2,295	2,295	2,295
Consumer Shows	189	284	379	379	379	379	379	379	379	379
Sports/Entertainment Events	840	1,208	1,472	1,472	1,472	1,472	1,472	1,472	1,472	1,472
Corporate Events and Conferences	898	1,258	1,617	1,643	1,797	1,797	1,797	1,797	1,797	1,797
Banquets & Related	1,104	1,468	1,660	1,742	1,853	1,853	1,853	1,853	1,853	1,853
Meetings	4,274	4,809	5,072	5,250	5,345	5,345	5,345	5,345	5,345	5,345
Total	8,552	10,862	12,123	12,780	13,140	13,140	13,140	13,140	13,140	13,140
Net New Day Trips to KY	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Conventions and Trade Shows	194	286	299	357	357	357	357	357	357	357
Consumer Shows	1,440	2,160	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880
Sports/Entertainment Events	1,680	2,416	2,944	2,944	2,944	2,944	2,944	2,944	2,944	2,944
Corporate Events and Conferences	882	1,235	1,588	1,613	1,764	1,764	1,764	1,764	1,764	1,764
Banquets & Related	2,295	3,049	3,450	3,619	3,850	3,850	3,850	3,850	3,850	3,850
Meetings	6,268	7,053	7,438	7,700	7,839	7,839	7,839	7,839	7,839	7,839
Total	12,758	16,199	18,599	19,113	19,634	19,634	19,634	19,634	19,634	19,634

Source: Hunden Strategic Partners

By Year 12, HSP projects that the expanded NKYCC will drive more than 13,000 new room nights and nearly 20,000 day trips to the Commonwealth of Kentucky. This is based on a number of visitation assumptions that are detailed below. These new room nights and day trips were included in the increase in group hotel demand for the competitive hotel set that was shown in Table 9-1.

The following table summarizes the visitation assumptions that drive the net new overnight and day trip projections shown in the previous tables.

Table 9-15

Metrics and Assumptions Used to Determine Net New Visitors to Kentucky											
	Percent of Non-KY Visitors	Percent of Non-KY Visitors Who Stay Overnight	Percent of Total Visitors Staying Overnight	Percent of Non-KY Visitors Making a Daytrip	Number of Non-KY Visitors Staying Overnight	Visitors per Room Night	New KY Room Nights Generated	Number of Non-KY Daytrips	% Net New to KY	Net New Room Nights to KY	Net New Day Trips to KY
Conventions and Trade Shows	85%	90%	77%	10%	4,361	1.4	3,115	485	40%	1,923	299
Consumer Shows	45%	20%	9%	80%	900	1.9	474	3,600	40%	379	2,880
Sports/Entertainment Events	80%	50%	40%	50%	4,200	2	2,100	4,200	40%	1,472	2,944
Corporate Events and Conferences	70%	55%	39%	45%	4,851	1.2	4,043	3,969	40%	1,617	1,588
Banquets & Related	70%	45%	32%	55%	7,056	1.7	4,151	8,624	40%	1,660	3,450
Meetings	70%	45%	32%	55%	15,215	1.2	12,679	18,596	40%	5,072	7,438
Average/Total	69%	48%	34%	52%	27,122	1.4	20,872	31,189	40%	12,123	18,599

Source: Hunden Strategic Partners

As shown, HSP projects that approximately 69 percent of all event attendees to the new conference center will be from outside Kentucky. Of those visitors, approximately 48 percent will stay overnight. HSP projects that, in Year 10, 40 percent of all non-Kentucky daytrip attendees will be net new to the Commonwealth. Based on visitor-per-room-night assumptions, HSP projects that the expanded NKYCC will generate nearly 12,123 net new room nights

to Kentucky by Year 10. As mentioned, these new room nights were included in the previously shown hotel projections.

The following table shows the per visitor per day spending for the hotel and convention center elements.

Table 9-16

Estimated Spending Per Visitor per Day - Hotel & Convention Center Only													
	Year 1	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 20	Year 25	Year 30
Spending per New Visitor - Overnight													
Onsite Food & Beverage (Catering+Hotel Restaurant)	\$0.00	\$0.00	\$8.22	\$8.39	\$8.56	\$8.73	\$8.90	\$9.08	\$9.26	\$9.45	\$10.43	\$11.52	\$12.71
Lodging Spending	\$0.00	\$0.00	\$108.82	\$111.21	\$113.66	\$116.16	\$118.71	\$121.32	\$123.99	\$126.72	\$132.36	\$132.36	\$132.36
Transportation Spending	\$0.00	\$0.00	\$7.50	\$7.65	\$7.80	\$7.96	\$8.12	\$8.28	\$8.45	\$8.62	\$9.33	\$10.30	\$11.37
Other Spending	\$0.00	\$0.00	\$6.16	\$6.28	\$6.41	\$6.53	\$6.66	\$6.80	\$6.93	\$7.07	\$7.66	\$8.45	\$9.33
Total Direct Spending	\$0.00	\$0.00	\$130.70	\$133.53	\$136.42	\$139.38	\$142.40	\$145.48	\$148.64	\$151.86	\$159.77	\$162.62	\$165.77
Spending per Visitor - Day Trip													
Onsite Food & Beverage (Catering+Hotel Restaurant)	\$0.00	\$0.00	\$3.29	\$3.36	\$3.42	\$3.49	\$3.56	\$3.63	\$3.70	\$3.78	\$4.17	\$4.61	\$5.09
Transportation Spending	\$0.00	\$0.00	\$5.00	\$5.10	\$5.20	\$5.31	\$5.41	\$5.52	\$5.63	\$5.74	\$6.34	\$7.00	\$7.73
Other Spending	\$0.00	\$0.00	\$3.69	\$3.77	\$3.84	\$3.92	\$4.00	\$4.08	\$4.16	\$4.24	\$4.69	\$5.17	\$5.71
Total Direct Spending	\$0.00	\$0.00	\$11.98	\$12.22	\$12.47	\$12.72	\$12.97	\$13.23	\$13.50	\$13.77	\$15.20	\$16.78	\$18.53

Source: HSP, Kentucky Tourism, Applicant

Overnight visits are expected to result in \$131 of spending in Year 8 once the hotel and convention center expansion are completed. Spending is expected to increase to nearly \$170 by the end of the period. Nearly 80 percent of overnighter spending is expected to come from lodging spending, while food & beverage spending within the hotel and convention center, transportation and other spending is projected to reach the low double-digit range by Year 30. Daytrippers are expected to have far lower spending, totaling as much as \$18.53 per visit by the end of the period.

Mixed-Use Development

Based on existing market performance, broker feedback, and conversations with property managers and other local stakeholders, HSP projected the performance of the mixed-use commercial and residential developments within the Project. As previously discussed, these projects include:

- 200,000 square feet of Class A office,
- 87,808 square feet of ground floor retail and restaurant, and
- 348 apartment units.

The table below shows the office projections.



Table 9-17

Covington Central Riverfront Project - Demand and Financial Projections													
Office Projections	Base Assumption	Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 15	Year 20	Year 25	Year 30	Total
Office Gross Square Footage	200,000	0	0	53,803	83,803	200,000	200,000	200,000	200,000	200,000	200,000	200,000	-
Office Occupancy %	94%	0%	0%	60%	70%	55%	80%	94%	94%	94%	94%	94%	-
Occupied Office Space	188,000	0	0	32,282	58,662	110,000	160,000	188,000	188,000	188,000	188,000	188,000	-
Rental Rate	\$ 23.00	\$ 23.00	\$ 25.39	\$ 25.90	\$ 26.42	\$ 26.95	\$ 27.49	\$ 28.04	\$ 30.35	\$ 33.51	\$ 36.99	\$ 40.84	-
Gross Rent	\$ 4,324,000	\$ -	\$ -	\$ 836,155	\$ 1,549,839	\$ 2,964,298	\$ 4,397,941	\$ 5,270,932	\$ 5,705,426	\$ 6,299,252	\$ 6,954,883	\$ 7,678,752	\$ 137,818,014
Expense % (Assumed)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	-
Net Operating Income	\$ -	\$ -	\$ -	\$ 710,731	\$ 1,317,363	\$ 2,519,653	\$ 3,738,250	\$ 4,480,292	\$ 4,849,612	\$ 5,354,364	\$ 5,911,650	\$ 6,526,940	\$ 117,145,312
Office Workers (@ 1 per 250 SF)	752	-	-	129	235	440	640	752	752	752	752	752	-
Annual Income	\$ 75,000	\$ 75,000	\$ 82,806	\$ 84,462	\$ 86,151	\$ 87,874	\$ 89,632	\$ 91,425	\$ 98,961	\$ 109,261	\$ 120,633	\$ 133,188	-
Total Income (000s)	\$ 56,400	\$ -	\$ -	\$ 10,906	\$ 20,215	\$ 38,665	\$ 57,364	\$ 68,751	\$ 74,419	\$ 82,164	\$ 90,716	\$ 100,158	\$ 1,797,626
New Office Employee Income (000s)	35%	\$ -	\$ -	\$ 3,817	\$ 7,075	\$ 13,533	\$ 20,078	\$ 24,063	\$ 26,047	\$ 28,757	\$ 31,751	\$ 35,055	\$ 629,169
% Disposable Income (after taxes, rent, etc)	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	-
New Local Spending per Employee	\$ 39,000	\$ 39,000	\$ 43,059	\$ 43,920	\$ 44,799	\$ 45,695	\$ 46,609	\$ 47,541	\$ 51,460	\$ 56,816	\$ 62,729	\$ 69,258	-
Total Local Spending	29,328,000	\$ -	\$ -	\$ 5,671,310	\$ 10,511,953	\$ 20,105,675	\$ 29,829,511	\$ 35,750,668	\$ 38,697,673	\$ 42,725,358	\$ 47,172,248	\$ 52,081,973	\$ 934,765,658
Restaurant Spending	10%	\$ -	\$ -	\$ 567,131	\$ 1,051,195	\$ 2,010,567	\$ 2,982,951	\$ 3,575,067	\$ 3,869,767	\$ 4,272,536	\$ 4,717,225	\$ 5,208,197	\$ 93,476,566
Retail Spending	25%	\$ -	\$ -	\$ 1,417,827	\$ 2,627,988	\$ 5,026,419	\$ 7,457,378	\$ 8,937,667	\$ 9,674,418	\$ 10,681,340	\$ 11,793,062	\$ 13,020,493	\$ 233,691,414
Transportation Spending	25%	\$ -	\$ -	\$ 1,417,827	\$ 2,627,988	\$ 5,026,419	\$ 7,457,378	\$ 8,937,667	\$ 9,674,418	\$ 10,681,340	\$ 11,793,062	\$ 13,020,493	\$ 233,691,414
Other	40%	\$ -	\$ -	\$ 2,268,524	\$ 4,204,781	\$ 8,042,270	\$ 11,931,804	\$ 14,300,267	\$ 15,479,069	\$ 17,090,143	\$ 18,868,899	\$ 20,832,789	\$ 373,906,263
% Net New to Kentucky	35%	-	-	-	-	-	-	-	-	-	-	-	-
New Restaurant Spending (000s)	50%	\$ -	\$ -	\$ 99	\$ 184	\$ 352	\$ 522	\$ 626	\$ 677	\$ 748	\$ 826	\$ 911	\$ 16,358
Not Captured in Other Uses (000s)	70.0%	\$ -	\$ -	\$ 69	\$ 129	\$ 246	\$ 365	\$ 438	\$ 474	\$ 523	\$ 578	\$ 638	\$ 11,451
New Retail Spending (000s)	55%	\$ -	\$ -	\$ 273	\$ 506	\$ 968	\$ 1,436	\$ 1,721	\$ 1,862	\$ 2,056	\$ 2,270	\$ 2,506	\$ 44,986
Not Captured in Other Uses (000s)	70.0%	\$ -	\$ -	\$ 191	\$ 354	\$ 677	\$ 1,005	\$ 1,204	\$ 1,304	\$ 1,439	\$ 1,589	\$ 1,755	\$ 31,490
New Transportation Spending (000s)	60%	\$ -	\$ -	\$ 298	\$ 552	\$ 1,056	\$ 1,566	\$ 1,877	\$ 2,032	\$ 2,243	\$ 2,477	\$ 2,734	\$ 49,075
New Other Spending (000s)	60%	\$ -	\$ -	\$ 476	\$ 883	\$ 1,689	\$ 2,506	\$ 3,003	\$ 3,251	\$ 3,589	\$ 3,962	\$ 4,375	\$ 78,520
Total Net New Spending (000s)	\$ -	\$ -	\$ -	\$ 1,035	\$ 1,918	\$ 3,668	\$ 5,442	\$ 6,522	\$ 7,060	\$ 7,795	\$ 8,606	\$ 9,502	\$ 170,536

Source: Hunden Strategic Partners

HSP projects that the new office developments will reach 80 percent occupancy by Year 10 (2031) of the TIF, which is the fourth year after the initial development of office space within the Project. In Year 11, occupancy is expected to stabilize at 94%. HSP utilized data from the Northern Kentucky Tri-ED to make assumptions regarding new employees within the office component of the Project, including average annual office employee income and percentage of net new office employees locating within the Project.

HSP projects that approximately 35 percent of employees will be net new, non-substitute employees to Kentucky. Considering the Northern Kentucky Tri-ED's data shows nearly two-thirds of jobs relocating to Northern Kentucky come from outside the region and the potential for relocations and growth of employers already within Kentucky, HSP believes more employees could be net new than projected. Overall, HSP projects that the office projects will generate \$5.4 million annually in net new restaurant, retail, transportation and other spending in Kentucky by Year 10.

The following table shows the projected performance of the retail and restaurant space within the Project.

Table 9-18

Covington Central Riverfront Project - Demand and Financial Projections											Year 20	Year 25	Year 30	Total
Retail & Restaurant Projections	Base Assumption	Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 15	Year 20	Year 25	Year 30	Total	
Retail Gross Square Footage	87,808	0	6,000	59,174	72,924	87,808	87,808	87,808	87,808	87,808	87,808	87,808	-	
Retail Occupancy %	96%	0	100%	50%	60%	75%	88%	96%	96%	96%	96%	96%	-	
Occupied Retail/Restaurant Space	84,296	0	6,000	29,587	43,754	65,856	77,271	84,296	84,296	84,296	84,296	84,296	-	
Occupied Retail	33%	0	1,980	9,764	14,439	21,732	25,499	27,818	27,818	27,818	27,818	27,818	-	
Occupied Restaurant	67%	0	4,020	19,823	29,315	44,124	51,772	56,478	56,478	56,478	56,478	56,478	-	
Retail Rental Rate	\$ 23.00	\$ 23.00	\$ 25.39	\$ 25.90	\$ 26.42	\$ 26.95	\$ 27.49	\$ 28.04	\$ 30.35	\$ 33.51	\$ 36.99	\$ 40.84	-	
Gross Retail Rent	-	-	\$ 50,280	\$ 252,897	\$ 381,474	\$ 585,650	\$ 700,906	\$ 779,918	\$ 844,208	\$ 932,074	\$ 1,029,085	\$ 1,136,193	\$ 20,921,158	
Restaurant Rental Rate	\$ 26.00	\$ 26.00	\$ 28.71	\$ 29.28	\$ 29.87	\$ 30.46	\$ 31.07	\$ 31.69	\$ 34.31	\$ 37.88	\$ 41.82	\$ 46.17	-	
Gross Restaurant Rent	-	-	\$ 115,399	\$ 290,215	\$ 875,530	\$ 1,344,141	\$ 1,608,668	\$ 1,790,009	\$ 1,937,563	\$ 2,139,226	\$ 2,361,879	\$ 2,607,705	\$ 47,726,461	
Expense % (Assumed)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	-	
Net Operating Income	-	-	\$ 33,136	\$ 108,622	\$ 251,401	\$ 385,958	\$ 461,915	\$ 513,985	\$ 556,354	\$ 614,260	\$ 678,193	\$ 748,780	\$ 13,729,524	
Retail Sales Per Square Foot	\$ 230	\$ 230	\$ 254	\$ 259	\$ 264	\$ 269	\$ 275	\$ 280	\$ 303	\$ 335	\$ 370	\$ 408	-	
Restaurant Sales Per Square Foot	\$ 260	\$ 260	\$ 287	\$ 293	\$ 299	\$ 305	\$ 311	\$ 317	\$ 343	\$ 379	\$ 418	\$ 462	-	
Total Retail Sales	\$ 76	-	\$ 502,798	\$ 2,528,970	\$ 3,814,738	\$ 5,856,505	\$ 7,009,065	\$ 7,799,178	\$ 8,442,081	\$ 9,320,739	\$ 10,290,849	\$ 11,361,929	\$ 209,211,579	
Total Restaurant Sales	\$ 174	-	\$ 1,153,985	\$ 5,804,303	\$ 8,755,301	\$ 13,441,411	\$ 16,086,681	\$ 17,900,089	\$ 19,375,632	\$ 21,392,263	\$ 23,618,787	\$ 26,077,049	\$ 480,166,761	
% Net New to Kentucky	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	-	
New Retail Spending to Kentucky (000s)	\$ -	\$ -	\$ 101	\$ 506	\$ 763	\$ 1,171	\$ 1,402	\$ 1,560	\$ 1,688	\$ 1,864	\$ 2,058	\$ 2,272	\$ 41,842	
New Restaurant Spending to Kentucky (000s)	\$ -	\$ -	\$ 231	\$ 1,161	\$ 1,751	\$ 2,688	\$ 3,217	\$ 3,580	\$ 3,875	\$ 4,278	\$ 4,724	\$ 5,215	\$ 96,033	
Retail Spending Per Visit	\$ 10.00	\$ 10.00	\$ 11.04	\$ 11.26	\$ 11.49	\$ 11.72	\$ 11.95	\$ 12.19	\$ 13.19	\$ 14.57	\$ 16.08	\$ 17.76	-	
Restaurant Spending Per Visit	\$ 30.00	\$ 30.00	\$ 33.12	\$ 33.78	\$ 34.46	\$ 35.15	\$ 35.85	\$ 36.57	\$ 39.58	\$ 43.70	\$ 48.25	\$ 53.28	-	
Retail Visits	0	45,540	224,565	332,096	499,847	586,487	639,804	639,804	639,804	639,804	639,804	639,804	14,484,620	
Restaurant Visits	0	34,840	171,802	254,067	382,404	448,687	489,477	489,477	489,477	489,477	489,477	489,477	11,081,338	
Net New Retail Visits	0	9,108	44,913	66,419	99,969	117,297	127,961	127,961	127,961	127,961	127,961	127,961	2,896,924	
Net New Restaurant Visits	0	6,968	34,360	50,813	76,481	89,737	97,895	97,895	97,895	97,895	97,895	97,895	2,216,268	
% Visiting Both	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	-	
Net New Visitors	0	9,743	48,045	71,050	106,940	125,476	136,883	136,883	136,883	136,883	136,883	136,883	3,098,904	
% Daytrippers	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	-	
% Overnighters	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-	
Net New Retail/Restaurant Daytrippers	0	9,743	48,045	71,050	106,940	125,476	136,883	136,883	136,883	136,883	136,883	136,883	3,098,904	
Net New Retail/Restaurant Overnighters	0	0	0	0	0	0	0	0	0	0	0	0	0	

Source: Hunden Strategic Partners

Based on rental rates and sales per square foot assumptions determined through the market analysis, HSP projects that the restaurant space will generate \$17.9 million in restaurant sales by the sixth year of operations (Year 11), while retail sales are expected to total nearly \$7.8 million in the same year. HSP projects that 20 percent of these sales (one in five guests) will be net new to Kentucky, meaning 80 percent will be substitute spending and is not counted towards the impact total. This is based on the percent of Kentuckians living within the Cincinnati MSA. This results in net new restaurant spending in Kentucky of nearly \$3.5 million in Year 11, while retail is expected to generate more than \$1.5 million in net new sales in Kentucky.

Based on the assumptions shown, HSP projects net new visitors to retail and restaurant elements will range from 9,700 daytrippers in Year 6 to more than 136,000 daytrippers in Years 11 through 30.

The table below shows the residential projections.

Table 9-19

Covington Central Riverfront Project - Demand and Financial Projections													
Residential Projections	Base Assumption	Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 15	Year 20	Year 25	Year 30	Total
Number of New Units	348	0	87	238	238	348	348	348	348	348	348	348	-
Square Feet Per Unit	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	-
Gross SF	391,900	0	97,975	268,024	268,024	391,900	391,900	391,900	391,900	391,900	391,900	391,900	-
Occupancy %	95%	0%	40%	40%	65%	65%	85%	95%	95%	95%	95%	95%	-
Occupied Units	0	0	35	96	155	227	296	331	331	331	331	331	-
Occupied Resi Space	372,305	0	39,415	108,110	174,553	255,636	333,340	372,756	372,756	372,756	372,756	372,756	-
Rental Rate/SF/mo	\$ 1.90	\$ 1.90	\$ 2.10	\$ 2.14	\$ 2.18	\$ 2.23	\$ 2.27	\$ 2.32	\$ 2.51	\$ 2.77	\$ 3.06	\$ 3.37	-
Gross Rent/ Year	\$ 8,488,558	\$ -	\$ 992,202	\$ 2,775,897	\$ 4,571,555	\$ 6,829,019	\$ 9,082,896	\$ 10,360,025	\$ 11,214,024	\$ 12,381,189	\$ 13,669,833	\$ 15,092,600	\$ 275,972,926
Expense % (Assumed)	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	-
Net Operating Income	\$ 6,366,419	\$ -	\$ 744,151	\$ 2,081,923	\$ 3,428,667	\$ 5,121,764	\$ 6,812,172	\$ 7,770,019	\$ 8,410,518	\$ 9,285,892	\$ 10,252,375	\$ 11,319,450	\$ 206,979,694
Median Income per Unit	\$ 85,587	\$ 85,587	\$ 94,495	\$ 96,385	\$ 98,313	\$ 100,279	\$ 102,285	\$ 104,331	\$ 112,931	\$ 124,685	\$ 137,662	\$ 151,990	-
Occupied Units	-	-	35	96	155	227	296	331	331	331	331	331	-
Total Income	\$ -	\$ -	\$ 3,288,440	\$ 9,252,990	\$ 15,238,518	\$ 22,763,397	\$ 30,276,320	\$ 34,533,416	\$ 37,380,080	\$ 41,270,629	\$ 45,566,110	\$ 50,308,667	\$ 919,890,853
Restaurant Spending	4.2%	\$ -	\$ 138,912	\$ 390,870	\$ 643,714	\$ 961,585	\$ 1,278,950	\$ 1,458,781	\$ 1,579,031	\$ 1,743,378	\$ 1,924,830	\$ 2,125,168	\$ 38,858,563
Retail Spending	2.4%	\$ -	\$ 79,410	\$ 223,443	\$ 367,983	\$ 549,695	\$ 731,118	\$ 833,919	\$ 902,661	\$ 996,611	\$ 1,100,339	\$ 1,214,863	\$ 22,213,693
Transportation Spending	12.1%	\$ -	\$ 398,547	\$ 1,121,428	\$ 1,846,852	\$ 2,758,839	\$ 3,669,378	\$ 4,185,322	\$ 4,530,327	\$ 5,001,847	\$ 5,522,444	\$ 6,097,224	\$ 111,487,361
Other	9.2%	\$ -	\$ 301,520	\$ 848,414	\$ 1,397,232	\$ 2,087,193	\$ 2,776,059	\$ 3,166,396	\$ 3,427,409	\$ 3,784,136	\$ 4,177,992	\$ 4,612,841	\$ 84,345,505
Total Taxable Local Spending	\$ -	\$ -	\$ 918,388	\$ 2,584,155	\$ 4,255,780	\$ 6,357,312	\$ 8,455,505	\$ 9,644,418	\$ 10,439,428	\$ 11,525,972	\$ 12,725,604	\$ 14,050,095	\$ 256,905,122
% Net New to Kentucky	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	-
Restaurant Spending	32.0%	\$ -	\$ 44,452	\$ 125,078	\$ 205,989	\$ 307,707	\$ 409,264	\$ 466,810	\$ 505,290	\$ 557,881	\$ 615,946	\$ 680,054	\$ 12,434,740
Not Captured in Other Uses	75.0%	\$ -	\$ 33,339	\$ 93,809	\$ 154,491	\$ 230,780	\$ 306,948	\$ 350,107	\$ 378,967	\$ 418,411	\$ 461,959	\$ 510,040	\$ 9,326,055
Retail Spending	32.0%	\$ -	\$ 25,411	\$ 71,502	\$ 117,754	\$ 175,902	\$ 233,958	\$ 266,854	\$ 288,852	\$ 318,915	\$ 352,108	\$ 388,756	\$ 7,108,382
Not Captured in Other Uses	75.0%	\$ -	\$ 19,058	\$ 53,626	\$ 88,316	\$ 131,927	\$ 175,468	\$ 200,141	\$ 216,639	\$ 239,187	\$ 264,081	\$ 291,567	\$ 5,331,286
Transportation Spending	32.0%	\$ -	\$ 127,535	\$ 358,857	\$ 590,993	\$ 882,829	\$ 1,174,201	\$ 1,339,303	\$ 1,449,705	\$ 1,600,591	\$ 1,767,182	\$ 1,951,112	\$ 35,675,956
Other	32.0%	\$ -	\$ 96,486	\$ 271,492	\$ 447,114	\$ 667,902	\$ 888,339	\$ 1,013,247	\$ 1,096,771	\$ 1,210,924	\$ 1,336,957	\$ 1,476,109	\$ 26,990,562
Total New Spending to KY	\$ -	\$ -	\$ 276,419	\$ 777,785	\$ 1,280,914	\$ 1,913,438	\$ 2,544,956	\$ 2,902,798	\$ 3,142,082	\$ 3,469,112	\$ 3,830,180	\$ 4,228,828	\$ 77,323,859
New Spending to Kentucky (000s)													
Restaurant Spending	\$ -	\$ -	\$ 33.34	\$ 93.81	\$ 154.49	\$ 230.78	\$ 306.95	\$ 350.11	\$ 378.97	\$ 418.41	\$ 461.96	\$ 510.04	\$ 9,326
Retail Spending	\$ -	\$ -	\$ 19.06	\$ 53.63	\$ 88.32	\$ 131.93	\$ 175.47	\$ 200.14	\$ 216.64	\$ 239.19	\$ 264.08	\$ 291.57	\$ 5,331
Transportation Spending	\$ -	\$ -	\$ 127.53	\$ 358.86	\$ 590.99	\$ 882.83	\$ 1,174.20	\$ 1,339.30	\$ 1,449.70	\$ 1,600.59	\$ 1,767.18	\$ 1,951.11	\$ 35,676
Other	\$ -	\$ -	\$ 96.49	\$ 271.49	\$ 447.11	\$ 667.90	\$ 888.34	\$ 1,013.25	\$ 1,096.77	\$ 1,210.92	\$ 1,336.96	\$ 1,476.11	\$ 26,991

Source: Hunden Strategic Partners

HSP projects that the new residential developments will reach 95 percent occupancy by the sixth year of operations (Year 11). HSP calculated median household income by assuming annual rent payments account for 30 percent of household income, which is generally the maximum rent-to-income ratio landlords will accept for renters. HSP then used Bureau of Labor Statistics data to determine the level of spending per category as shown below.

- Restaurant spending (4.2 percent of income),
- Retail spending (2.4 percent of income),
- Transportation spending (12.1 percent of income),
- Other spending (9.2 percent of income)

HSP projects that approximately 32 percent of spending from these residents will be net new, non-substitute spending to Kentucky. Given that nearly 80% of the MSA lives outside of Kentucky, even residential moves from within the MSA to this Project should tend to favor net inflows from Ohio and Indiana to Kentucky. Had this project been developed on the Ohio side, such a rationale could not be easily made, as most of the population is already there. Beyond the in-MSA shifting of residents, the focus of the Project is to induce office tenants and



residents from the rest of the country, beyond the MSA. As such, HSP felt comfortable making the 'net new to Kentucky' assumption regarding residents.

Overall, HSP projects that, by Year 11, the residential projects will generate more than \$2.9 million in net new restaurant, retail, transportation and other spending in Kentucky.

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NET NEW ECONOMIC & EMPLOYMENT IMPACT ANALYSIS

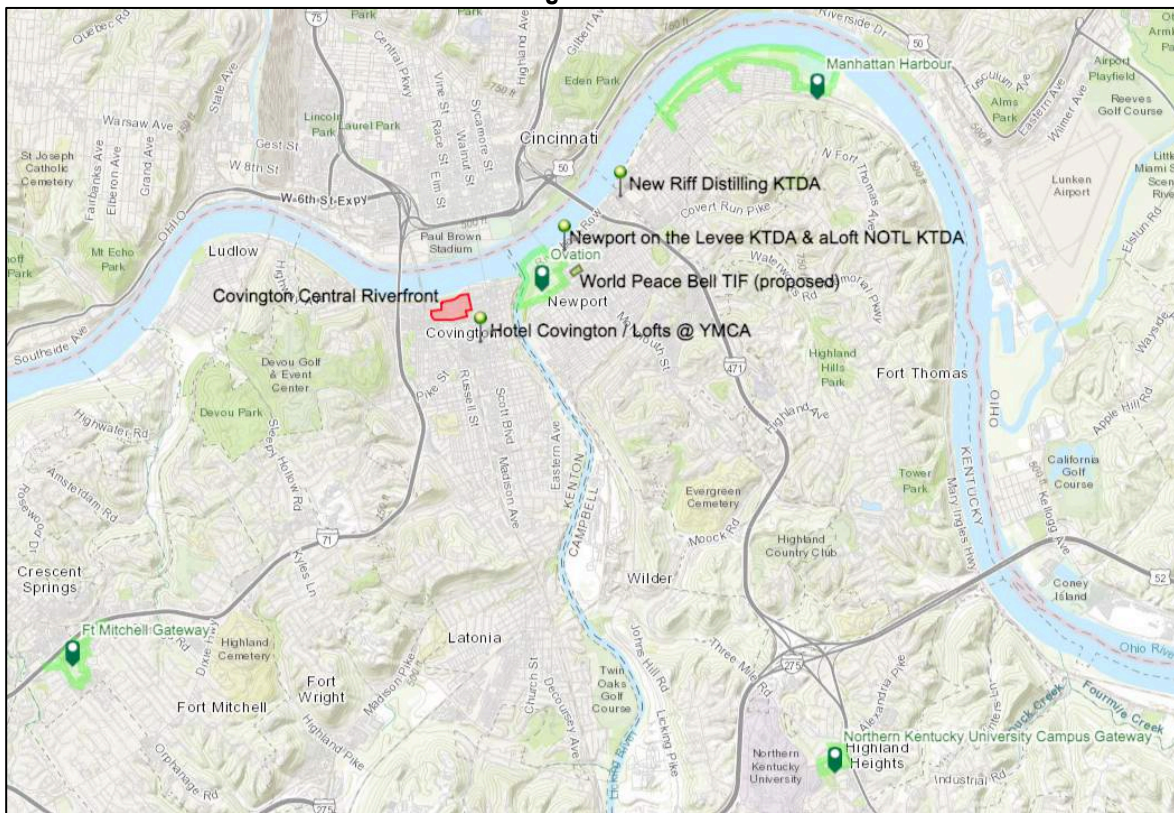
HSP uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the Kentucky economy due to additional inputs. For example, for every dollar of direct new spending in Kentucky, the IMPLAN model provides multipliers for the indirect and induced spending that will result.

Assumptions

The market within which the Project is located adds complexity to the impact analysis in this chapter. Existing TIF districts and Kentucky Tourism Development Act projects (TDAs), which will capture spending induced by the Project, render spending unavailable for TIF incentives and what is countable for the Project.

The following figure shows the active Kentucky TIFs and TDAs considered for this Project.

Figure 10-1



Below is the list of TIF districts and KTDA projects that are expected to capture a portion of the impacts from the Project generally in order of their expected impact on the Project.

- Hotel Covington – Covington
- The Lofts @ the YMCA – Covington

- Ovation Signature TIF – Newport
- Newport on the Levee Redevelopment – Newport
- Aloft Newport on the Levee – Newport
- World Peace Hospitality Mixed-Use Redevelopment TIF – Newport
- New Riff Distilling – Newport
- Manhattan Harbour TIF – Dayton
- Northern Kentucky University Campus Gateway TIF – Highland Heights
- Fort Mitchell Gateway TIF – Fort Mitchell

Each of the districts and attractions listed above are expected to have varied levels of impact on the capturability of spending and sales tax collections for the Project. Generally, the list is ordered from most to least impact. The capturable net new spending from each Project element was reduced in order to account for these similar and proximate TIF and TDA projects. Those reductions are shown in the previous chapter.

The following table shows the number of net new visitors and room nights due to the Project.

Table 10-1

Net New Visitors and Room Nights											
	Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
New Daytrip Visitor Days	0	9,743	48,045	83,808	123,138	144,074	156,516	156,516	156,516	156,516	3,538,611
<i>From Hotel & Conventon Center Expansion</i>		0	0	12,758	16,199	18,599	19,634	19,634	19,634	19,634	439,707
<i>From Retail & Restaurant</i>		9,743	48,045	71,050	106,940	125,476	136,883	136,883	136,883	136,883	3,098,904
New Overnight Visitor Days	0	0	0	18,561	21,602	23,903	26,598	26,598	26,598	26,598	596,647
<i>From Hotel & Conventon Center Expansion</i>		0	0	18,561	21,602	23,903	26,598	26,598	26,598	26,598	596,647
<i>From Retail & Restaurant</i>		0	0	0	0	0	0	0	0	0	0
New Hotel Room Nights	0	0	0	11,972	12,505	13,846	15,372	15,372	15,372	15,372	346,128

Source: Hunden Strategic Partners

HSP projects that the Project will generate up to 156,000 net new daytrip visitor days annually during the 30-year period shown, as well as over 26,000 overnight visitor days, producing more than 15,000 net new hotel room nights.

The net new and recaptured direct spending discussed earlier in the chapter is considered to be the **Direct Impact**.

From the direct spending figures, further impact analyses will be completed.

- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, a visitor’s direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.

- **Induced Impacts** embody the change in spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the visitor’s visit. The amount of the increased income that the employee spends in the area is considered an induced impact.
- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with it. For example, the direct, indirect and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. HSP will show the number of ongoing jobs supported by the project and provide the resulting income and income taxes generated.

Direct, Indirect and Induced Impacts

The table below shows the direct net new spending of the entire Project, based on the analysis. It includes net new Kentucky spending on all categories shown from new hotel and convention center visitor spending, new office employee spending, resident spending, and spending at the ground floor retail and restaurants throughout the Project.

Since revenue generating elements of the Project begin operating in Year 6 with construction continuing for another four years, the net new spending from actively operating new project components is shown for the final 25 years. Therefore, the tables below show Year 6 and beyond. Annual spending is inflated at 2.0 percent (beyond market growth) for all categories.

Table 10-2

Direct Net New/Recaptured Spending to Kentucky (000s)											
Category	Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
Food & Beverage	\$0	\$264	\$1,324	\$2,229	\$3,401	\$4,158	\$5,054	\$5,580	\$6,160	\$6,801	\$124,818
Lodging	\$0	\$0	\$0	\$2,758	\$2,938	\$3,278	\$3,951	\$4,440	\$5,415	\$6,444	\$104,243
Retail	\$0	\$120	\$750	\$1,205	\$1,981	\$2,582	\$3,209	\$3,543	\$3,911	\$4,318	\$78,664
Transportation	\$0	\$128	\$657	\$1,346	\$2,186	\$3,024	\$3,823	\$4,216	\$4,655	\$5,140	\$93,092
Other	\$0	\$96	\$748	\$1,492	\$2,553	\$3,619	\$4,619	\$5,095	\$5,626	\$6,211	\$112,131
Total	\$0	\$608	\$3,479	\$9,030	\$13,059	\$16,660	\$20,656	\$22,874	\$25,768	\$28,915	\$512,948

Source: Hunden Strategic Partners

Spending on food and beverage is the largest component of direct net new spending to Kentucky, followed by other (entertainment, etc.). Lodging and transportation combine to total nearly \$200 million during the period, as well. Over the period, a total of nearly \$513 million in direct net new/recaptured Kentucky spending is projected from the Project.

The next table shows the direct, indirect and induced spending from the Project, based on the IMPLAN multipliers for Kentucky.

Table 10-3

Direct, Indirect & Induced Net New Spending to Kentucky (000s)											
Spending Type	Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
Direct	\$0	\$608	\$3,479	\$9,030	\$13,059	\$16,660	\$20,656	\$22,874	\$25,768	\$28,915	\$512,948
Indirect	\$0	\$257	\$1,488	\$3,667	\$5,412	\$6,985	\$8,686	\$9,613	\$10,791	\$12,076	\$215,013
Induced	\$0	\$244	\$1,403	\$3,475	\$5,094	\$6,534	\$8,110	\$8,977	\$10,087	\$11,297	\$201,005
Total	\$0	\$1,109	\$6,370	\$16,172	\$23,565	\$30,179	\$37,452	\$41,464	\$46,647	\$52,288	\$928,966

Source: Hunden Strategic Partners

The direct spending totals \$512 million over the period, while the indirect and induced spending add another \$215 million and \$201 million, respectively. In total, over \$928.9 million in spending impacts are projected over the period.

The following table shows the new earnings and full-time equivalent jobs associated with the new economic activity.

Table 10-4

Net New Earnings from Direct, Indirect & Induced Spending (000s)											
	Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
Net New Earnings											
Onsite New KY Office Employees	\$0	\$0	\$3,817	\$7,075	\$13,533	\$20,078	\$26,047	\$28,757	\$31,751	\$35,055	\$629,169
From Direct	\$0	\$213	\$1,214	\$3,003	\$4,400	\$5,644	\$7,005	\$7,754	\$8,712	\$9,757	\$173,619
From Indirect	\$0	\$178	\$443	\$1,078	\$1,601	\$2,074	\$2,581	\$2,856	\$3,204	\$3,582	\$63,939
From Induced	\$0	\$176	\$407	\$1,008	\$1,478	\$1,897	\$2,356	\$2,607	\$2,930	\$3,281	\$58,478
Total	\$0	\$567	\$5,881	\$12,163	\$21,012	\$29,692	\$37,989	\$41,975	\$46,596	\$51,675	\$925,205
Net New FTE Jobs											Average
Onsite New KY Office Jobs	0	0	45	82	154	224	263	263	263	263	192
From Direct	0	6	35	83	120	152	171	171	174	177	128
From Indirect	0	3	15	34	51	65	73	73	74	75	55
From Induced	0	3	14	32	47	60	68	68	69	70	51
Total	0	11	109	232	372	501	575	576	580	584	426

Source: Hunden Strategic Partners

By Year 10, \$29.69 million of new direct, indirect, and induced earnings are projected, with a total of \$925.2 million over the period. New full-time equivalent jobs (FTE's) are projected to total 501 by Year 10, and total 584 by Year 30. These jobs are calculated as net new to Kentucky due to net new spending, not onsite or construction jobs.

Construction Impact

The one-time construction of the Project will impact the Commonwealth of Kentucky as spending will occur via the purchase of materials (40 percent of the budget) and the payment of labor and service providers (60 percent of the budget). Based on the percentage of the population located in Kentucky within a 30-minute drive time, 57 percent of materials and 67 percent of labor dollars are projected to be spent in Kentucky.

The net Kentucky impacts are shown below for the construction impact.

Table 10-5

Construction Impact - Kentucky Only	
	Impact
Direct Materials Spending	\$ 19,950,000
Indirect Spending	\$ 5,580,000
Induced Spending	\$ 8,900,000
Total	\$ 34,430,000
Direct Labor Spending	\$ 44,883,000
Employment (Job Years)	829
Source: Hunden Strategic Partners	

Materials spending in Kentucky is estimated to total \$34 million in direct, indirect and induced spending. The direct labor spending is expected to total more than \$44 million and support 829 job-years (one job for one year).

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STATE & LOCAL TAX REVENUE PROJECTIONS

Tax Revenues Projections

HSP analyzed the use type and condition of the three existing properties located within the established 31-acre Development Zone in Downtown Covington.

The following table summarizes the use type of all properties within the Development Zone.

Table 11-1

Development Footprint - Current Use Type		
Type	Square Feet	%
Vacant	413,446	67.0%
Convention Center	204,000	33.0%
Total	617,446	100%

Source: City of Covington

The three properties located within the 31-acre Development Footprint total more than 617,000 square feet. The former IRS processing facility represents the majority (67 percent by square feet) and is entirely vacant. The Northern Kentucky Convention Center (NKYCC) accounts for the balance of existing space within the Development Footprint with more than 200,000 square feet. All structures within the Development Footprint other than the NKYCC are being demolished to open the site for development of horizontal infrastructure and future vertical construction.

Based on the findings of the market analysis and conversations with local market participants, HSP made market-supported assumptions to determine the baseline state tax revenue collections for the Development Zone.

The following table lays out the key assumptions related to the fiscal modeling shown in this chapter.

Table 11-2

Key Assumptions Related to Fiscal Model		
Baseline Property Breakdown by Use	Square Feet	Assessed Value
Office	0	\$0
Retail/Restaurant	0	\$0
Hotel	0	\$0
Residential	0	\$0
Vacant*	413,446	\$20,500,000
Convention Center*	204,000	\$23,150,000
Total	617,446	\$43,650,000
Tax Rates		
City Property Tax Rate	0.327 per \$100 of assessed value	
County Property Tax Rate	0.159 per \$100 of assessed value	
Kentucky Property Tax Rate	0.122 per \$100 of assessed value	
Kentucky Sales Tax Rate	6.0%	
Kentucky Weighted Income Tax Rate	4.2%	
Local Income Tax Rate (Combined City & County)	2.5%	
Calculation of Baseline Jobs:		
Office Space (occupied)	One job per 250 Square Feet of Space	
Restaurant & Retail Space	One job per \$60,000 in sales	
Baseline Spending:		
Restaurant/Retail (Year 11, stabilized)	\$305 per square foot	
Median Household Income for Apartment Units	\$85,587	
Average Salary for Office Workers	\$75,000	
Average Salary for Other Direct Jobs (Year 10)	\$59,293	
Spending on Taxable Impact Categories (from BLS) For New KY Residents in Apartments		
Restaurant Spending	4.2% of Household Income	
Retail Spending	2.4% of Household Income	
Transportation Spending	12.1% of Household Income	
Other	9.2% of Household Income	
Total Taxable Local Spending	27.9% of Household Income	
Inflation & Growth Rates		
General Inflation Rate	2.00% per year	
Growth Rate of Property Tax - Baseline	1.25% per year	
Growth Rate of Property Tax - If Project Developed	1.25% per year	
Source: Hunden Strategic Partners		



The following table details the baseline state tax revenue projections for the Development Footprint over the first 30-year period, beginning 2022, assuming no Project is developed.

Table 11-3

Tax Projections - Covington Central Riverfront															
Baseline															
Estimated Tax Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
State Tax Revenues															
State Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales & Use Tax (6% of gross sales)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 58,198	\$ 59,653	\$ 61,144	\$ 69,179	\$ 78,270	\$ 88,555	\$ 100,192	\$ 2,149,476
Subtotal	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 58,198	\$ 59,653	\$ 61,144	\$ 69,179	\$ 78,270	\$ 88,555	\$ 100,192	\$ 2,149,476
State Individual Income Tax (4.2% of income)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 66,763	\$ 75,536	\$ 85,462	\$ 96,693	\$ 2,074,403
Subtotal	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 66,763	\$ 75,536	\$ 85,462	\$ 96,693	\$ 2,074,403
Total State Tax Revenues															
State Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales & Use Tax (6% of gross sales)	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 58,198	\$ 59,653	\$ 61,144	\$ 69,179	\$ 78,270	\$ 88,555	\$ 100,192	\$ 2,149,476
State Individual Income Tax (4.2% of income)	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 66,763	\$ 75,536	\$ 85,462	\$ 96,693	\$ 2,074,403
Total	\$ 96,210	\$ 98,615	\$ 101,081	\$ 103,608	\$ 106,198	\$ 108,853	\$ 111,574	\$ 114,363	\$ 117,223	\$ 120,153	\$ 135,942	\$ 153,806	\$ 174,018	\$ 196,885	\$ 4,223,879

* TIF Begins 2022, Project Components Open during the following nine years

Source: Hunden Strategic Partners

HSP projects that, without the Project, the 31-acre area will generate approximately \$4.2 million in total state tax revenue over the 30-year period, the majority of which will be driven by income tax from Northern Kentucky Convention Center employees.

HSP determined, without the Project, the 31-acre area will generate no property tax during the 30-year period as the IRS facility and Northern Kentucky Convention Center (NKYCC) are both entirely tax exempt. The baseline for property tax for the Project is zero dollars.

Generated Revenues from Project – State Tax Revenues

Based on the demand and financial projections shown in Chapter 9 of this report, as well as the impact of the Project, HSP projected the amount of state tax revenues that would be generated by the Project over a 30-year period beginning 2022. For the purpose of these projections, HSP adjusted the assumed construction schedule provided in the application in order to update the timeframe based on the likely timing of approval and construction beginning afterward. The phased construction schedule will begin to complete operating elements



in Year 6 and construction is assumed to be completed for the entire Project by the beginning of Year 9 (2030). The percentage of construction labor considered to be local to Covington is 12.5 percent (half of the 25 percent that is considered to be new labor spending to Kentucky).



The following table shows the state tax revenue projections in Years 1 through 30 for the 31-acre Development Footprint assuming the Project is developed. It is important to note that the first nine years include Project construction.

Table 11-4

Tax Projections - Covington Central Riverfront															
Assuming Project is Built															
Estimated Tax Revenues from Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
State Tax Revenues															
State Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,179	\$ 23,643	\$ 56,425	\$ 57,130	\$ 60,791	\$ 64,687	\$ 68,832	\$ 73,243	\$ 1,457,520
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 824	\$ 16,246	\$ 20,021	\$ 24,107	\$ 24,409	\$ 25,973	\$ 27,637	\$ 29,408	\$ 31,293	\$ 643,220
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,905	\$ 37,905	\$ 38,379	\$ 40,839	\$ 43,456	\$ 46,240	\$ 49,204	\$ 990,964
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,632	\$ 47,225	\$ 47,225	\$ 69,052	\$ 69,915	\$ 74,395	\$ 79,163	\$ 84,236	\$ 89,634	\$ 1,839,262
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,455	\$ 78,650	\$ 128,794	\$ 187,490	\$ 189,833	\$ 201,998	\$ 214,943	\$ 228,717	\$ 243,373	\$ 4,930,966
State Sales & Use Tax (6% of gross sales)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,025	\$ 124,477	\$ 206,059	\$ 322,887	\$ 404,402	\$ 495,737	\$ 547,334	\$ 604,301	\$ 667,197	\$ 12,208,879
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,468	\$ 176,273	\$ 196,665	\$ 237,073	\$ 266,395	\$ 324,919	\$ 386,662	\$ 6,254,576
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 1,411,160	\$ 1,446,439	\$ 1,482,600	\$ 1,677,426	\$ 1,897,854	\$ 2,147,247	\$ 2,429,413	\$ 43,529,053
From Construction	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065,800
Subtotal	\$ 307,185	\$ 308,409	\$ 309,664	\$ 310,950	\$ 312,268	\$ 313,644	\$ 315,019	\$ 2,040,913	\$ 1,945,599	\$ 2,083,668	\$ 2,410,236	\$ 2,711,582	\$ 3,076,467	\$ 3,483,272	\$ 64,058,308
State Individual Income Tax (4.2% of income)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,324	\$ 297,165	\$ 568,372	\$ 843,257	\$ 1,093,953	\$ 1,207,813	\$ 1,333,523	\$ 1,472,317	\$ 26,425,106
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,300	\$ 21,630	\$ 32,627	\$ 50,090	\$ 59,947	\$ 72,204	\$ 79,719	\$ 88,016	\$ 97,177	\$ 1,789,350
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,192	\$ 36,425	\$ 40,639	\$ 48,989	\$ 55,048	\$ 67,141	\$ 79,900	\$ 1,292,446
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,391	\$ 7,764	\$ 7,919	\$ 11,810	\$ 12,106	\$ 13,696	\$ 15,496	\$ 17,532	\$ 19,836	\$ 357,953
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 77,876	\$ 79,822	\$ 81,818	\$ 92,570	\$ 104,734	\$ 118,497	\$ 134,068	\$ 2,738,396
Subtotal	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 448,778	\$ 746,519	\$ 1,037,767	\$ 1,321,412	\$ 1,462,810	\$ 1,624,710	\$ 1,803,299	\$ 32,603,251
State Individual Income Tax (4.2% of income)															
From Baseline	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 66,763	\$ 75,536	\$ 85,462	\$ 96,693	\$ 2,074,403
From New Development Activity	\$ 943	\$ -	\$ -	\$ -	\$ -	\$ 11,914	\$ 123,508	\$ 255,428	\$ 441,247	\$ 623,538	\$ 797,759	\$ 881,471	\$ 978,519	\$ 1,085,173	\$ 19,430,244
From New Development Construction	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,086
Subtotal	\$ 283,828	\$ 284,067	\$ 285,278	\$ 286,519	\$ 287,791	\$ 301,009	\$ 413,939	\$ 547,230	\$ 498,816	\$ 682,547	\$ 864,522	\$ 957,008	\$ 1,063,981	\$ 1,181,865	\$ 23,389,733
Total State Tax Revenues															
State Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,455	\$ 78,650	\$ 128,794	\$ 187,490	\$ 189,833	\$ 201,998	\$ 214,943	\$ 228,717	\$ 243,373	\$ 4,930,966
State Sales & Use Tax from Construction	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065,800
State Sales Tax from Activity	\$ 307,185	\$ 308,409	\$ 309,664	\$ 310,950	\$ 312,268	\$ 313,644	\$ 315,019	\$ 2,040,913	\$ 1,945,599	\$ 2,083,668	\$ 2,410,236	\$ 2,711,582	\$ 3,076,467	\$ 3,483,272	\$ 64,058,308
State Income Tax from Construction	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,086
State Income Tax from Activity	\$ 48,193	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 311,594	\$ 498,816	\$ 682,547	\$ 864,522	\$ 957,008	\$ 1,063,981	\$ 1,181,865	\$ 21,504,647
Total	\$ 849,238	\$ 850,701	\$ 853,166	\$ 855,693	\$ 858,284	\$ 905,333	\$ 1,190,295	\$ 2,975,162	\$ 2,631,905	\$ 2,956,048	\$ 3,476,756	\$ 3,883,532	\$ 4,369,165	\$ 4,908,511	\$ 94,444,806
Incremental State Tax Revenues															
State Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,455	\$ 78,650	\$ 128,794	\$ 187,490	\$ 189,833	\$ 201,998	\$ 214,943	\$ 228,717	\$ 243,373	\$ 4,930,966
State Sales & Use Tax from Activity	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 539,923	\$ 663,631	\$ 735,458	\$ 840,664	\$ 953,667	\$ 20,236,313
State Sales & Use Tax from Construction	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065,800
State Income Tax from Activity	\$ 943	\$ -	\$ -	\$ -	\$ -	\$ 11,914	\$ 123,508	\$ 255,428	\$ 441,247	\$ 623,538	\$ 797,759	\$ 881,471	\$ 978,519	\$ 1,085,173	\$ 19,430,244
State Income Tax from Construction	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,086
Total	\$ 753,028	\$ 960,127	\$ 958,872	\$ 957,586	\$ 956,268	\$ 999,312	\$ 1,280,167	\$ 1,707,863	\$ 1,068,243	\$ 1,353,295	\$ 1,663,388	\$ 1,831,873	\$ 2,047,900	\$ 2,282,212	\$ 48,548,409

Source: Hunden Strategic Partners

Assuming the Project is built, HSP projects that the 31-acre area will generate over \$94 million over the 30-year period in state tax collections. Overall, HSP projects the incremental state tax revenues over the baseline to total \$48.5 million over the 30-year period.



Baseline - Local Tax Revenues

HSP also projected the amount of local tax revenues that would be generated by the Project over a 30-year period.

The following table details the baseline local tax revenue projections for the Development Footprint over the first 30-year period assuming no Project is developed.

Table 11-5

Tax Projections - Covington Central Riverfront															
Baseline															
Estimated Tax Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
State Tax Revenues															
City Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Income Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 38,945	\$ 44,063	\$ 49,853	\$ 56,404	\$ 1,210,068
Subtotal	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 38,945	\$ 44,063	\$ 49,853	\$ 56,404	\$ 1,210,068
Total Local Tax Revenues															
City Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Income Tax	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 38,945	\$ 44,063	\$ 49,853	\$ 56,404	\$ 1,210,068
Total	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 38,945	\$ 44,063	\$ 49,853	\$ 56,404	\$ 1,210,068

* TIF Begins 2022, Project Components Open during the following nine years

Source: Hunden Strategic Partners

HSP projects that, without the Project, the 31-acre area will generate approximately \$1.2 million in total local tax revenue over the 30-year period, all of which will be driven by income tax from NKYCC employees.



Generated Revenues from Project – Local Tax Revenues

The following table shows the local tax revenue projections in Years 1 through 30 for the 31-acre Development Footprint assuming the Project is developed.

Table 11-6

Tax Projections - Covington Central Riverfront															
Assuming Project is Built															
Estimated Tax Revenues from Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 15	Year 20	Year 25	Year 30	Total
Local Tax Revenues															
City Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,685	\$ 63,371	\$ 151,238	\$ 153,128	\$ 162,941	\$ 173,382	\$ 184,493	\$ 196,316	\$ 3,906,632
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,208	\$ 43,544	\$ 53,663	\$ 64,615	\$ 65,423	\$ 69,615	\$ 74,076	\$ 78,823	\$ 83,875	\$ 1,724,039
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,599	\$ 101,599	\$ 102,869	\$ 109,461	\$ 116,475	\$ 123,939	\$ 131,882	\$ 2,656,108
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,135	\$ 126,579	\$ 126,579	\$ 185,082	\$ 187,396	\$ 199,404	\$ 212,182	\$ 225,780	\$ 240,248	\$ 4,929,825
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,343	\$ 210,809	\$ 345,211	\$ 502,534	\$ 508,815	\$ 541,421	\$ 576,117	\$ 613,035	\$ 652,320	\$ 13,216,604
County Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,783	\$ 30,813	\$ 73,538	\$ 74,457	\$ 79,228	\$ 84,305	\$ 89,708	\$ 95,456	\$ 1,899,555
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,073	\$ 21,173	\$ 26,093	\$ 31,418	\$ 31,811	\$ 33,850	\$ 36,019	\$ 38,327	\$ 40,783	\$ 838,294
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,401	\$ 49,401	\$ 50,019	\$ 53,224	\$ 56,635	\$ 60,264	\$ 64,126	\$ 1,291,502
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,249	\$ 61,548	\$ 61,548	\$ 89,994	\$ 91,119	\$ 96,958	\$ 103,171	\$ 109,783	\$ 116,818	\$ 2,397,071
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,323	\$ 102,503	\$ 167,855	\$ 244,351	\$ 247,406	\$ 263,260	\$ 280,130	\$ 298,081	\$ 317,183	\$ 6,426,422
Local Income Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,522	\$ 173,346	\$ 331,550	\$ 491,900	\$ 638,140	\$ 704,558	\$ 777,889	\$ 858,852	\$ 15,414,645
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,509	\$ 12,617	\$ 19,032	\$ 29,219	\$ 34,969	\$ 42,119	\$ 46,503	\$ 51,343	\$ 56,686	\$ 1,043,788
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,946	\$ 21,248	\$ 23,706	\$ 28,577	\$ 32,111	\$ 39,166	\$ 46,608	\$ 753,927
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 811	\$ 4,529	\$ 4,619	\$ 6,889	\$ 7,062	\$ 7,990	\$ 9,039	\$ 10,227	\$ 11,571	\$ 208,806
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 11,025	\$ 11,301	\$ 11,583	\$ 11,873	\$ 12,170	\$ 12,474	\$ 12,786	\$ 13,105	\$ 13,433	\$ 13,769	\$ 15,578	\$ 17,625	\$ 19,941	\$ 22,562	\$ 484,027
Subtotal	\$ 11,025	\$ 11,301	\$ 11,583	\$ 11,873	\$ 12,170	\$ 15,794	\$ 123,454	\$ 230,049	\$ 402,339	\$ 571,406	\$ 732,403	\$ 809,836	\$ 898,565	\$ 996,279	\$ 17,905,193
Local Income Tax															
From Baseline	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 38,945	\$ 44,063	\$ 49,853	\$ 56,404	\$ 1,210,068
From New Development Construction	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099,634
From New Development Activity	\$ 898	\$ -	\$ -	\$ -	\$ -	\$ 11,347	\$ 117,626	\$ 243,265	\$ 420,235	\$ 593,846	\$ 759,770	\$ 839,497	\$ 931,923	\$ 1,033,498	\$ 18,504,994
Subtotal	\$ 165,914	\$ 165,706	\$ 166,412	\$ 167,136	\$ 167,878	\$ 179,986	\$ 287,045	\$ 413,483	\$ 453,817	\$ 628,268	\$ 798,715	\$ 883,559	\$ 981,776	\$ 1,089,902	\$ 20,814,696
Total Local Tax Revenues															
City Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,343	\$ 210,809	\$ 345,211	\$ 502,534	\$ 508,815	\$ 541,421	\$ 576,117	\$ 613,035	\$ 652,320	\$ 13,216,604
County Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,323	\$ 102,503	\$ 167,855	\$ 244,351	\$ 247,406	\$ 263,260	\$ 280,130	\$ 298,081	\$ 317,183	\$ 6,426,422
City Income Tax from Construction	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099,634
City Income Tax from Activity	\$ 28,460	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 42,531	\$ 149,590	\$ 276,028	\$ 453,817	\$ 628,268	\$ 798,715	\$ 883,559	\$ 981,776	\$ 1,089,902	\$ 19,715,063
Total	\$ 165,914	\$ 165,706	\$ 166,412	\$ 167,136	\$ 167,878	\$ 217,651	\$ 600,356	\$ 926,549	\$ 1,200,702	\$ 1,384,489	\$ 1,603,397	\$ 1,739,806	\$ 1,892,893	\$ 2,059,405	\$ 40,457,723
Incremental Local Tax Revenues															
City Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,343	\$ 210,809	\$ 345,211	\$ 502,534	\$ 508,815	\$ 541,421	\$ 576,117	\$ 613,035	\$ 652,320	\$ 13,216,604
County Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,323	\$ 102,503	\$ 167,855	\$ 244,351	\$ 247,406	\$ 263,260	\$ 280,130	\$ 298,081	\$ 317,183	\$ 6,426,422
City Income Tax from Construction	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099,634
City Income Tax from Activity	\$ 898	\$ -	\$ -	\$ -	\$ -	\$ 11,347	\$ 117,626	\$ 243,265	\$ 420,235	\$ 593,846	\$ 759,770	\$ 839,497	\$ 931,923	\$ 1,033,498	\$ 18,504,994
Total	\$ 138,352	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 186,467	\$ 568,392	\$ 893,786	\$ 1,167,120	\$ 1,350,067	\$ 1,564,452	\$ 1,695,743	\$ 1,843,040	\$ 2,003,001	\$ 39,247,655

Source: Hunden Strategic Partners

Assuming the Project is built, HSP projects that the 31-acre area will generate over \$40.4 million over the 30-year period in local tax collections. Overall, HSP projects the incremental state tax revenues over the baseline to total \$39.2 million over the 30-year period.

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APPLICABLE TIF REQUIREMENT ASSESSMENT & PROJECT FEASIBILITY

Qualifications

In order to qualify for the Signature Projects State Participation Program (KRS 154.30-050) a Project must:

Be judged to be of such magnitude as to warrant extraordinary public support.

HSP has determined that the Project represents a rare and great opportunity for the City of Covington and Commonwealth of Kentucky to enrich its presence along the Ohio River with a vibrant, mixed-use district. The expansion of the Northern Kentucky Convention Center also lends to the signature nature of the Project by bolstering out-of-state tourism to Covington and the surrounding area.

Represent new economic activity in the Commonwealth, result in a net positive impact to the Commonwealth as certified by an independent outside consultant, and include pedestrian amenities and public space.

HSP has determined that the Project will represent net new economic activity in the Commonwealth, resulting in net positive economic, employment and fiscal impacts to the Commonwealth.

Exceed \$200 million.

HSP has determined that the Project has an estimated budget of more than \$314 million in private investment with an additional \$80 million in public infrastructure, and therefore exceeds the \$200 million minimum.

Conclusion

HSP concludes that the proposed development could not occur on this site as outlined in the application without consideration of State TIF funds.

Feasibility

HSP presents the following conclusions with regards to the feasibility of the key Project components.

- **Office:** The office component of the Project is one of the most impactful due to its expected ability to attract net new employees, income tax and spending within Kentucky. However, the expected rental rates the Project will be able to demand would be difficult to justify development of Class A office. Covington is currently perceived as a value market relative to downtown Cincinnati, but the Project with its mix of uses has the potential to shift the market's overall perspective on the attractiveness of Covington for office space. Without the incentives requested, it is unlikely that Class A office space of this volume would be developed in Covington.
- **Hotel:** But for the expansion of the Northern Kentucky Convention Center, the large office component, and the multiple parking garages, the 177-room hotel would not be feasible without subsidy, as there is a need for additional demand generators in Covington and Northern Kentucky as well as the ability to park guests, workers and event attendees. If the hotel would have to

develop a garage on its own, there would not be a financially feasible full-service hotel. At this time, there is no agreement between the City and any other entity to lease parking spaces in the garage.

- **Residential:** Downtown residential development is often difficult to support due to the cost of new construction compared to rental rates achievable within the market. Covington's high-end rental housing market has been performing relatively strongly recently, despite some absorption issues during the pandemic. Still, with the high cost of construction, HSP believes the development of public infrastructure and assistance in creating an attractive walkable district for prospective residents makes it easier for developers to justify rental rates high enough to support development costs.
- **Retail and Restaurant:** The development of the retail and restaurant is required by the zoning of the Covington Central Riverfront. HSP believes the retail and restaurant will act as the glue that holds the development together. Due to the critical mass and mix of uses driving demand around the clock and throughout the week, the retail and restaurant elements of the Project are expected to outperform much of the existing market. Financial feasibility of these spaces is still contingent on the rest of the Project, which is not financially feasible without the requested TIF incentives.
- **Convention Center:** The expansion of the Northern Kentucky Convention Center will continue to be publicly owned and privately operated and HSP estimates it will operate at near breakeven upon stabilization similar to how it has in recent years. However, if the hotel and parking elements were not developed, then the convention center would be challenged in accommodating additional overnight visitors and therefore attracting additional event groups.

Impact

The following tables summarize the 30-year net new fiscal, jobs and economic impact projections for the Covington Central Riverfront Project, including the net new Kentucky and local revenue projections over the established baseline for the 31-acre Development Footprint.

Table 12-1

Summary of 30-Year Impacts	
Net New Spending	(millions)
Direct	\$513
Indirect	\$215
Induced	\$201
Total	\$929
Net New Earnings	(millions)
Onsite New KY Office Employees	\$629
From Direct	\$174
From Indirect	\$64
From Induced	\$58
Total	\$925
New FTE Jobs (Year 11)	Actual
Onsite New KY Office Jobs	263
From Direct	171
From Indirect	73
From Induced	68
Total	576
Net New State Taxes	(millions)
State Property Tax	\$4.9
State Sales & Use Tax from Activity	\$20.2
State Sales & Use Tax from Construc	\$2.1
State Income Tax from Activity	\$19.4
State Income Tax from Construction	\$1.9
Total	\$48.5
Net New Local Taxes Collected	(millions)
City Property Tax	\$13.2
County Property Tax	\$6.4
City Income Tax from Construction	\$1.1
City Income Tax from Activity	\$18.5
Total	\$39.2
Construction Impact	(millions)
New KY Materials Spending	\$34.4
New KY Labor Spending	\$44.9
Construction Job Impact	
Job-Years, Actual	829
Source: Hunden Strategic Partners	

The Project is projected to generate \$929 million in net new spending, \$925 million in net new earnings supporting 576 jobs once the Project stabilizes, \$48.5 million in net new state taxes and \$39.2 million in net new local taxes over the 30-year period.

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Table A-2: Room Revenue from Induced/Recaptured Room Nights (Table 9-9)

Projection of Room Revenue from Induced/Recaptured Room Nights																									
	Year 1	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Corp Transient Rate	-	-	\$194	\$199	\$203	\$208	\$212	\$217	\$222	\$226	\$231	\$237	\$237	\$242	\$248	\$255	\$261	\$268	\$274	\$281	\$288	\$295	\$303	\$310	\$318
Corp Transient Net New Revenue (000s)	-	-	\$724	\$733	\$871	\$1,018	\$963	\$984	\$1,006	\$1,028	\$1,051	\$1,074	\$1,074	\$1,101	\$1,128	\$1,157	\$1,186	\$1,215	\$1,246	\$1,277	\$1,309	\$1,341	\$1,375	\$1,409	\$1,444
Group Rate	-	-	\$181	\$185	\$189	\$194	\$198	\$202	\$207	\$211	\$216	\$221	\$221	\$226	\$232	\$238	\$243	\$250	\$256	\$262	\$269	\$275	\$282	\$289	\$297
Group Net New Revenue (000s)	-	-	\$1,094	\$1,290	\$1,433	\$1,612	\$1,648	\$1,684	\$1,721	\$1,759	\$1,797	\$1,837	\$1,837	\$1,883	\$1,930	\$1,978	\$2,028	\$2,078	\$2,130	\$2,184	\$2,238	\$2,294	\$2,352	\$2,410	\$2,471
Leisure Rate	-	-	\$166	\$170	\$174	\$178	\$182	\$186	\$190	\$194	\$198	\$202	\$202	\$208	\$213	\$218	\$223	\$229	\$235	\$241	\$247	\$253	\$259	\$266	\$272
Leisure Net New Revenue (000s)	-	-	\$368	\$316	\$346	\$445	\$455	\$465	\$475	\$485	\$496	\$507	\$507	\$520	\$532	\$546	\$559	\$573	\$588	\$602	\$618	\$633	\$649	\$665	\$682
Total Room Revenue from Induced Rooms (000s)	-	-	\$2,187	\$2,339	\$2,660	\$3,075	\$3,065	\$3,133	\$3,202	\$3,272	\$3,344	\$3,418	\$3,418	\$3,503	\$3,591	\$3,681	\$3,773	\$3,867	\$3,964	\$4,063	\$4,164	\$4,268	\$4,375	\$4,485	\$4,597

Source: Hunden Strategic Partners

Table A-3: Room Revenue from Incremental Spending on Existing Room Nights (Table 9-10)

Projection of Room Revenue from Incremental Spending on Existing Room Nights																									
	Year 1	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
New Hotel Corp Transient Rate	-	-	\$194	\$199	\$203	\$208	\$212	\$217	\$222	\$226	\$231	\$237	\$237	\$242	\$248	\$255	\$261	\$268	\$274	\$281	\$288	\$295	\$303	\$310	\$318
Market Corp Transient Rate	-	-	\$177	\$181	\$185	\$189	\$193	\$197	\$201	\$206	\$210	\$215	\$220	\$226	\$232	\$237	\$243	\$249	\$256	\$262	\$269	\$275	\$282	\$289	\$296
Difference	-	-	\$18	\$18	\$18	\$19	\$19	\$20	\$20	\$21	\$21	\$22	\$16	\$17	\$17	\$17	\$18	\$18	\$19	\$19	\$20	\$20	\$21	\$21	\$22
Corp Transient Net New Revenue (000s)	-	-	\$160	\$178	\$177	\$175	\$190	\$194	\$198	\$203	\$207	\$212	\$159	\$163	\$167	\$171	\$175	\$180	\$184	\$189	\$193	\$198	\$203	\$208	\$213
New Hotel Group Rate	-	-	\$181	\$185	\$189	\$194	\$198	\$202	\$207	\$211	\$216	\$221	\$221	\$226	\$232	\$238	\$243	\$250	\$256	\$262	\$269	\$275	\$282	\$289	\$297
Market Group Rate	-	-	\$134	\$137	\$140	\$143	\$147	\$150	\$153	\$156	\$160	\$163	\$163	\$163	\$163	\$163	\$163	\$163	\$163	\$163	\$163	\$163	\$163	\$163	\$167
Difference	-	-	\$47	\$48	\$49	\$50	\$51	\$52	\$54	\$55	\$56	\$57	\$57	\$63	\$68	\$74	\$80	\$86	\$92	\$99	\$105	\$112	\$119	\$126	\$129
Group Net New Revenue (000s)	-	-	\$285	\$282	\$283	\$248	\$254	\$259	\$265	\$271	\$277	\$283	\$283	\$310	\$338	\$367	\$396	\$426	\$457	\$489	\$521	\$554	\$588	\$623	\$639
New Hotel Leisure Rate	-	-	\$166	\$170	\$174	\$178	\$182	\$186	\$190	\$194	\$198	\$202	\$202	\$208	\$213	\$218	\$223	\$229	\$235	\$241	\$247	\$253	\$259	\$266	\$272
Market Leisure Rate	-	-	\$151	\$155	\$158	\$162	\$165	\$169	\$172	\$176	\$180	\$184	\$184	\$184	\$184	\$184	\$184	\$184	\$184	\$184	\$184	\$184	\$184	\$184	\$189
Difference	-	-	\$15	\$15	\$16	\$16	\$17	\$17	\$17	\$18	\$18	\$18	\$18	\$23	\$29	\$34	\$39	\$45	\$51	\$57	\$63	\$69	\$75	\$82	\$84
Leisure Net New Revenue (000s)	-	-	\$126	\$139	\$167	\$188	\$193	\$197	\$201	\$206	\$210	\$215	\$215	\$274	\$334	\$396	\$460	\$525	\$592	\$660	\$730	\$802	\$876	\$952	\$975
Total Incremental Spend on Existing Rooms (000s)	-	-	\$571	\$599	\$627	\$612	\$636	\$660	\$664	\$679	\$694	\$709	\$666	\$746	\$839	\$934	\$1,031	\$1,131	\$1,233	\$1,338	\$1,445	\$1,555	\$1,668	\$1,783	\$1,828

Source: Hunden Strategic Partners



Table A-4: Estimated Daily Visitor Spending for Hotel & Convention Center Only (Table 9-16)

Estimated Spending Per Visitor per Day - Hotel & Convention Center Only																															
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	
Spending per New Visitor - Overnight																															
Onsite Food & Beverage (Catering+Hotel Restaurant)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8.22	\$8.39	\$8.56	\$8.73	\$8.90	\$9.08	\$9.26	\$9.45	\$9.64	\$9.83	\$10.03	\$10.23	\$10.43	\$10.64	\$10.85	\$11.07	\$11.29	\$11.52	\$11.75	\$11.98	\$12.22	\$12.46	\$12.71	
Lodging Spending	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$108.82	\$111.21	\$113.66	\$116.16	\$118.71	\$121.32	\$123.99	\$126.72	\$129.51	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36	\$132.36
Transportation Spending	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7.50	\$7.65	\$7.80	\$7.96	\$8.12	\$8.28	\$8.45	\$8.62	\$8.79	\$8.96	\$8.96	\$9.14	\$9.33	\$9.51	\$9.70	\$9.90	\$10.09	\$10.30	\$10.50	\$10.71	\$10.93	\$11.14	\$11.37	
Other Spending	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6.16	\$6.28	\$6.41	\$6.53	\$6.66	\$6.80	\$6.93	\$7.07	\$7.21	\$7.36	\$7.36	\$7.51	\$7.66	\$7.81	\$7.97	\$8.12	\$8.29	\$8.45	\$8.62	\$8.79	\$8.97	\$9.15	\$9.33	
Total Direct Spending	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$130.70	\$133.53	\$136.42	\$139.38	\$142.40	\$145.48	\$148.64	\$151.86	\$155.15	\$158.51	\$158.71	\$159.23	\$159.77	\$160.32	\$160.88	\$161.45	\$162.03	\$162.62	\$163.23	\$163.85	\$164.47	\$165.12	\$165.77	
Spending per Visitor - Day Trip																															
Onsite Food & Beverage (Catering+Hotel Restaurant)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.29	\$3.36	\$3.42	\$3.49	\$3.56	\$3.63	\$3.70	\$3.78	\$3.85	\$3.93	\$4.01	\$4.09	\$4.17	\$4.26	\$4.34	\$4.43	\$4.52	\$4.61	\$4.70	\$4.79	\$4.89	\$4.99	\$5.09	
Transportation Spending	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5.00	\$5.10	\$5.20	\$5.31	\$5.41	\$5.52	\$5.63	\$5.74	\$5.86	\$5.98	\$6.09	\$6.22	\$6.34	\$6.47	\$6.60	\$6.73	\$6.86	\$7.00	\$7.14	\$7.28	\$7.43	\$7.58	\$7.73	
Other Spending	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3.69	\$3.77	\$3.84	\$3.92	\$4.00	\$4.08	\$4.16	\$4.24	\$4.33	\$4.42	\$4.50	\$4.59	\$4.69	\$4.78	\$4.87	\$4.97	\$5.07	\$5.17	\$5.28	\$5.38	\$5.49	\$5.60	\$5.71	
Total Direct Spending	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$11.98	\$12.22	\$12.47	\$12.72	\$12.97	\$13.23	\$13.50	\$13.77	\$14.04	\$14.32	\$14.61	\$14.90	\$15.20	\$15.50	\$15.81	\$16.13	\$16.45	\$16.78	\$17.12	\$17.46	\$17.81	\$18.16	\$18.53	

Source: HSP, Kentucky Tourism, Applicant



Table A-5: Office Performance, Net New Jobs and Spending (Table 9-17)

Covington Central Riverfront Project - Demand and Financial Projections																
Office Projections	Base Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Office Gross Square Footage	200,000	0	0	0	0	0	0	53,803	83,803	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Office Occupancy %	94%	0%	0%	0%	0%	0%	0%	60%	70%	55%	80%	94%	94%	94%	94%	94%
Occupied Office Space	188,000	0	0	0	0	0	0	32,282	58,662	110,000	160,000	188,000	188,000	188,000	188,000	188,000
Rental Rate	\$ 23.00	\$ 23.00	\$ 23.46	\$ 23.93	\$ 24.41	\$ 24.90	\$ 25.39	\$ 25.90	\$ 26.42	\$ 26.95	\$ 27.49	\$ 28.04	\$ 28.60	\$ 29.17	\$ 29.75	\$ 30.35
Gross Rent	\$ 4,324,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 836,155	\$ 1,549,839	\$ 2,964,298	\$ 4,397,941	\$ 5,270,932	\$ 5,376,351	\$ 5,483,878	\$ 5,593,555	\$ 5,705,426
Expense % (Assumed)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Net Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 710,731	\$ 1,317,363	\$ 2,519,653	\$ 3,738,250	\$ 4,480,292	\$ 4,569,898	\$ 4,661,296	\$ 4,754,522	\$ 4,849,612
Office Workers (@ 1 per 250 SF)	752	-	-	-	-	-	-	129	235	440	640	752	752	752	752	752
Annual Income	\$ 75,000	\$ 75,000	\$ 76,500	\$ 78,030	\$ 79,591	\$ 81,182	\$ 82,806	\$ 84,462	\$ 86,151	\$ 87,874	\$ 89,632	\$ 91,425	\$ 93,253	\$ 95,118	\$ 97,020	\$ 98,961
Total Income (000s)	\$ 56,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,906	\$ 20,215	\$ 38,665	\$ 57,364	\$ 68,751	\$ 70,126	\$ 71,529	\$ 72,959	\$ 74,419
New Office Employee Income (000s)	35%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,817	\$ 7,075	\$ 13,533	\$ 20,078	\$ 24,063	\$ 24,544	\$ 25,035	\$ 25,536	\$ 26,047
% Disposable Income (after taxes, rent, etc)	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%
New Local Spending per Employee	\$ 39,000	\$ 39,000	\$ 39,780	\$ 40,576	\$ 41,387	\$ 42,215	\$ 43,059	\$ 43,920	\$ 44,799	\$ 45,695	\$ 46,609	\$ 47,541	\$ 48,492	\$ 49,461	\$ 50,451	\$ 51,460
Total Local Spending	29,328,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,671,310	\$ 10,511,953	\$ 20,105,675	\$ 29,829,511	\$ 35,750,668	\$ 36,465,682	\$ 37,194,995	\$ 37,938,895	\$ 38,697,673
Restaurant Spending	10%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,131	\$ 1,051,195	\$ 2,010,567	\$ 2,982,951	\$ 3,575,067	\$ 3,646,568	\$ 3,719,500	\$ 3,793,890	\$ 3,869,767
Retail Spending	25%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,417,827	\$ 2,627,988	\$ 5,026,419	\$ 7,457,378	\$ 8,937,667	\$ 9,116,420	\$ 9,298,749	\$ 9,484,724	\$ 9,674,418
Transportation Spending	25%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,417,827	\$ 2,627,988	\$ 5,026,419	\$ 7,457,378	\$ 8,937,667	\$ 9,116,420	\$ 9,298,749	\$ 9,484,724	\$ 9,674,418
Other	40%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,268,524	\$ 4,204,781	\$ 8,042,270	\$ 11,931,804	\$ 14,300,267	\$ 14,586,273	\$ 14,877,998	\$ 15,175,558	\$ 15,479,069
% Net New to Kentucky	35%															
New Restaurant Spending (000s)	50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99	\$ 184	\$ 352	\$ 522	\$ 626	\$ 638	\$ 651	\$ 664	\$ 677
Not Captured in Other Uses (000s)	70.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69	\$ 129	\$ 246	\$ 365	\$ 438	\$ 447	\$ 456	\$ 465	\$ 474
New Retail Spending (000s)	55%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273	\$ 506	\$ 968	\$ 1,436	\$ 1,721	\$ 1,755	\$ 1,790	\$ 1,826	\$ 1,862
Not Captured in Other Uses (000s)	70.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191	\$ 354	\$ 677	\$ 1,005	\$ 1,204	\$ 1,228	\$ 1,253	\$ 1,278	\$ 1,304
New Transportation Spending (000s)	60%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298	\$ 552	\$ 1,056	\$ 1,566	\$ 1,877	\$ 1,914	\$ 1,953	\$ 1,992	\$ 2,032
New Other Spending (000s)	60%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 476	\$ 883	\$ 1,689	\$ 2,506	\$ 3,003	\$ 3,063	\$ 3,124	\$ 3,187	\$ 3,251
Total Net New Spending (000s)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,035	\$ 1,918	\$ 3,668	\$ 5,442	\$ 6,522	\$ 6,653	\$ 6,786	\$ 6,921	\$ 7,060

Source: Hunden Strategic Partners



Covington Central Riverfront Project - Demand and Financial Projections

Office Projections	Base Assumption	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total	
Office Gross Square Footage	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	-
Office Occupancy %	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	94%	-
Occupied Office Space	188,000	188,000	188,000	188,000	188,000	188,000	188,000	188,000	188,000	188,000	188,000	188,000	188,000	188,000	188,000	188,000	188,000	-
Rental Rate	\$ 23.00	\$ 30.95	\$ 31.57	\$ 32.21	\$ 32.85	\$ 33.51	\$ 34.18	\$ 34.86	\$ 35.56	\$ 36.27	\$ 36.99	\$ 37.73	\$ 38.49	\$ 39.26	\$ 40.04	\$ 40.84	\$ 40.84	-
Gross Rent	\$ 4,324,000	\$ 5,819,535	\$ 5,935,925	\$ 6,054,644	\$ 6,175,737	\$ 6,299,252	\$ 6,425,237	\$ 6,553,741	\$ 6,684,816	\$ 6,818,512	\$ 6,954,883	\$ 7,093,980	\$ 7,235,860	\$ 7,380,577	\$ 7,528,189	\$ 7,678,752	\$ 7,678,752	\$ 137,818,014
Expense % (Assumed)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	-
Net Operating Income	\$ 4,946,604	\$ 5,045,537	\$ 5,146,447	\$ 5,249,376	\$ 5,354,364	\$ 5,461,451	\$ 5,570,680	\$ 5,682,094	\$ 5,795,736	\$ 5,911,650	\$ 6,029,883	\$ 6,150,481	\$ 6,273,491	\$ 6,398,960	\$ 6,526,940	\$ 6,526,940	\$ 6,526,940	\$ 117,145,312
Office Workers (@ 1 per 250 SF)	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752	752	-
Annual Income	\$ 75,000	\$ 100,940	\$ 102,959	\$ 105,018	\$ 107,118	\$ 109,261	\$ 111,446	\$ 113,675	\$ 115,948	\$ 118,267	\$ 120,633	\$ 123,045	\$ 125,506	\$ 128,016	\$ 130,577	\$ 133,188	\$ 133,188	-
Total Income (000s)	\$ 56,400	\$ 75,907	\$ 77,425	\$ 78,974	\$ 80,553	\$ 82,164	\$ 83,807	\$ 85,484	\$ 87,193	\$ 88,937	\$ 90,716	\$ 92,530	\$ 94,381	\$ 96,268	\$ 98,194	\$ 100,158	\$ 100,158	\$ 1,797,626
New Office Employee Income (000s)	35%	\$ 26,567	\$ 27,099	\$ 27,641	\$ 28,194	\$ 28,757	\$ 29,333	\$ 29,919	\$ 30,518	\$ 31,128	\$ 31,751	\$ 32,386	\$ 33,033	\$ 33,694	\$ 34,368	\$ 35,055	\$ 35,055	\$ 629,169
% Disposable Income (after taxes, rent, etc)	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	52%	-
New Local Spending per Employee	\$ 39,000	\$ 52,489	\$ 53,539	\$ 54,609	\$ 55,702	\$ 56,816	\$ 57,952	\$ 59,111	\$ 60,293	\$ 61,499	\$ 62,729	\$ 63,984	\$ 65,263	\$ 66,569	\$ 67,900	\$ 69,258	\$ 69,258	-
Total Local Spending	29,328,000	\$ 39,471,627	\$ 40,261,059	\$ 41,066,280	\$ 41,887,606	\$ 42,725,358	\$ 43,579,865	\$ 44,451,463	\$ 45,340,492	\$ 46,247,302	\$ 47,172,248	\$ 48,115,693	\$ 49,078,006	\$ 50,059,567	\$ 51,060,758	\$ 52,081,973	\$ 52,081,973	\$ 934,765,658
Restaurant Spending	10%	\$ 3,947,163	\$ 4,026,106	\$ 4,106,628	\$ 4,188,761	\$ 4,272,536	\$ 4,357,987	\$ 4,445,146	\$ 4,534,049	\$ 4,624,730	\$ 4,717,225	\$ 4,811,569	\$ 4,907,801	\$ 5,005,957	\$ 5,106,076	\$ 5,208,197	\$ 5,208,197	\$ 93,476,566
Retail Spending	25%	\$ 9,867,907	\$ 10,065,265	\$ 10,266,570	\$ 10,471,901	\$ 10,681,340	\$ 10,894,966	\$ 11,112,866	\$ 11,335,123	\$ 11,561,825	\$ 11,793,062	\$ 12,028,923	\$ 12,269,502	\$ 12,514,892	\$ 12,765,189	\$ 13,020,493	\$ 13,020,493	\$ 233,691,414
Transportation Spending	25%	\$ 9,867,907	\$ 10,065,265	\$ 10,266,570	\$ 10,471,901	\$ 10,681,340	\$ 10,894,966	\$ 11,112,866	\$ 11,335,123	\$ 11,561,825	\$ 11,793,062	\$ 12,028,923	\$ 12,269,502	\$ 12,514,892	\$ 12,765,189	\$ 13,020,493	\$ 13,020,493	\$ 233,691,414
Other	40%	\$ 15,788,651	\$ 16,104,424	\$ 16,426,512	\$ 16,755,042	\$ 17,090,143	\$ 17,431,946	\$ 17,780,585	\$ 18,136,197	\$ 18,498,921	\$ 18,868,899	\$ 19,246,277	\$ 19,631,203	\$ 20,023,827	\$ 20,424,303	\$ 20,832,789	\$ 20,832,789	\$ 373,906,263
% Net New to Kentucky	35%																	
New Restaurant Spending (000s)	50%	\$ 691	\$ 705	\$ 719	\$ 733	\$ 748	\$ 763	\$ 778	\$ 793	\$ 809	\$ 826	\$ 842	\$ 859	\$ 876	\$ 894	\$ 911	\$ 911	\$ 16,358
Not Captured in Other Uses (000s)	70.0%	\$ 484	\$ 493	\$ 503	\$ 513	\$ 523	\$ 534	\$ 545	\$ 555	\$ 567	\$ 578	\$ 589	\$ 601	\$ 613	\$ 625	\$ 638	\$ 638	\$ 11,451
New Retail Spending (000s)	55%	\$ 1,900	\$ 1,938	\$ 1,976	\$ 2,016	\$ 2,056	\$ 2,097	\$ 2,139	\$ 2,182	\$ 2,226	\$ 2,270	\$ 2,316	\$ 2,362	\$ 2,409	\$ 2,457	\$ 2,506	\$ 2,506	\$ 44,986
Not Captured in Other Uses (000s)	70.0%	\$ 1,330	\$ 1,356	\$ 1,383	\$ 1,411	\$ 1,439	\$ 1,468	\$ 1,497	\$ 1,527	\$ 1,558	\$ 1,589	\$ 1,621	\$ 1,653	\$ 1,686	\$ 1,720	\$ 1,755	\$ 1,755	\$ 31,490
New Transportation Spending (000s)	60%	\$ 2,072	\$ 2,114	\$ 2,156	\$ 2,199	\$ 2,243	\$ 2,288	\$ 2,334	\$ 2,380	\$ 2,428	\$ 2,477	\$ 2,526	\$ 2,577	\$ 2,628	\$ 2,681	\$ 2,734	\$ 2,734	\$ 49,075
New Other Spending (000s)	60%	\$ 3,316	\$ 3,382	\$ 3,450	\$ 3,519	\$ 3,589	\$ 3,661	\$ 3,734	\$ 3,809	\$ 3,885	\$ 3,962	\$ 4,042	\$ 4,123	\$ 4,205	\$ 4,289	\$ 4,375	\$ 4,375	\$ 78,520
Total Net New Spending (000s)		\$ 7,201	\$ 7,345	\$ 7,492	\$ 7,642	\$ 7,795	\$ 7,951	\$ 8,110	\$ 8,272	\$ 8,437	\$ 8,606	\$ 8,778	\$ 8,954	\$ 9,133	\$ 9,315	\$ 9,502	\$ 9,502	\$ 170,536

Source: Hunden Strategic Partners



Table A-6: Retail & Restaurant Performance, Net New Visitors and Spending (Table 9-18)

Covington Central Riverfront Project - Demand and Financial Projections																
Retail & Restaurant Projections	Base Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Retail Gross Square Footage	87,808	0	0	0	0	0	6,000	59,174	72,924	87,808	87,808	87,808	87,808	87,808	87,808	87,808
Retail Occupancy %	96%	0	0	0	0	0	100%	50%	60%	75%	88%	96%	96%	96%	96%	96%
Occupied Retail/Restaurant Space	84,296	0	0	0	0	0	6,000	29,587	43,754	65,856	77,271	84,296	84,296	84,296	84,296	84,296
Occupied Retail	33%	0	0	0	0	0	1,980	9,764	14,439	21,732	25,499	27,818	27,818	27,818	27,818	27,818
Occupied Restaurant	67%	0	0	0	0	0	4,020	19,823	29,315	44,124	51,772	56,478	56,478	56,478	56,478	56,478
Retail Rental Rate	\$ 23.00	\$ 23.00	\$ 23.46	\$ 23.93	\$ 24.41	\$ 24.90	\$ 25.39	\$ 25.90	\$ 26.42	\$ 26.95	\$ 27.49	\$ 28.04	\$ 28.60	\$ 29.17	\$ 29.75	\$ 30.35
Gross Retail Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,280	\$ 252,897	\$ 381,474	\$ 585,650	\$ 700,906	\$ 779,918	\$ 795,516	\$ 811,426	\$ 827,655	\$ 844,208
Restaurant Rental Rate	\$ 26.00	\$ 26.00	\$ 26.52	\$ 27.05	\$ 27.59	\$ 28.14	\$ 28.71	\$ 29.28	\$ 29.87	\$ 30.46	\$ 31.07	\$ 31.69	\$ 32.33	\$ 32.97	\$ 33.63	\$ 34.31
Gross Restaurant Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,399	\$ 290,215	\$ 875,530	\$ 1,344,141	\$ 1,608,668	\$ 1,790,009	\$ 1,825,809	\$ 1,862,325	\$ 1,899,572	\$ 1,937,563
Expense % (Assumed)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Net Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,136	\$ 108,622	\$ 251,401	\$ 385,958	\$ 461,915	\$ 513,985	\$ 524,265	\$ 534,750	\$ 545,445	\$ 556,354
Retail Sales Per Square Foot	\$ 230	\$ 230	\$ 235	\$ 239	\$ 244	\$ 249	\$ 254	\$ 259	\$ 264	\$ 269	\$ 275	\$ 280	\$ 286	\$ 292	\$ 298	\$ 303
Restaurant Sales Per Square Foot	\$ 260	\$ 260	\$ 265	\$ 271	\$ 276	\$ 281	\$ 287	\$ 293	\$ 299	\$ 305	\$ 311	\$ 317	\$ 323	\$ 330	\$ 336	\$ 343
Total Retail Sales	\$ 76	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 502,798	\$ 2,528,970	\$ 3,814,738	\$ 5,856,505	\$ 7,009,065	\$ 7,799,178	\$ 7,955,161	\$ 8,114,264	\$ 8,276,550	\$ 8,442,081
Total Restaurant Sales	\$ 174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,153,985	\$ 5,804,303	\$ 8,755,301	\$ 13,441,411	\$ 16,086,681	\$ 17,900,089	\$ 18,258,091	\$ 18,623,252	\$ 18,995,717	\$ 19,375,632
% Net New to Kentucky	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
New Retail Spending to Kentucky (000s)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101	\$ 506	\$ 763	\$ 1,171	\$ 1,402	\$ 1,560	\$ 1,591	\$ 1,623	\$ 1,655	\$ 1,688
New Restaurant Spending to Kentucky (000s)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 231	\$ 1,161	\$ 1,751	\$ 2,688	\$ 3,217	\$ 3,580	\$ 3,652	\$ 3,725	\$ 3,799	\$ 3,875
Retail Spending Per Visit	\$ 10.00	\$ 10.00	\$ 10.20	\$ 10.40	\$ 10.61	\$ 10.82	\$ 11.04	\$ 11.26	\$ 11.49	\$ 11.72	\$ 11.95	\$ 12.19	\$ 12.43	\$ 12.68	\$ 12.94	\$ 13.19
Restaurant Spending Per Visit	\$ 30.00	\$ 30.00	\$ 30.60	\$ 31.21	\$ 31.84	\$ 32.47	\$ 33.12	\$ 33.78	\$ 34.46	\$ 35.15	\$ 35.85	\$ 36.57	\$ 37.30	\$ 38.05	\$ 38.81	\$ 39.58
Retail Visits	0	0	0	0	0	0	45,540	224,565	332,096	499,847	586,487	639,804	639,804	639,804	639,804	639,804
Restaurant Visits	0	0	0	0	0	0	34,840	171,802	254,067	382,404	448,687	489,477	489,477	489,477	489,477	489,477
Net New Retail Visits	0	0	0	0	0	0	9,108	44,913	66,419	99,969	117,297	127,961	127,961	127,961	127,961	127,961
Net New Restaurant Visits	0	0	0	0	0	0	6,968	34,360	50,813	76,481	89,737	97,895	97,895	97,895	97,895	97,895
% Visiting Both	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Net New Visitors	0	0	0	0	0	0	9,743	48,045	71,050	106,940	125,476	136,883	136,883	136,883	136,883	136,883
% Daytrippers	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
% Overnights	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net New Retail/Restaurant Daytrippers	0	0	0	0	0	0	9,743	48,045	71,050	106,940	125,476	136,883	136,883	136,883	136,883	136,883
Net New Retail/Restaurant Overnights	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Source: Hunden Strategic Partners



Covington Central Riverfront Project - Demand and Financial Projections

Retail & Restaurant Projections	Base Assumption	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total	
Retail Gross Square Footage	87,808	87,808	87,808	87,808	87,808	87,808	87,808	87,808	87,808	87,808	87,808	87,808	87,808	87,808	87,808	87,808	87,808	-
Retail Occupancy %	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	-
Occupied Retail/Restaurant Space	84,296	84,296	84,296	84,296	84,296	84,296	84,296	84,296	84,296	84,296	84,296	84,296	84,296	84,296	84,296	84,296	84,296	-
Occupied Retail	33%	27,818	27,818	27,818	27,818	27,818	27,818	27,818	27,818	27,818	27,818	27,818	27,818	27,818	27,818	27,818	27,818	-
Occupied Restaurant	67%	56,478	56,478	56,478	56,478	56,478	56,478	56,478	56,478	56,478	56,478	56,478	56,478	56,478	56,478	56,478	56,478	-
Retail Rental Rate	\$ 23.00	\$ 30.95	\$ 31.57	\$ 32.21	\$ 32.85	\$ 33.51	\$ 34.18	\$ 34.86	\$ 35.56	\$ 36.27	\$ 36.99	\$ 37.73	\$ 38.49	\$ 39.26	\$ 40.04	\$ 40.84	\$ 40.84	-
Gross Retail Rent	\$ -	\$ 861,092	\$ 878,314	\$ 895,880	\$ 913,798	\$ 932,074	\$ 950,715	\$ 969,730	\$ 989,124	\$ 1,008,907	\$ 1,029,085	\$ 1,049,667	\$ 1,070,660	\$ 1,092,073	\$ 1,113,915	\$ 1,136,193	\$ 1,136,193	\$ 20,921,158
Restaurant Rental Rate	\$ 26.00	\$ 34.99	\$ 35.69	\$ 36.41	\$ 37.13	\$ 37.88	\$ 38.63	\$ 39.41	\$ 40.20	\$ 41.00	\$ 41.82	\$ 42.66	\$ 43.51	\$ 44.38	\$ 45.27	\$ 46.17	\$ 46.17	-
Gross Restaurant Rent	\$ -	\$ 1,976,314	\$ 2,015,841	\$ 2,056,158	\$ 2,097,281	\$ 2,139,226	\$ 2,182,011	\$ 2,225,651	\$ 2,270,164	\$ 2,315,567	\$ 2,361,879	\$ 2,409,116	\$ 2,457,299	\$ 2,506,445	\$ 2,556,573	\$ 2,607,705	\$ 2,607,705	\$ 47,726,461
Expense % (Assumed)	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	-
Net Operating Income	\$ -	\$ 567,481	\$ 578,831	\$ 590,408	\$ 602,216	\$ 614,260	\$ 626,545	\$ 639,076	\$ 651,858	\$ 664,895	\$ 678,193	\$ 691,757	\$ 705,592	\$ 719,704	\$ 734,098	\$ 748,780	\$ 748,780	\$ 13,729,524
Retail Sales Per Square Foot	\$ 230	\$ 310	\$ 316	\$ 322	\$ 328	\$ 335	\$ 342	\$ 349	\$ 356	\$ 363	\$ 370	\$ 377	\$ 385	\$ 393	\$ 400	\$ 408	\$ 408	-
Restaurant Sales Per Square Foot	\$ 260	\$ 350	\$ 357	\$ 364	\$ 371	\$ 379	\$ 386	\$ 394	\$ 402	\$ 410	\$ 418	\$ 427	\$ 435	\$ 444	\$ 453	\$ 462	\$ 462	-
Total Retail Sales	\$ 76	\$ 8,610,922	\$ 8,783,141	\$ 8,958,804	\$ 9,137,980	\$ 9,320,739	\$ 9,507,154	\$ 9,697,297	\$ 9,891,243	\$ 10,089,068	\$ 10,290,849	\$ 10,496,666	\$ 10,706,600	\$ 10,920,732	\$ 11,139,146	\$ 11,361,929	\$ 11,361,929	\$ 209,211,579
Total Restaurant Sales	\$ 174	\$ 19,763,144	\$ 20,158,407	\$ 20,561,576	\$ 20,972,807	\$ 21,392,263	\$ 21,820,108	\$ 22,256,511	\$ 22,701,641	\$ 23,155,674	\$ 23,618,787	\$ 24,091,163	\$ 24,572,986	\$ 25,064,446	\$ 25,565,735	\$ 26,077,049	\$ 26,077,049	\$ 480,166,761
% Net New to Kentucky	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	-
New Retail Spending to Kentucky (000s)	\$ -	\$ 1,722	\$ 1,757	\$ 1,792	\$ 1,828	\$ 1,864	\$ 1,901	\$ 1,939	\$ 1,978	\$ 2,018	\$ 2,058	\$ 2,099	\$ 2,141	\$ 2,184	\$ 2,228	\$ 2,272	\$ 2,272	\$ 41,842
New Restaurant Spending to Kentucky (000s)	\$ -	\$ 3,953	\$ 4,032	\$ 4,112	\$ 4,195	\$ 4,278	\$ 4,364	\$ 4,451	\$ 4,540	\$ 4,631	\$ 4,724	\$ 4,818	\$ 4,915	\$ 5,013	\$ 5,113	\$ 5,215	\$ 5,215	\$ 96,033
Retail Spending Per Visit	\$ 10.00	\$ 13.46	\$ 13.73	\$ 14.00	\$ 14.28	\$ 14.57	\$ 14.86	\$ 15.16	\$ 15.46	\$ 15.77	\$ 16.08	\$ 16.41	\$ 16.73	\$ 17.07	\$ 17.41	\$ 17.76	\$ 17.76	-
Restaurant Spending Per Visit	\$ 30.00	\$ 40.38	\$ 41.18	\$ 42.01	\$ 42.85	\$ 43.70	\$ 44.58	\$ 45.47	\$ 46.38	\$ 47.31	\$ 48.25	\$ 49.22	\$ 50.20	\$ 51.21	\$ 52.23	\$ 53.28	\$ 53.28	-
Retail Visits		639,804	639,804	639,804	639,804	639,804	639,804	639,804	639,804	639,804	639,804	639,804	639,804	639,804	639,804	639,804	639,804	14,484,620
Restaurant Visits		489,477	489,477	489,477	489,477	489,477	489,477	489,477	489,477	489,477	489,477	489,477	489,477	489,477	489,477	489,477	489,477	11,081,338
Net New Retail Visits		127,961	127,961	127,961	127,961	127,961	127,961	127,961	127,961	127,961	127,961	127,961	127,961	127,961	127,961	127,961	127,961	2,896,924
Net New Restaurant Visits		97,895	97,895	97,895	97,895	97,895	97,895	97,895	97,895	97,895	97,895	97,895	97,895	97,895	97,895	97,895	97,895	2,216,268
% Visiting Both	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	-
Net New Visitors		136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	3,098,904
% Daytrippers	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	-
% Overnighters	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-
Net New Retail/Restaurant Daytrippers		136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	3,098,904
Net New Retail/Restaurant Overnighters		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Source: Hunden Strategic Partners



Table A-7: Residential Performance, Net New Residents and Spending (Table 9-19)

Covington Central Riverfront Project - Demand and Financial Projections																
Residential Projections	Base Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Number of New Units	348	0	0	0	0	0	87	238	238	348	348	348	348	348	348	348
Square Feet Per Unit	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126
Gross SF	391,900	0	0	0	0	0	97,975	268,024	268,024	391,900	391,900	391,900	391,900	391,900	391,900	391,900
Occupancy %	95%	0%	0%	0%	0%	0%	40%	40%	65%	65%	85%	95%	95%	95%	95%	95%
Occupied Units	0	0	0	0	0	0	35	96	155	227	296	331	331	331	331	331
Occupied Resi Space	372,305	0	0	0	0	0	39,415	108,110	174,553	255,636	333,340	372,756	372,756	372,756	372,756	372,756
Rental Rate/SF/mo	\$ 1.90	\$ 1.90	\$ 1.94	\$ 1.98	\$ 2.02	\$ 2.06	\$ 2.10	\$ 2.14	\$ 2.18	\$ 2.23	\$ 2.27	\$ 2.32	\$ 2.36	\$ 2.41	\$ 2.46	\$ 2.51
Gross Rent/ Year	\$ 8,488,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 992,202	\$ 2,775,897	\$ 4,571,555	\$ 6,829,019	\$ 9,082,896	\$ 10,360,025	\$ 10,567,225	\$ 10,778,570	\$ 10,994,141	\$ 11,214,024
Expense % (Assumed)	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Net Operating Income	\$ 6,366,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 744,151	\$ 2,081,923	\$ 3,428,667	\$ 5,121,764	\$ 6,812,172	\$ 7,770,019	\$ 7,925,419	\$ 8,083,927	\$ 8,245,606	\$ 8,410,518
Median Income per Unit	\$ 85,587	\$ 85,587	\$ 87,299	\$ 89,045	\$ 90,826	\$ 92,643	\$ 94,495	\$ 96,385	\$ 98,313	\$ 100,279	\$ 102,285	\$ 104,331	\$ 106,417	\$ 108,546	\$ 110,716	\$ 112,931
Occupied Units	-	-	-	-	-	-	35	96	155	227	296	331	331	331	331	331
Total Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,288,440	\$ 9,252,990	\$ 15,238,518	\$ 22,763,397	\$ 30,276,320	\$ 34,533,416	\$ 35,224,085	\$ 35,928,566	\$ 36,647,138	\$ 37,380,080
Restaurant Spending	4.2%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,912	\$ 390,870	\$ 643,714	\$ 961,585	\$ 1,278,950	\$ 1,458,781	\$ 1,487,956	\$ 1,517,715	\$ 1,548,070	\$ 1,579,031
Retail Spending	2.4%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,410	\$ 223,443	\$ 367,983	\$ 549,695	\$ 731,118	\$ 833,919	\$ 850,598	\$ 867,610	\$ 884,962	\$ 902,661
Transportation Spending	12.1%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,547	\$ 1,121,428	\$ 1,846,852	\$ 2,758,839	\$ 3,669,378	\$ 4,185,322	\$ 4,269,028	\$ 4,354,409	\$ 4,441,497	\$ 4,530,327
Other	9.2%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,520	\$ 848,414	\$ 1,397,232	\$ 2,087,193	\$ 2,776,059	\$ 3,166,396	\$ 3,229,724	\$ 3,294,318	\$ 3,360,204	\$ 3,427,409
Total Taxable Local Spending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 918,388	\$ 2,584,155	\$ 4,255,780	\$ 6,357,312	\$ 8,455,505	\$ 9,644,418	\$ 9,837,306	\$ 10,034,052	\$ 10,234,733	\$ 10,439,428
% Net New to Kentucky	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Restaurant Spending	32.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,452	\$ 125,078	\$ 205,989	\$ 307,707	\$ 409,264	\$ 466,810	\$ 476,146	\$ 485,669	\$ 495,382	\$ 505,290
Not Captured in Other Uses	75.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,339	\$ 93,809	\$ 154,491	\$ 230,780	\$ 306,948	\$ 350,107	\$ 357,109	\$ 364,252	\$ 371,537	\$ 378,967
Retail Spending	32.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,411	\$ 71,502	\$ 117,754	\$ 175,902	\$ 233,958	\$ 266,854	\$ 272,191	\$ 277,635	\$ 283,188	\$ 288,852
Not Captured in Other Uses	75.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,058	\$ 53,626	\$ 88,316	\$ 131,927	\$ 175,468	\$ 200,141	\$ 204,143	\$ 208,226	\$ 212,391	\$ 216,639
Transportation Spending	32.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,535	\$ 358,857	\$ 590,993	\$ 882,829	\$ 1,174,201	\$ 1,339,303	\$ 1,366,089	\$ 1,393,411	\$ 1,421,279	\$ 1,449,705
Other	32.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,486	\$ 271,492	\$ 447,114	\$ 667,902	\$ 888,339	\$ 1,013,247	\$ 1,033,512	\$ 1,054,182	\$ 1,075,265	\$ 1,096,771
Total New Spending to KY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 276,419	\$ 777,785	\$ 1,280,914	\$ 1,913,438	\$ 2,544,956	\$ 2,902,798	\$ 2,960,854	\$ 3,020,071	\$ 3,080,472	\$ 3,142,082
New Spending to Kentucky (000s)																
Restaurant Spending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33.34	\$ 93.81	\$ 154.49	\$ 230.78	\$ 306.95	\$ 350.11	\$ 357.11	\$ 364.25	\$ 371.54	\$ 378.97
Retail Spending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19.06	\$ 53.63	\$ 88.32	\$ 131.93	\$ 175.47	\$ 200.14	\$ 204.14	\$ 208.23	\$ 212.39	\$ 216.64
Transportation Spending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127.53	\$ 358.86	\$ 590.99	\$ 882.83	\$ 1,174.20	\$ 1,339.30	\$ 1,366.09	\$ 1,393.41	\$ 1,421.28	\$ 1,449.70
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96.49	\$ 271.49	\$ 447.11	\$ 667.90	\$ 888.34	\$ 1,013.25	\$ 1,033.51	\$ 1,054.18	\$ 1,075.27	\$ 1,096.77

Source: Hunden Strategic Partners



Covington Central Riverfront Project - Demand and Financial Projections

Residential Projections	Base Assumption	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total
Number of New Units	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	348	--
Square Feet Per Unit	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126	--
Gross SF	391,900	391,900	391,900	391,900	391,900	391,900	391,900	391,900	391,900	391,900	391,900	391,900	391,900	391,900	391,900	391,900	--
Occupancy %	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	--
Occupied Units		331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	--
Occupied Resi Space	372,305	372,756	372,756	372,756	372,756	372,756	372,756	372,756	372,756	372,756	372,756	372,756	372,756	372,756	372,756	372,756	--
Rental Rate/SF/mo	\$ 1.90	\$ 2.56	\$ 2.61	\$ 2.66	\$ 2.71	\$ 2.77	\$ 2.82	\$ 2.88	\$ 2.94	\$ 3.00	\$ 3.06	\$ 3.12	\$ 3.18	\$ 3.24	\$ 3.31	\$ 3.37	--
Gross Rent/ Year	\$ 8,488,558	\$ 11,438,305	\$ 11,667,071	\$ 11,900,412	\$ 12,138,420	\$ 12,381,189	\$ 12,628,813	\$ 12,881,389	\$ 13,139,017	\$ 13,401,797	\$ 13,669,833	\$ 13,943,230	\$ 14,222,094	\$ 14,506,536	\$ 14,796,667	\$ 15,092,600	\$ 275,972,926
Expense % (Assumed)	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	--
Net Operating Income	\$ 6,366,419	\$ 8,578,728	\$ 8,750,303	\$ 8,925,309	\$ 9,103,815	\$ 9,285,892	\$ 9,471,609	\$ 9,661,042	\$ 9,854,262	\$ 10,051,348	\$ 10,252,375	\$ 10,457,422	\$ 10,666,571	\$ 10,879,902	\$ 11,097,500	\$ 11,319,450	\$ 206,979,694
Median Income per Unit	\$ 85,587	\$ 115,189	\$ 117,493	\$ 119,843	\$ 122,240	\$ 124,685	\$ 127,178	\$ 129,722	\$ 132,316	\$ 134,963	\$ 137,662	\$ 140,415	\$ 143,224	\$ 146,088	\$ 149,010	\$ 151,990	--
Occupied Units		331	331	331	331	331	331	331	331	331	331	331	331	331	331	331	--
Total Income		\$ 38,127,682	\$ 38,890,236	\$ 39,668,040	\$ 40,461,401	\$ 41,270,629	\$ 42,096,042	\$ 42,937,963	\$ 43,796,722	\$ 44,672,656	\$ 45,566,110	\$ 46,477,432	\$ 47,406,980	\$ 48,355,120	\$ 49,322,222	\$ 50,308,667	\$ 919,890,853
Restaurant Spending	4.2%	\$ 1,610,612	\$ 1,642,824	\$ 1,675,680	\$ 1,709,194	\$ 1,743,378	\$ 1,778,245	\$ 1,813,810	\$ 1,850,087	\$ 1,887,088	\$ 1,924,830	\$ 1,963,327	\$ 2,002,593	\$ 2,042,645	\$ 2,083,498	\$ 2,125,168	\$ 38,858,563
Retail Spending	2.4%	\$ 920,714	\$ 939,129	\$ 957,911	\$ 977,069	\$ 996,611	\$ 1,016,543	\$ 1,036,874	\$ 1,057,611	\$ 1,078,764	\$ 1,100,339	\$ 1,122,346	\$ 1,144,792	\$ 1,167,688	\$ 1,191,042	\$ 1,214,863	\$ 22,213,693
Transportation Spending	12.1%	\$ 4,620,934	\$ 4,713,352	\$ 4,807,619	\$ 4,903,772	\$ 5,001,847	\$ 5,101,884	\$ 5,203,922	\$ 5,308,000	\$ 5,414,160	\$ 5,522,444	\$ 5,632,892	\$ 5,745,550	\$ 5,860,461	\$ 5,977,670	\$ 6,097,224	\$ 111,487,361
Other	9.2%	\$ 3,495,957	\$ 3,565,876	\$ 3,637,193	\$ 3,709,937	\$ 3,784,136	\$ 3,859,819	\$ 3,937,015	\$ 4,015,755	\$ 4,096,070	\$ 4,177,992	\$ 4,261,552	\$ 4,346,783	\$ 4,433,718	\$ 4,522,393	\$ 4,612,841	\$ 84,345,505
Total Taxable Local Spending		\$ 10,648,216	\$ 10,861,181	\$ 11,078,404	\$ 11,299,972	\$ 11,525,972	\$ 11,756,491	\$ 11,991,621	\$ 12,231,454	\$ 12,476,083	\$ 12,725,604	\$ 12,980,116	\$ 13,239,719	\$ 13,504,513	\$ 13,774,603	\$ 14,050,095	\$ 256,905,122
% Net New to Kentucky	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	--
Restaurant Spending	32.0%	\$ 515,396	\$ 525,704	\$ 536,218	\$ 546,942	\$ 557,881	\$ 569,039	\$ 580,419	\$ 592,028	\$ 603,868	\$ 615,946	\$ 628,265	\$ 640,830	\$ 653,646	\$ 666,719	\$ 680,054	\$ 12,434,740
Not Captured in Other Uses	75.0%	\$ 386,547	\$ 394,278	\$ 402,163	\$ 410,207	\$ 418,411	\$ 426,779	\$ 435,314	\$ 444,021	\$ 452,901	\$ 461,959	\$ 471,198	\$ 480,622	\$ 490,235	\$ 500,040	\$ 510,040	\$ 9,326,055
Retail Spending	32.0%	\$ 294,629	\$ 300,521	\$ 306,532	\$ 312,662	\$ 318,915	\$ 325,294	\$ 331,800	\$ 338,436	\$ 345,204	\$ 352,108	\$ 359,151	\$ 366,334	\$ 373,660	\$ 381,133	\$ 388,756	\$ 7,108,382
Not Captured in Other Uses	75.0%	\$ 220,971	\$ 225,391	\$ 229,899	\$ 234,497	\$ 239,187	\$ 243,970	\$ 248,850	\$ 253,827	\$ 258,903	\$ 264,081	\$ 269,363	\$ 274,750	\$ 280,245	\$ 285,850	\$ 291,567	\$ 5,331,286
Transportation Spending	32.0%	\$ 1,478,699	\$ 1,508,273	\$ 1,538,438	\$ 1,569,207	\$ 1,600,591	\$ 1,632,603	\$ 1,665,255	\$ 1,698,560	\$ 1,732,531	\$ 1,767,182	\$ 1,802,526	\$ 1,838,576	\$ 1,875,348	\$ 1,913,855	\$ 1,951,112	\$ 35,675,956
Other	32.0%	\$ 1,118,706	\$ 1,141,080	\$ 1,163,902	\$ 1,187,180	\$ 1,210,924	\$ 1,235,142	\$ 1,259,845	\$ 1,285,042	\$ 1,310,743	\$ 1,336,957	\$ 1,363,697	\$ 1,390,970	\$ 1,418,790	\$ 1,447,166	\$ 1,476,109	\$ 26,990,562
Total New Spending to KY		\$ 3,204,923	\$ 3,269,022	\$ 3,334,402	\$ 3,401,090	\$ 3,469,112	\$ 3,538,494	\$ 3,609,264	\$ 3,681,449	\$ 3,755,078	\$ 3,830,180	\$ 3,906,783	\$ 3,984,919	\$ 4,064,618	\$ 4,145,910	\$ 4,228,828	\$ 77,323,859
New Spending to Kentucky (000s)																	
Restaurant Spending		\$ 386.55	\$ 394.28	\$ 402.16	\$ 410.21	\$ 418.41	\$ 426.78	\$ 435.31	\$ 444.02	\$ 452.90	\$ 461.96	\$ 471.20	\$ 480.62	\$ 490.23	\$ 500.04	\$ 510.04	\$ 9,326
Retail Spending		\$ 220.97	\$ 225.39	\$ 229.90	\$ 234.50	\$ 239.19	\$ 243.97	\$ 248.85	\$ 253.83	\$ 258.90	\$ 264.08	\$ 269.36	\$ 274.75	\$ 280.25	\$ 285.85	\$ 291.57	\$ 5,331
Transportation Spending		\$ 1,478.70	\$ 1,508.27	\$ 1,538.44	\$ 1,569.21	\$ 1,600.59	\$ 1,632.60	\$ 1,665.26	\$ 1,698.56	\$ 1,732.53	\$ 1,767.18	\$ 1,802.53	\$ 1,838.58	\$ 1,875.35	\$ 1,912.85	\$ 1,951.11	\$ 35,676
Other		\$ 1,118.71	\$ 1,141.08	\$ 1,163.90	\$ 1,187.18	\$ 1,210.92	\$ 1,235.14	\$ 1,259.84	\$ 1,285.04	\$ 1,310.74	\$ 1,336.96	\$ 1,363.70	\$ 1,390.97	\$ 1,418.79	\$ 1,447.17	\$ 1,476.11	\$ 26,991

Source: Hunden Strategic Partners

Chapter 10 – Net New Economic and Employment Impact Analysis

A-8: Net New Visitors and Room Nights (Table 10-1)

Net New Visitors and Room Nights																												
Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total		
New Daytrip Visitor Days	0	9,743	48,045	83,808	123,138	144,074	155,995	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	156,516	3,538,611	
From Hotel & Conventon Center Expansion		0	0	12,758	16,199	18,599	19,113	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	19,634	439,707
From Retail & Restaurant		9,743	48,045	71,050	106,940	125,476	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	136,883	3,098,904
New Overnight Visitor Days	0	0	0	18,561	21,602	23,903	27,213	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	596,647
From Hotel & Conventon Center Expansion		0	0	18,561	21,602	23,903	27,213	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	26,598	596,647
From Retail & Restaurant		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Hotel Room Nights	0	0	0	11,972	12,505	13,846	15,735	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	15,372	346,128	

Source: Hunden Strategic Partners

Table A-9: Direct Net New/Recaptured Spending to Kentucky (Table 10-2)

Direct Net New/Recaptured Spending to Kentucky (000s)																											
Category	Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total
Food & Beverage	\$0	\$264	\$1,324	\$2,229	\$3,401	\$4,158	\$4,672	\$4,762	\$4,857	\$4,955	\$5,054	\$5,155	\$5,258	\$5,363	\$5,470	\$5,580	\$5,691	\$5,805	\$5,921	\$6,040	\$6,160	\$6,284	\$6,409	\$6,537	\$6,668	\$6,801	\$124,818
Lodging	\$0	\$0	\$0	\$2,758	\$2,938	\$3,278	\$3,687	\$3,701	\$3,783	\$3,866	\$3,951	\$4,038	\$4,127	\$4,082	\$4,259	\$4,440	\$4,626	\$4,816	\$5,011	\$5,211	\$5,415	\$5,625	\$5,840	\$6,061	\$6,287	\$6,444	\$104,243
Retail	\$0	\$120	\$750	\$1,205	\$1,981	\$2,582	\$2,964	\$3,024	\$3,084	\$3,146	\$3,209	\$3,273	\$3,338	\$3,405	\$3,473	\$3,543	\$3,613	\$3,686	\$3,759	\$3,835	\$3,911	\$3,990	\$4,069	\$4,151	\$4,234	\$4,318	\$78,664
Transportation	\$0	\$128	\$657	\$1,346	\$2,186	\$3,024	\$3,534	\$3,603	\$3,675	\$3,748	\$3,823	\$3,900	\$3,978	\$4,052	\$4,134	\$4,216	\$4,301	\$4,387	\$4,474	\$4,564	\$4,655	\$4,748	\$4,843	\$4,940	\$5,039	\$5,140	\$93,092
Other	\$0	\$96	\$748	\$1,492	\$2,553	\$3,619	\$4,269	\$4,352	\$4,439	\$4,528	\$4,619	\$4,711	\$4,805	\$4,898	\$4,996	\$5,095	\$5,197	\$5,301	\$5,407	\$5,516	\$5,626	\$5,738	\$5,853	\$5,970	\$6,090	\$6,211	\$112,131
Total	\$0	\$608	\$3,479	\$9,030	\$13,059	\$16,660	\$19,127	\$19,442	\$19,839	\$20,243	\$20,656	\$21,077	\$21,506	\$21,800	\$22,331	\$22,874	\$23,428	\$23,994	\$24,573	\$25,164	\$25,768	\$26,385	\$27,015	\$27,659	\$28,317	\$28,915	\$512,948

Source: Hunden Strategic Partners



Table A-10: Direct, Indirect & Induced Net New Spending to Kentucky (Table 10-3)

Direct, Indirect & Induced Net New Spending to Kentucky (000s)																											
Spending Type	Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total
Direct	\$0	\$608	\$3,479	\$9,030	\$13,059	\$16,660	\$19,127	\$19,442	\$19,839	\$20,243	\$20,656	\$21,077	\$21,506	\$21,800	\$22,331	\$22,874	\$23,428	\$23,994	\$24,573	\$25,164	\$25,768	\$26,385	\$27,015	\$27,659	\$28,317	\$28,915	\$512,948
Indirect	\$0	\$257	\$1,488	\$3,667	\$5,412	\$6,985	\$8,041	\$8,178	\$8,344	\$8,513	\$8,686	\$8,863	\$9,043	\$9,175	\$9,392	\$9,613	\$9,839	\$10,069	\$10,305	\$10,546	\$10,791	\$11,042	\$11,299	\$11,561	\$11,828	\$12,076	\$215,013
Induced	\$0	\$244	\$1,403	\$3,475	\$5,094	\$6,534	\$7,508	\$7,635	\$7,790	\$7,949	\$8,110	\$8,275	\$8,443	\$8,565	\$8,769	\$8,977	\$9,190	\$9,407	\$9,629	\$9,856	\$10,087	\$10,324	\$10,565	\$10,812	\$11,064	\$11,297	\$201,005
Total	\$0	\$1,109	\$6,370	\$16,172	\$23,565	\$30,179	\$34,676	\$35,255	\$35,973	\$36,705	\$37,452	\$38,215	\$38,993	\$39,541	\$40,492	\$41,464	\$42,457	\$43,471	\$44,507	\$45,565	\$46,647	\$47,751	\$48,879	\$50,032	\$51,210	\$52,288	\$928,966

Source: Hunden Strategic Partners

Table A-11: Net New Earnings from Direct, Indirect & Induced Spending (Table 10-4)

Net New Earnings from Direct, Indirect & Induced Spending (000s)																											
	Year 1	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total
Net New Earnings																											
Onsite New KY Office Employees	\$0	\$0	\$3,817	\$7,075	\$13,533	\$20,078	\$24,063	\$24,544	\$25,035	\$25,536	\$26,047	\$26,567	\$27,099	\$27,641	\$28,194	\$28,757	\$29,333	\$29,919	\$30,518	\$31,128	\$31,751	\$32,386	\$33,033	\$33,694	\$34,368	\$35,055	\$629,169
From Direct	\$0	\$213	\$1,214	\$3,003	\$4,400	\$5,644	\$6,485	\$6,595	\$6,729	\$6,866	\$7,005	\$7,148	\$7,293	\$7,398	\$7,574	\$7,754	\$7,938	\$8,125	\$8,317	\$8,513	\$8,712	\$8,917	\$9,125	\$9,338	\$9,556	\$9,757	\$173,619
From Indirect	\$0	\$178	\$443	\$1,078	\$1,601	\$2,074	\$2,389	\$2,430	\$2,480	\$2,530	\$2,581	\$2,634	\$2,687	\$2,727	\$2,791	\$2,856	\$2,923	\$2,991	\$3,060	\$3,131	\$3,204	\$3,278	\$3,353	\$3,430	\$3,509	\$3,582	\$63,939
From Induced	\$0	\$176	\$407	\$1,008	\$1,478	\$1,897	\$2,181	\$2,218	\$2,263	\$2,309	\$2,356	\$2,403	\$2,452	\$2,488	\$2,547	\$2,607	\$2,669	\$2,732	\$2,797	\$2,862	\$2,930	\$2,998	\$3,068	\$3,140	\$3,213	\$3,281	\$58,478
Total	\$0	\$567	\$5,881	\$12,163	\$21,012	\$29,692	\$35,118	\$35,787	\$36,506	\$37,240	\$37,989	\$38,752	\$39,531	\$40,254	\$41,106	\$41,975	\$42,862	\$43,767	\$44,691	\$45,634	\$46,596	\$47,578	\$48,580	\$49,603	\$50,646	\$51,675	\$925,205
Net New FTE Jobs																											Average
Onsite New KY Office Jobs	0	0	45	82	154	224	263	263	263	263	263	263	263	263	263	263	263	263	263	263	263	263	263	263	263	263	192
From Direct	0	6	35	83	120	152	171	171	171	171	171	171	171	170	171	171	172	173	173	174	174	175	175	176	176	177	128
From Indirect	0	3	15	34	51	65	73	73	73	73	73	73	73	73	73	73	73	73	74	74	74	74	74	75	75	75	55
From Induced	0	3	14	32	47	60	68	68	68	68	68	68	68	67	68	68	68	68	68	69	69	69	69	69	70	70	51
Total	0	11	109	232	372	501	576	575	575	575	575	575	575	574	575	576	577	578	578	579	580	581	582	583	584	584	426

Source: Hunden Strategic Partners



Chapter 11 – State and Local Fiscal Tax Revenue Projections

Table A-12: Baseline State Tax Projections (Table 11-3)

Tax Projections - Covington Central Riverfront															
Baseline															
Estimated Tax Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
State Tax Revenues															
State Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales & Use Tax (6% of gross sales)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 58,198	\$ 59,653	\$ 61,144	\$ 62,673	\$ 64,240	\$ 65,846	\$ 67,492	\$ 69,179
Subtotal	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 58,198	\$ 59,653	\$ 61,144	\$ 62,673	\$ 64,240	\$ 65,846	\$ 67,492	\$ 69,179
State Individual Income Tax (4.2% of income)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 60,484	\$ 61,996	\$ 63,546	\$ 65,135	\$ 66,763
Subtotal	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 60,484	\$ 61,996	\$ 63,546	\$ 65,135	\$ 66,763
Total State Tax Revenues															
State Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales & Use Tax (6% of gross sales)	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 58,198	\$ 59,653	\$ 61,144	\$ 62,673	\$ 64,240	\$ 65,846	\$ 67,492	\$ 69,179
State Individual Income Tax (4.2% of income)	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 60,484	\$ 61,996	\$ 63,546	\$ 65,135	\$ 66,763
Total	\$ 96,210	\$ 98,615	\$ 101,081	\$ 103,608	\$ 106,198	\$ 108,853	\$ 111,574	\$ 114,363	\$ 117,223	\$ 120,153	\$ 123,157	\$ 126,236	\$ 129,392	\$ 132,627	\$ 135,942

* TIF Begins 2022, Project Components Open during the following nine years

Source: Hunden Strategic Partners



Tax Projections - Covington Central Riverfront																
Baseline																
Estimated Tax Revenues	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total
State Tax Revenues																
State Property Tax																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales & Use Tax (6% of gross sales)																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 70,909	\$ 72,681	\$ 74,498	\$ 76,361	\$ 78,270	\$ 80,227	\$ 82,232	\$ 84,288	\$ 86,395	\$ 88,555	\$ 90,769	\$ 93,038	\$ 95,364	\$ 97,748	\$ 100,192	\$ 2,149,476
Subtotal	\$ 70,909	\$ 72,681	\$ 74,498	\$ 76,361	\$ 78,270	\$ 80,227	\$ 82,232	\$ 84,288	\$ 86,395	\$ 88,555	\$ 90,769	\$ 93,038	\$ 95,364	\$ 97,748	\$ 100,192	\$ 2,149,476
State Individual Income Tax (4.2% of income)																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 68,432	\$ 70,143	\$ 71,896	\$ 73,694	\$ 75,536	\$ 77,425	\$ 79,360	\$ 81,344	\$ 83,378	\$ 85,462	\$ 87,599	\$ 89,789	\$ 92,034	\$ 94,334	\$ 96,693	\$ 2,074,403
Subtotal	\$ 68,432	\$ 70,143	\$ 71,896	\$ 73,694	\$ 75,536	\$ 77,425	\$ 79,360	\$ 81,344	\$ 83,378	\$ 85,462	\$ 87,599	\$ 89,789	\$ 92,034	\$ 94,334	\$ 96,693	\$ 2,074,403
Total State Tax Revenues																
State Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales & Use Tax (6% of gross sales)	\$ 70,909	\$ 72,681	\$ 74,498	\$ 76,361	\$ 78,270	\$ 80,227	\$ 82,232	\$ 84,288	\$ 86,395	\$ 88,555	\$ 90,769	\$ 93,038	\$ 95,364	\$ 97,748	\$ 100,192	\$ 2,149,476
State Individual Income Tax (4.2% of income)	\$ 68,432	\$ 70,143	\$ 71,896	\$ 73,694	\$ 75,536	\$ 77,425	\$ 79,360	\$ 81,344	\$ 83,378	\$ 85,462	\$ 87,599	\$ 89,789	\$ 92,034	\$ 94,334	\$ 96,693	\$ 2,074,403
Total	\$ 139,341	\$ 142,824	\$ 146,395	\$ 150,055	\$ 153,806	\$ 157,651	\$ 161,593	\$ 165,632	\$ 169,773	\$ 174,018	\$ 178,368	\$ 182,827	\$ 187,398	\$ 192,083	\$ 196,885	\$ 4,223,879

* TIF Begins 2022, Project Components Open during the following nine years

Source: Hunden Strategic Partners



Table A-13: Estimated State Tax Projections from Project (Table 11-4)

Tax Projections - Covington Central Riverfront															
Assuming Project is Built															
Estimated Tax Revenues from Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
State Tax Revenues															
State Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,179	\$ 23,643	\$ 56,425	\$ 57,130	\$ 57,844	\$ 58,567	\$ 59,300	\$ 60,041	\$ 60,791
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 824	\$ 16,246	\$ 20,021	\$ 24,107	\$ 24,409	\$ 24,714	\$ 25,023	\$ 25,335	\$ 25,652	\$ 25,973
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,905	\$ 37,905	\$ 38,379	\$ 38,859	\$ 39,345	\$ 39,837	\$ 40,334	\$ 40,839
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,632	\$ 47,225	\$ 47,225	\$ 69,052	\$ 69,915	\$ 70,789	\$ 71,674	\$ 72,570	\$ 73,477	\$ 74,395
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,455	\$ 78,650	\$ 128,794	\$ 187,490	\$ 189,833	\$ 192,206	\$ 194,609	\$ 197,041	\$ 199,504	\$ 201,998
State Sales & Use Tax (6% of gross sales)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,025	\$ 124,477	\$ 206,059	\$ 322,887	\$ 404,402	\$ 458,197	\$ 467,144	\$ 476,487	\$ 486,017	\$ 495,737
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,468	\$ 176,273	\$ 196,665	\$ 221,201	\$ 222,090	\$ 226,976	\$ 231,969	\$ 237,073
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 48,960	\$ 50,184	\$ 51,439	\$ 52,725	\$ 54,043	\$ 55,394	\$ 56,779	\$ 1,411,160	\$ 1,446,439	\$ 1,482,600	\$ 1,519,665	\$ 1,557,657	\$ 1,596,598	\$ 1,636,513	\$ 1,677,426
From Construction	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 307,185	\$ 308,409	\$ 309,664	\$ 310,950	\$ 312,268	\$ 336,644	\$ 439,481	\$ 2,040,913	\$ 1,945,599	\$ 2,083,668	\$ 2,199,063	\$ 2,246,891	\$ 2,300,061	\$ 2,354,499	\$ 2,410,236
State Individual Income Tax (4.2% of income)															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,324	\$ 297,165	\$ 568,372	\$ 843,257	\$ 1,010,644	\$ 1,030,857	\$ 1,051,474	\$ 1,072,503	\$ 1,093,953
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,300	\$ 21,630	\$ 32,627	\$ 50,090	\$ 59,947	\$ 68,039	\$ 69,400	\$ 70,788	\$ 72,204	\$ 73,653
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,192	\$ 36,425	\$ 40,639	\$ 45,709	\$ 45,893	\$ 46,902	\$ 47,934	\$ 48,989
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,391	\$ 7,764	\$ 7,919	\$ 11,810	\$ 12,106	\$ 12,408	\$ 12,718	\$ 13,036	\$ 13,362	\$ 13,696
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 77,876	\$ 79,822	\$ 81,818	\$ 83,863	\$ 85,960	\$ 88,109	\$ 90,312	\$ 92,570
Subtotal	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 59,151	\$ 244,512	\$ 449,778	\$ 746,519	\$ 1,037,767	\$ 1,219,329	\$ 1,243,467	\$ 1,268,922	\$ 1,294,900	\$ 1,321,412
State Individual Income Tax (4.2% of income)															
From Baseline	\$ 47,250	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 53,459	\$ 54,796	\$ 56,165	\$ 57,570	\$ 59,009	\$ 60,484	\$ 61,996	\$ 63,546	\$ 65,135	\$ 66,763
From New Development Activity	\$ 943	\$ -	\$ -	\$ -	\$ -	\$ 11,914	\$ 123,508	\$ 255,428	\$ 441,247	\$ 623,538	\$ 737,475	\$ 751,521	\$ 766,628	\$ 782,038	\$ 797,759
From New Development Construction	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 283,828	\$ 284,067	\$ 285,278	\$ 286,519	\$ 287,791	\$ 301,009	\$ 413,939	\$ 547,230	\$ 498,816	\$ 682,547	\$ 797,959	\$ 813,517	\$ 830,174	\$ 847,173	\$ 864,522
Total State Tax Revenues															
State Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,455	\$ 78,650	\$ 128,794	\$ 187,490	\$ 189,833	\$ 192,206	\$ 194,609	\$ 197,041	\$ 199,504	\$ 201,998
State Sales Tax from Construction	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales Tax from Activity	\$ 307,185	\$ 308,409	\$ 309,664	\$ 310,950	\$ 312,268	\$ 336,644	\$ 439,481	\$ 2,040,913	\$ 1,945,599	\$ 2,083,668	\$ 2,199,063	\$ 2,246,891	\$ 2,300,061	\$ 2,354,499	\$ 2,410,236
State Income Tax from Construction	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Income Tax from Activity	\$ 48,193	\$ 48,431	\$ 49,642	\$ 50,883	\$ 52,155	\$ 65,373	\$ 178,303	\$ 311,594	\$ 498,816	\$ 682,547	\$ 797,959	\$ 813,517	\$ 830,174	\$ 847,173	\$ 864,522
Total	\$ 849,238	\$ 850,701	\$ 853,166	\$ 855,693	\$ 858,284	\$ 905,333	\$ 1,190,295	\$ 2,975,162	\$ 2,631,905	\$ 2,956,048	\$ 3,189,228	\$ 3,255,016	\$ 3,327,276	\$ 3,401,177	\$ 3,476,756
Incremental State Tax Revenues															
State Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,455	\$ 78,650	\$ 128,794	\$ 187,490	\$ 189,833	\$ 192,206	\$ 194,609	\$ 197,041	\$ 199,504	\$ 201,998
State Sales & Use Tax from Activity	\$ 258,225	\$ 466,266	\$ 465,011	\$ 463,725	\$ 462,407	\$ 484,081	\$ 584,148	\$ 829,780	\$ 439,507	\$ 539,923	\$ 616,725	\$ 624,994	\$ 637,617	\$ 650,494	\$ 663,631
State Sales & Use Tax from Construction	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ 258,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Income Tax from Activity	\$ 943	\$ -	\$ -	\$ -	\$ -	\$ 11,914	\$ 123,508	\$ 255,428	\$ 441,247	\$ 623,538	\$ 737,475	\$ 751,521	\$ 766,628	\$ 782,038	\$ 797,759
State Income Tax from Construction	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ 235,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 753,028	\$ 960,127	\$ 958,872	\$ 957,586	\$ 956,268	\$ 999,312	\$ 1,280,167	\$ 1,707,863	\$ 1,068,243	\$ 1,353,295	\$ 1,546,406	\$ 1,571,124	\$ 1,601,286	\$ 1,632,037	\$ 1,663,388

Source: Hunden Strategic Partners



**Tax Projections - Covington Central Riverfront
Assuming Project is Built**

Estimated Tax Revenues from Project	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total
State Tax Revenues																
State Property Tax																
Office	\$ 61,551	\$ 62,321	\$ 63,100	\$ 63,888	\$ 64,687	\$ 65,496	\$ 66,314	\$ 67,143	\$ 67,982	\$ 68,832	\$ 69,693	\$ 70,564	\$ 71,446	\$ 72,339	\$ 73,243	\$ 1,457,520
Retail/Restaurant	\$ 26,297	\$ 26,626	\$ 26,959	\$ 27,296	\$ 27,637	\$ 27,983	\$ 28,332	\$ 28,686	\$ 29,045	\$ 29,408	\$ 29,776	\$ 30,148	\$ 30,525	\$ 30,906	\$ 31,293	\$ 643,220
Hotel	\$ 41,349	\$ 41,866	\$ 42,389	\$ 42,919	\$ 43,456	\$ 43,999	\$ 44,549	\$ 45,106	\$ 45,670	\$ 46,240	\$ 46,818	\$ 47,404	\$ 47,996	\$ 48,596	\$ 49,204	\$ 990,964
Residential	\$ 75,325	\$ 76,267	\$ 77,220	\$ 78,186	\$ 79,163	\$ 80,152	\$ 81,154	\$ 82,169	\$ 83,196	\$ 84,236	\$ 85,289	\$ 86,355	\$ 87,434	\$ 88,527	\$ 89,634	\$ 1,839,262
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 204,523	\$ 207,080	\$ 209,668	\$ 212,289	\$ 214,943	\$ 217,629	\$ 220,350	\$ 223,104	\$ 225,893	\$ 228,717	\$ 231,576	\$ 234,470	\$ 237,401	\$ 240,369	\$ 243,373	\$ 4,930,966
State Sales & Use Tax (6% of gross sales)																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ 505,652	\$ 515,765	\$ 526,080	\$ 536,602	\$ 547,334	\$ 558,280	\$ 569,446	\$ 580,835	\$ 592,452	\$ 604,301	\$ 616,387	\$ 628,714	\$ 641,289	\$ 654,114	\$ 667,197	\$ 12,208,879
Hotel	\$ 242,288	\$ 247,619	\$ 244,925	\$ 255,528	\$ 266,395	\$ 277,532	\$ 288,946	\$ 300,643	\$ 312,632	\$ 324,919	\$ 337,511	\$ 350,417	\$ 363,644	\$ 377,200	\$ 386,662	\$ 6,254,576
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 1,719,362	\$ 1,762,346	\$ 1,806,405	\$ 1,851,565	\$ 1,897,854	\$ 1,945,300	\$ 1,993,933	\$ 2,043,781	\$ 2,094,875	\$ 2,147,247	\$ 2,200,929	\$ 2,255,952	\$ 2,312,351	\$ 2,370,159	\$ 2,429,413	\$ 43,529,053
From Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065,800
Subtotal	\$ 2,467,302	\$ 2,525,729	\$ 2,577,409	\$ 2,643,694	\$ 2,711,582	\$ 2,781,112	\$ 2,852,324	\$ 2,925,259	\$ 2,999,959	\$ 3,076,467	\$ 3,154,827	\$ 3,235,083	\$ 3,317,283	\$ 3,401,474	\$ 3,483,272	\$ 64,058,308
State Individual Income Tax (4.2% of income)																
Office	\$ 1,115,833	\$ 1,138,149	\$ 1,160,912	\$ 1,184,130	\$ 1,207,813	\$ 1,231,969	\$ 1,256,609	\$ 1,281,741	\$ 1,307,376	\$ 1,333,523	\$ 1,360,194	\$ 1,387,397	\$ 1,415,145	\$ 1,443,448	\$ 1,472,317	\$ 26,425,106
Retail/Restaurant	\$ 73,648	\$ 75,121	\$ 76,623	\$ 78,156	\$ 79,719	\$ 81,313	\$ 82,939	\$ 84,598	\$ 86,290	\$ 88,016	\$ 89,776	\$ 91,572	\$ 93,403	\$ 95,271	\$ 97,177	\$ 1,789,350
Hotel	\$ 50,066	\$ 51,168	\$ 50,611	\$ 52,802	\$ 55,048	\$ 57,349	\$ 59,708	\$ 62,125	\$ 64,602	\$ 67,141	\$ 69,743	\$ 72,410	\$ 75,143	\$ 77,945	\$ 79,900	\$ 1,292,446
Residential	\$ 14,039	\$ 14,390	\$ 14,749	\$ 15,118	\$ 15,496	\$ 15,884	\$ 16,281	\$ 16,688	\$ 17,105	\$ 17,532	\$ 17,971	\$ 18,420	\$ 18,881	\$ 19,353	\$ 19,836	\$ 357,953
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 94,884	\$ 97,256	\$ 99,687	\$ 102,179	\$ 104,734	\$ 107,352	\$ 110,036	\$ 112,787	\$ 115,607	\$ 118,497	\$ 121,459	\$ 124,496	\$ 127,608	\$ 130,798	\$ 134,068	\$ 2,738,396
Subtotal	\$ 1,348,469	\$ 1,376,083	\$ 1,402,583	\$ 1,432,386	\$ 1,462,810	\$ 1,493,867	\$ 1,525,572	\$ 1,557,939	\$ 1,590,980	\$ 1,624,710	\$ 1,659,143	\$ 1,694,295	\$ 1,730,181	\$ 1,766,815	\$ 1,803,299	\$ 32,603,251
State Individual Income Tax (4.2% of income)																
From Baseline	\$ 68,432	\$ 70,143	\$ 71,896	\$ 73,694	\$ 75,536	\$ 77,425	\$ 79,360	\$ 81,344	\$ 83,378	\$ 85,462	\$ 87,599	\$ 89,789	\$ 92,034	\$ 94,334	\$ 96,693	\$ 2,074,403
From New Development Activity	\$ 813,796	\$ 830,155	\$ 845,327	\$ 863,216	\$ 881,471	\$ 900,101	\$ 919,113	\$ 938,514	\$ 958,314	\$ 978,519	\$ 999,139	\$ 1,020,181	\$ 1,041,656	\$ 1,063,571	\$ 1,085,173	\$ 19,430,244
From New Development Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,086
Subtotal	\$ 882,228	\$ 900,298	\$ 917,224	\$ 936,910	\$ 957,008	\$ 977,526	\$ 998,473	\$ 1,019,859	\$ 1,041,691	\$ 1,063,981	\$ 1,086,738	\$ 1,109,970	\$ 1,133,689	\$ 1,157,905	\$ 1,181,865	\$ 23,389,733
Total State Tax Revenues																
State Property Tax	\$ 204,523	\$ 207,080	\$ 209,668	\$ 212,289	\$ 214,943	\$ 217,629	\$ 220,350	\$ 223,104	\$ 225,893	\$ 228,717	\$ 231,576	\$ 234,470	\$ 237,401	\$ 240,369	\$ 243,373	\$ 4,930,966
State Sales Tax from Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065,800
State Sales Tax from Activity	\$ 2,467,302	\$ 2,525,729	\$ 2,577,409	\$ 2,643,694	\$ 2,711,582	\$ 2,781,112	\$ 2,852,324	\$ 2,925,259	\$ 2,999,959	\$ 3,076,467	\$ 3,154,827	\$ 3,235,083	\$ 3,317,283	\$ 3,401,474	\$ 3,483,272	\$ 64,058,308
State Income Tax from Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,086
State Income Tax from Activity	\$ 882,228	\$ 900,298	\$ 917,224	\$ 936,910	\$ 957,008	\$ 977,526	\$ 998,473	\$ 1,019,859	\$ 1,041,691	\$ 1,063,981	\$ 1,086,738	\$ 1,109,970	\$ 1,133,689	\$ 1,157,905	\$ 1,181,865	\$ 21,504,647
Total	\$ 3,554,053	\$ 3,633,107	\$ 3,704,301	\$ 3,792,893	\$ 3,883,532	\$ 3,976,267	\$ 4,071,147	\$ 4,168,222	\$ 4,267,543	\$ 4,369,165	\$ 4,473,140	\$ 4,579,524	\$ 4,688,374	\$ 4,799,748	\$ 4,908,511	\$ 94,444,806
Incremental State Tax Revenues																
State Property Tax	\$ 204,523	\$ 207,080	\$ 209,668	\$ 212,289	\$ 214,943	\$ 217,629	\$ 220,350	\$ 223,104	\$ 225,893	\$ 228,717	\$ 231,576	\$ 234,470	\$ 237,401	\$ 240,369	\$ 243,373	\$ 4,930,966
State Sales & Use Tax from Activity	\$ 677,031	\$ 690,702	\$ 696,506	\$ 715,769	\$ 735,458	\$ 755,585	\$ 776,159	\$ 797,190	\$ 818,688	\$ 840,664	\$ 863,129	\$ 886,093	\$ 909,569	\$ 933,566	\$ 953,667	\$ 20,236,313
State Sales & Use Tax from Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,065,800
State Income Tax from Activity	\$ 813,796	\$ 830,155	\$ 845,327	\$ 863,216	\$ 881,471	\$ 900,101	\$ 919,113	\$ 938,514	\$ 958,314	\$ 978,519	\$ 999,139	\$ 1,020,181	\$ 1,041,656	\$ 1,063,571	\$ 1,085,173	\$ 19,430,244
State Income Tax from Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,885,086
Total	\$ 1,695,350	\$ 1,727,937	\$ 1,751,502	\$ 1,791,274	\$ 1,831,873	\$ 1,873,316	\$ 1,915,622	\$ 1,958,808	\$ 2,002,895	\$ 2,047,900	\$ 2,093,843	\$ 2,140,745	\$ 2,188,626	\$ 2,237,506	\$ 2,282,212	\$ 48,548,409

Source: Hunden Strategic Partners



Table A-14: Baseline Local Tax Projections (Table 11-5)

Tax Projections - Covington Central Riverfront															
Baseline															
Estimated Tax Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Local Tax Revenues															
City Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Property Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Income Tax															
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 35,282	\$ 36,164	\$ 37,068	\$ 37,995	\$ 38,945
Subtotal	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 35,282	\$ 36,164	\$ 37,068	\$ 37,995	\$ 38,945
Total Local Tax Revenues															
City Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Income Tax	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 35,282	\$ 36,164	\$ 37,068	\$ 37,995	\$ 38,945
Total	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 35,282	\$ 36,164	\$ 37,068	\$ 37,995	\$ 38,945

* TIF Begins 2022, Project Components Open during the following nine years
Source: Hunden Strategic Partners



Tax Projections - Covington Central Riverfront Baseline																
Estimated Tax Revenues	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total
Local Tax Revenues																
City Property Tax																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Property Tax																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Income Tax																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vacant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 39,919	\$ 40,917	\$ 41,940	\$ 42,988	\$ 44,063	\$ 45,164	\$ 46,293	\$ 47,451	\$ 48,637	\$ 49,853	\$ 51,099	\$ 52,377	\$ 53,686	\$ 55,028	\$ 56,404	\$ 1,210,068
Subtotal	\$ 39,919	\$ 40,917	\$ 41,940	\$ 42,988	\$ 44,063	\$ 45,164	\$ 46,293	\$ 47,451	\$ 48,637	\$ 49,853	\$ 51,099	\$ 52,377	\$ 53,686	\$ 55,028	\$ 56,404	\$ 1,210,068
Total Local Tax Revenues																
City Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Income Tax	\$ 39,919	\$ 40,917	\$ 41,940	\$ 42,988	\$ 44,063	\$ 45,164	\$ 46,293	\$ 47,451	\$ 48,637	\$ 49,853	\$ 51,099	\$ 52,377	\$ 53,686	\$ 55,028	\$ 56,404	\$ 1,210,068
Total	\$ 39,919	\$ 40,917	\$ 41,940	\$ 42,988	\$ 44,063	\$ 45,164	\$ 46,293	\$ 47,451	\$ 48,637	\$ 49,853	\$ 51,099	\$ 52,377	\$ 53,686	\$ 55,028	\$ 56,404	\$ 1,210,068

* TIF Begins 2022, Project Components Open during the following nine years

Source: Hunden Strategic Partners



Table A-15: Estimated Local Tax Projections from Project (Table 11-6)

Tax Projections - Covington Central Riverfront																
Assuming Project is Built																
Estimated Tax Revenues from Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	
Local Tax Revenues																
City Property Tax																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,685	\$ 63,371	\$ 151,238	\$ 153,128	\$ 155,042	\$ 156,980	\$ 158,942	\$ 160,929	\$ 162,941	
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,208	\$ 43,544	\$ 53,663	\$ 64,615	\$ 65,423	\$ 66,241	\$ 67,069	\$ 67,907	\$ 68,756	\$ 69,615	
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,599	\$ 101,599	\$ 102,869	\$ 104,155	\$ 105,457	\$ 106,775	\$ 108,110	\$ 109,461	
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,135	\$ 126,579	\$ 126,579	\$ 185,082	\$ 187,396	\$ 189,738	\$ 192,110	\$ 194,511	\$ 196,942	\$ 199,404	
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,343	\$ 210,809	\$ 345,211	\$ 502,534	\$ 508,815	\$ 515,175	\$ 521,615	\$ 528,135	\$ 534,737	\$ 541,421	
County Property Tax																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,783	\$ 30,813	\$ 73,538	\$ 74,457	\$ 75,387	\$ 76,330	\$ 77,284	\$ 78,250	\$ 79,228	
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,073	\$ 21,173	\$ 26,093	\$ 31,418	\$ 31,811	\$ 32,209	\$ 32,611	\$ 33,019	\$ 33,432	\$ 33,850	
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,401	\$ 49,401	\$ 50,019	\$ 50,644	\$ 51,277	\$ 51,918	\$ 52,567	\$ 53,224	
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,249	\$ 61,548	\$ 61,548	\$ 89,994	\$ 91,119	\$ 92,258	\$ 93,411	\$ 94,579	\$ 95,761	\$ 96,958	
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,323	\$ 102,503	\$ 167,855	\$ 244,351	\$ 247,406	\$ 250,498	\$ 253,629	\$ 256,800	\$ 260,010	\$ 263,260	
Local Income Tax																
Office	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,522	\$ 173,346	\$ 331,550	\$ 491,900	\$ 589,542	\$ 601,333	\$ 613,360	\$ 625,627	\$ 638,140	
Retail/Restaurant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,509	\$ 12,617	\$ 19,032	\$ 29,219	\$ 34,969	\$ 38,911	\$ 39,689	\$ 40,483	\$ 41,293	\$ 42,119	
Hotel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,946	\$ 21,248	\$ 23,706	\$ 26,664	\$ 26,771	\$ 27,360	\$ 27,962	\$ 28,577	
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 811	\$ 4,529	\$ 4,619	\$ 6,889	\$ 7,062	\$ 7,238	\$ 7,419	\$ 7,605	\$ 7,795	\$ 7,990	
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Convention Center	\$ 11,025	\$ 11,301	\$ 11,583	\$ 11,873	\$ 12,170	\$ 12,474	\$ 12,786	\$ 13,105	\$ 13,433	\$ 13,769	\$ 14,113	\$ 14,466	\$ 14,827	\$ 15,198	\$ 15,578	
Subtotal	\$ 11,025	\$ 11,301	\$ 11,583	\$ 11,873	\$ 12,170	\$ 15,794	\$ 123,454	\$ 230,049	\$ 402,339	\$ 571,406	\$ 676,468	\$ 689,678	\$ 703,635	\$ 717,874	\$ 732,403	
Local Income Tax																
From Baseline	\$ 27,563	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 31,184	\$ 31,964	\$ 32,763	\$ 33,582	\$ 34,422	\$ 35,282	\$ 36,164	\$ 37,068	\$ 37,995	\$ 38,945	
From New Development Construction	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
From New Development Activity	\$ 898	\$ -	\$ -	\$ -	\$ -	\$ 11,347	\$ 117,626	\$ 243,265	\$ 420,235	\$ 593,846	\$ 702,357	\$ 715,734	\$ 730,121	\$ 744,798	\$ 759,770	
Subtotal	\$ 165,914	\$ 165,706	\$ 166,412	\$ 167,136	\$ 167,878	\$ 179,986	\$ 287,045	\$ 413,483	\$ 453,817	\$ 628,268	\$ 737,639	\$ 751,898	\$ 767,190	\$ 782,794	\$ 798,715	
Total Local Tax Revenues																
City Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,343	\$ 210,809	\$ 345,211	\$ 502,534	\$ 508,815	\$ 515,175	\$ 521,615	\$ 528,135	\$ 534,737	\$ 541,421	
County Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,323	\$ 102,503	\$ 167,855	\$ 244,351	\$ 247,406	\$ 250,498	\$ 253,629	\$ 256,800	\$ 260,010	\$ 263,260	
City Income Tax from Construction	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City Income Tax from Activity	\$ 28,460	\$ 28,252	\$ 28,958	\$ 29,682	\$ 30,424	\$ 42,531	\$ 149,590	\$ 276,028	\$ 453,817	\$ 628,268	\$ 737,639	\$ 751,898	\$ 767,190	\$ 782,794	\$ 798,715	
Total	\$ 165,914	\$ 165,706	\$ 166,412	\$ 167,136	\$ 167,878	\$ 217,651	\$ 600,356	\$ 926,549	\$ 1,200,702	\$ 1,384,489	\$ 1,503,313	\$ 1,527,143	\$ 1,552,125	\$ 1,577,540	\$ 1,603,397	
Incremental Local Tax Revenues																
City Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,343	\$ 210,809	\$ 345,211	\$ 502,534	\$ 508,815	\$ 515,175	\$ 521,615	\$ 528,135	\$ 534,737	\$ 541,421	
County Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,323	\$ 102,503	\$ 167,855	\$ 244,351	\$ 247,406	\$ 250,498	\$ 253,629	\$ 256,800	\$ 260,010	\$ 263,260	
City Income Tax from Construction	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
City Income Tax from Activity	\$ 898	\$ -	\$ -	\$ -	\$ -	\$ 11,347	\$ 117,626	\$ 243,265	\$ 420,235	\$ 593,846	\$ 702,357	\$ 715,734	\$ 730,121	\$ 744,798	\$ 759,770	
Total	\$ 138,352	\$ 137,454	\$ 137,454	\$ 137,454	\$ 137,454	\$ 186,467	\$ 568,392	\$ 893,786	\$ 1,167,120	\$ 1,350,067	\$ 1,468,031	\$ 1,490,978	\$ 1,515,057	\$ 1,539,545	\$ 1,564,452	

Source: Hunden Strategic Partners



**Tax Projections - Covington Central Riverfront
Assuming Project is Built**

Estimated Tax Revenues from Project	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	Total
Local Tax Revenues																
City Property Tax																
Office	\$ 164,977	\$ 167,040	\$ 169,128	\$ 171,242	\$ 173,382	\$ 175,550	\$ 177,744	\$ 179,966	\$ 182,215	\$ 184,493	\$ 186,799	\$ 189,134	\$ 191,498	\$ 193,892	\$ 196,316	\$ 3,906,632
Retail/Restaurant	\$ 70,486	\$ 71,367	\$ 72,259	\$ 73,162	\$ 74,076	\$ 75,002	\$ 75,940	\$ 76,889	\$ 77,850	\$ 78,823	\$ 79,809	\$ 80,806	\$ 81,816	\$ 82,839	\$ 83,875	\$ 1,724,039
Hotel	\$ 110,829	\$ 112,215	\$ 113,617	\$ 115,037	\$ 116,475	\$ 117,931	\$ 119,406	\$ 120,898	\$ 122,409	\$ 123,939	\$ 125,489	\$ 127,057	\$ 128,646	\$ 130,254	\$ 131,882	\$ 2,656,108
Residential	\$ 201,897	\$ 204,420	\$ 206,976	\$ 209,563	\$ 212,182	\$ 214,835	\$ 217,520	\$ 220,239	\$ 222,992	\$ 225,780	\$ 228,602	\$ 231,459	\$ 234,353	\$ 237,282	\$ 240,248	\$ 4,929,825
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 548,189	\$ 555,041	\$ 561,979	\$ 569,004	\$ 576,117	\$ 583,318	\$ 590,610	\$ 597,992	\$ 605,467	\$ 613,035	\$ 620,698	\$ 628,457	\$ 636,313	\$ 644,267	\$ 652,320	\$ 13,216,604
County Property Tax																
Office	\$ 80,218	\$ 81,221	\$ 82,236	\$ 83,264	\$ 84,305	\$ 85,359	\$ 86,426	\$ 87,506	\$ 88,600	\$ 89,708	\$ 90,829	\$ 91,964	\$ 93,114	\$ 94,278	\$ 95,456	\$ 1,899,555
Retail/Restaurant	\$ 34,273	\$ 34,701	\$ 35,135	\$ 35,574	\$ 36,019	\$ 36,469	\$ 36,925	\$ 37,386	\$ 37,854	\$ 38,327	\$ 38,806	\$ 39,291	\$ 39,782	\$ 40,280	\$ 40,783	\$ 838,294
Hotel	\$ 53,889	\$ 54,563	\$ 55,245	\$ 55,936	\$ 56,635	\$ 57,343	\$ 58,060	\$ 58,785	\$ 59,520	\$ 60,264	\$ 61,017	\$ 61,780	\$ 62,552	\$ 63,334	\$ 64,126	\$ 1,291,502
Residential	\$ 98,170	\$ 99,397	\$ 100,640	\$ 101,898	\$ 103,171	\$ 104,461	\$ 105,767	\$ 107,089	\$ 108,427	\$ 109,783	\$ 111,155	\$ 112,544	\$ 113,951	\$ 115,376	\$ 116,818	\$ 2,397,071
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 266,551	\$ 269,883	\$ 273,256	\$ 276,672	\$ 280,130	\$ 283,632	\$ 287,177	\$ 290,767	\$ 294,401	\$ 298,081	\$ 301,807	\$ 305,580	\$ 309,400	\$ 313,267	\$ 317,183	\$ 6,426,422
Local Income Tax																
Office	\$ 650,902	\$ 663,920	\$ 677,199	\$ 690,743	\$ 704,558	\$ 718,649	\$ 733,022	\$ 747,682	\$ 762,636	\$ 777,889	\$ 793,446	\$ 809,315	\$ 825,502	\$ 842,012	\$ 858,852	\$ 15,414,645
Retail/Restaurant	\$ 42,961	\$ 43,820	\$ 44,697	\$ 45,591	\$ 46,503	\$ 47,433	\$ 48,381	\$ 49,349	\$ 50,336	\$ 51,343	\$ 52,369	\$ 53,417	\$ 54,485	\$ 55,575	\$ 56,686	\$ 1,043,788
Hotel	\$ 29,205	\$ 29,848	\$ 29,523	\$ 30,801	\$ 32,111	\$ 33,454	\$ 34,829	\$ 36,240	\$ 37,685	\$ 39,166	\$ 40,684	\$ 42,239	\$ 43,834	\$ 45,468	\$ 46,608	\$ 753,927
Residential	\$ 8,189	\$ 8,394	\$ 8,604	\$ 8,819	\$ 9,039	\$ 9,265	\$ 9,497	\$ 9,734	\$ 9,978	\$ 10,227	\$ 10,483	\$ 10,745	\$ 11,014	\$ 11,289	\$ 11,571	\$ 208,806
Civic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convention Center	\$ 15,967	\$ 16,367	\$ 16,776	\$ 17,195	\$ 17,625	\$ 18,066	\$ 18,517	\$ 18,980	\$ 19,455	\$ 19,941	\$ 20,440	\$ 20,951	\$ 21,474	\$ 22,011	\$ 22,562	\$ 484,027
Subtotal	\$ 747,226	\$ 762,349	\$ 776,798	\$ 793,149	\$ 809,836	\$ 826,866	\$ 844,247	\$ 861,985	\$ 880,089	\$ 898,565	\$ 917,422	\$ 936,667	\$ 956,309	\$ 976,355	\$ 996,279	\$ 17,905,193
Local Income Tax																
From Baseline	\$ 39,919	\$ 40,917	\$ 41,940	\$ 42,988	\$ 44,063	\$ 45,164	\$ 46,293	\$ 47,451	\$ 48,637	\$ 49,853	\$ 51,099	\$ 52,377	\$ 53,686	\$ 55,028	\$ 56,404	\$ 1,210,068
From New Development Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099,634
From New Development Activity	\$ 775,044	\$ 790,624	\$ 805,073	\$ 822,110	\$ 839,497	\$ 857,239	\$ 875,346	\$ 893,823	\$ 912,680	\$ 931,923	\$ 951,561	\$ 971,601	\$ 992,053	\$ 1,012,925	\$ 1,033,498	\$ 18,504,994
Subtotal	\$ 814,962	\$ 831,541	\$ 847,013	\$ 865,099	\$ 883,559	\$ 902,404	\$ 921,639	\$ 941,274	\$ 961,317	\$ 981,776	\$ 1,002,660	\$ 1,023,978	\$ 1,045,739	\$ 1,067,953	\$ 1,089,902	\$ 20,814,696
Total Local Tax Revenues																
City Property Tax	\$ 548,189	\$ 555,041	\$ 561,979	\$ 569,004	\$ 576,117	\$ 583,318	\$ 590,610	\$ 597,992	\$ 605,467	\$ 613,035	\$ 620,698	\$ 628,457	\$ 636,313	\$ 644,267	\$ 652,320	\$ 13,216,604
County Property Tax	\$ 266,551	\$ 269,883	\$ 273,256	\$ 276,672	\$ 280,130	\$ 283,632	\$ 287,177	\$ 290,767	\$ 294,401	\$ 298,081	\$ 301,807	\$ 305,580	\$ 309,400	\$ 313,267	\$ 317,183	\$ 6,426,422
City Income Tax from Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099,634
City Income Tax from Activity	\$ 814,962	\$ 831,541	\$ 847,013	\$ 865,099	\$ 883,559	\$ 902,404	\$ 921,639	\$ 941,274	\$ 961,317	\$ 981,776	\$ 1,002,660	\$ 1,023,978	\$ 1,045,739	\$ 1,067,953	\$ 1,089,902	\$ 19,715,063
Total	\$ 1,629,702	\$ 1,656,464	\$ 1,682,248	\$ 1,710,774	\$ 1,739,806	\$ 1,769,353	\$ 1,799,426	\$ 1,830,033	\$ 1,861,185	\$ 1,892,893	\$ 1,925,166	\$ 1,958,015	\$ 1,991,452	\$ 2,025,487	\$ 2,059,405	\$ 40,457,723
Incremental Local Tax Revenues																
City Property Tax	\$ 548,189	\$ 555,041	\$ 561,979	\$ 569,004	\$ 576,117	\$ 583,318	\$ 590,610	\$ 597,992	\$ 605,467	\$ 613,035	\$ 620,698	\$ 628,457	\$ 636,313	\$ 644,267	\$ 652,320	\$ 13,216,604
County Property Tax	\$ 266,551	\$ 269,883	\$ 273,256	\$ 276,672	\$ 280,130	\$ 283,632	\$ 287,177	\$ 290,767	\$ 294,401	\$ 298,081	\$ 301,807	\$ 305,580	\$ 309,400	\$ 313,267	\$ 317,183	\$ 6,426,422
City Income Tax from Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099,634
City Income Tax from Activity	\$ 775,044	\$ 790,624	\$ 805,073	\$ 822,110	\$ 839,497	\$ 857,239	\$ 875,346	\$ 893,823	\$ 912,680	\$ 931,923	\$ 951,561	\$ 971,601	\$ 992,053	\$ 1,012,925	\$ 1,033,498	\$ 18,504,994
Total	\$ 1,589,783	\$ 1,615,548	\$ 1,640,309	\$ 1,667,786	\$ 1,695,743	\$ 1,724,189	\$ 1,753,132	\$ 1,782,582	\$ 1,812,548	\$ 1,843,040	\$ 1,874,067	\$ 1,905,639	\$ 1,937,766	\$ 1,970,459	\$ 2,003,001	\$ 39,247,655

Source: Hunden Strategic Partners

