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INTEROFFICE MEMORANDUM

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TO: PDCVB MEMBERS  
FROM: ALLAN ERSELIUS, BLAISE HOLZBAUER  
SUBJECT: BOARD RESOLUTION  
DATE: 09/08/99  
CC:

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Attached you will find the Pennsylvania Dutch Convention and Visitors Bureau Position Statement on the proposed Penn Square Convention Center that was approved at our board Meeting on September 7th.

The issue of the Convention Center and an accompanying room tax is one of the most critical issues that our industry has faced.

As a destination, Lancaster County has drawn millions of visitors throughout the years. Today, we have an opportunity to work together to build on our past successes and develop a new product and new markets to compliment our existing business.

We have heard the concerns from our industry regarding the viability of this project. Those questions deserve forthright answers. We are asking the commissioners to give our board and hoteliers full disclosure of the Ernst & Young Feasibility Report. Also, you will see that we are asking the commissioners to give consideration to conducting more research on the viability of the proposed convention center as well as transportation issues.

The Bureau needs to be and will continue to be an active participant in the process of revitalizing downtown Lancaster. Please read the Position Statement and give either Allan (391-6001) or Blaise (464-2711) a call if you have any questions or comments.



LANCASTER COUNTY COMMISSIONERS

PENNSYLVANIA DUTCH CONVENTION AND VISITORS BUREAU BOARD OF DIRECTORS

DATE: SEPTEMBER 7, 1999

SUBJECT: CONFERENCE/CONVENTION CENTER POSITION STATEMENT AND LETTER OF RECOMMENDATION

The Pennsylvania Dutch Convention and Visitors Bureau Board is committed to its mission of increasing visitation to Lancaster County and, as such, fully support the revitalization of downtown Lancaster. This organization's clear mandate is to lead the marketing efforts of the county and the city. We must identify the sources of demand for the proposed Convention Center and prepare plans to market our products. Meetings, conferences and conventions must be attracted to the Penn Square Center as well as to the other City and County properties which are capable of supplying the lodging rooms and meeting space needed.

Our organization must use its highest and best efforts to market both the Convention Center as well as the many attractions that have made Lancaster County a prime visitor destination for the second half of the 20th century. A select sales and marketing committee is now being formed from within our industry devoted exclusively to developing the requisite plan and implementation tactics to successfully market a new Convention Center and all of Lancaster County as a prime convention destination. The Pennsylvania Dutch Convention and Visitors Bureau stands ready, willing and able to lead the effort to market a new downtown Convention Center.

Funds dedicated to destination marketing will allow Lancaster to enhance its stature before the traveling public as a prime destination for individuals, families and the motorcoach trade. In this regard, we ask the County Commissioners to adopt the Excise Tax authorized by the legislature for destination marketing at the maximum rate permitted of 2%. These monies will be immediately put to work selling Lancaster County in the increasingly competitive marketplace we face as an industry today. It is without challenge that public monies invested in tourism are among the highest yielding and most productive in terms of economic impact as measured by taxes collected, jobs created, etc. We will make these monies work for Lancaster County and the State of Pennsylvania. We ask that this 2% Excise Tax be adopted at your September 15, 1999, meeting with an implementation date of January 1, 2000.

We must note that using a Room Tax as the exclusive vehicle to fund the Convention Center is inherently unfair. We strongly recommend that other sources of revenue be considered such as naming rights for the center, the implementation of a county sales tax or the origination of a city bond.

Many concerns have been presented from our industry to which we are still seeking answers. The Ernst and Young Feasibility Study is the basis from which we are to make our decision, yet the full report has been seen by only a select few. We would encourage you to release the full report to our Board of Directors and key hoteliers in order to gain their expertise in developing a well-rounded marketing plan. The questions raised deserve forthright and complete answers. It is impossible for this organization, or our hoteliers to judge the potential risks and rewards without access to all of the underlying assumptions upon which the feasibility conclusions are based.

We, the Board of Directors of the Pennsylvania Dutch Convention and Visitors Bureau, are certain that for the project to be successful, it will need the full support and commitment from the entire community as well as from the travel industry. It is equally important that the Hotel and Convention Center be a four-star property which will make it a viable project. This will not only provide our destination with a new product and a new market but will underscore the value of a vital downtown Lancaster City. We cannot afford for this project to fail.

As professionals in tourism and destination marketing, the Pennsylvania Dutch Convention and Visitors Bureau Board of Directors will play a positive, partnering role in working toward the project's success. We recommend that the Board of Commissioners and to the Convention Center Authority work with our Board to ensure further research, action and consideration of the following:

1. Guarantee a full-service, premium four-star hotel with national brand recognition for Penn Center.
2. Conduct analysis on expansion of the proposed facility to 100,000 square feet to expand and enhance its market potential.
3. Offer clear evidence regarding economic viability of the convention center and demonstrate unequivocally that the project will generate new business within Lancaster County.
4. Continue due diligence of the market, the project's cash flow and the economic impact of a hotel/convention center on the proposed site and further analyze its spin-off for other Lancaster County businesses.
5. Develop a plan with the new hotelier which will inject new life into Lancaster County's tourism industry and capture a lucrative market of business meetings and Conventions that has been lost to other regions.
6. Develop a plan to market the convention center in cooperation and partnership with the Pennsylvania Dutch Convention and Visitors Bureau.
7. Appoint a marketing representative from the Pennsylvania Dutch Convention and Visitors Bureau Board to be a member of the Convention Center Authority.
8. Evaluate the county's transportation system to move guests throughout the entire county.

The Board would ask that the Commissioners consider:

1. What level of Convention Center tax is appropriate, if any, before an adjoining four-star hotel property has been secured?
2. What uses beyond the initial building costs should be appropriate for room tax monies collected?
3. In what time frame should future Boards of Commissioners review expenditures and rate of tax?
4. What percentage of room tax is applied to operational debt and how can the hotelier who will manage the facility be incentivized to maximize the Convention Center?
5. If the Convention Center doesn't materialize, what is the disposition of the collected taxes?

In summary, we endorse the concept of a viable downtown Convention Center in concert with a four star nationally recognized hotel. A well-managed, well-marketed, appropriately-sized facility will be a significant plus in furthering the revitalization efforts of the City and will increase tourism to the entire County of Lancaster.