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Marion County Priority Tourism Products Market & Financial Business Plan

To: Marion County Board of County Commissioners
Attn: Loretta Shaffer, Director, Tourist Development
109 W Silver Springs Blvd.
Ocala, FL 34475

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Marion County (County or Client) has requested a comprehensive proposal from Hunden Partners (Hunden) to complete a market and financial feasibility study to consider the market viability and business planning for priority tourism products deemed worthy of further exploration by Hunden's Tourism and Gap Analysis study. The identified uses include:

- Mixed-use district,
- Indoor/outdoor waterpark,
- Family eatertainment anchors, and
- Multi-use conference and event facility and hotel (feasibility study already complete and findings to be integrated with this study).

The purpose of this study is the advance the research and priority recommendations as defined in the 2024 placemaking study. This next deeper-dive phase of work will first result in detailed recommendations for the programmatic elements identified above: mixed-use district, indoor/outdoor waterpark and family eatertainment anchors, based on market findings and case studies. The recommendations will also consider the multi-use conference and event facility and associated hotel as defined in the prior study. Hunden will then provide detailed financial business plans, including demand, financial and impact projections that will allow the Client to make informed decisions for the future implementation of the development concepts. Details will include which site opportunities will yield the highest economic impact and benefit to the area, the optimal programs and mix of uses, site configuration options, financial performance and impact projections for each site scenario, and a comparison of the financial scenarios based on site and project make-up.

Without this financial feasibility phase, the Client will lack the necessary due diligence and financial feasibility elements to successfully attract qualified development partners through a competitive bid process. This financial work is a key component necessary to support the planning and development execution efforts for the district. Hunden's architect partner, Convergence Design, will be engaged to provide insight and layouts related to site selection for any recommended scenarios and conceptual layouts, as appropriate.

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Scope of Work

Virtual Kickoff and Client Alignment

- Task 1 – Virtual Kickoff
- Task 2 – Economic, Demographic and Tourism Analysis Update (as needed)

Rationale Market Analyses

- Task 3 – Mixed-Use District Market Analyses
- Task 4 – Indoor/Outdoor Waterpark and Hotel/Resort Market Analysis
- Task 5 – Family Entertainment/"Eatertainment", LBEs and Attractions Analysis
- Task 6 – Case Studies and Incentives Review by Asset Type

Recommendations

- Task 7 – Site Analysis
- Task 8 – Recommendations, Site Layouts and Ranking

Financial Business Plan

- Task 9 – Business Plan Development: Demand and Financial Projections
- Task 10 – Economic, Fiscal and Employment Impact Analysis
- Task 11 – Funding Mechanisms
- Task 12 – Synthesis of Findings

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Virtual Kickoff and Client Alignment

Task 1: Virtual Kickoff

During the study kickoff, Hunden will meet virtually with Client leadership to confirm the goals of the study and other contextual issues related to the Project components. We will perform the following re-orientation tasks in order to align with the Client on goals and objectives:

- Hunden will meet virtually with the Client and obtain any necessary information/data.
- Review previous plans, studies and documents related to the Project.
- Identify and review available sites under consideration.

Task 2: Economic, Demographic and Tourism Analysis Update (as needed)

As necessary, Hunden will update our evaluation of the area's position as a center of economic activity, related to resident population and growth, business location and growth, accessibility, and as a destination for visitors. This analysis will provide a realistic SWOT assessment for the local and regional area, as appropriate.

Hunden utilizes the latest market data, visitor origin data, demographic data, and other resources to determine a comprehensive view of your marketplace.

Rationale Market Analyses

Task 3: Mixed-Use District Market Analyses

Hunden will complete a market analysis for each of the following relevant mixed-use project components, including:

- Restaurant and retail,
- Multifamily,
- Hotel, and
- Office.

Hunden will conduct the following research, as appropriate and relevant for each use:

Industry Trends. Hunden will cover the trends that influence how and where people want to shop, eat/drink, stay, and be entertained as part of those experiences, and how recent macro events have shifted these trends.

Market Performance. Supply, Demand, Rates, Absorption, and other key metrics of the Ocala/Marion County market, in time-series charts and data tables, using STR, CoStar and other analytical tools. Hunden can include a map of area submarkets and key nodes of asset clusters.

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Submarket Performance. Supply, Demand, Rates, Absorption, and other key metrics of the Project sites' submarket, in time-series charts and data tables, using STR, CoStar and other analytical tools.

Competitive Set Identification & Performance. Profiles of leasable spaces or developments (location, size, quality, age rates, vacancy), absorption and time-series of performance. A competitive set supply map will profile location and consider nearby supportive uses, such as multifamily, hotels, office clusters, sports fields and facilities, entertainment, and other support/demand generators.

Proposed and Under Construction Projects. Hunden will profile the relevant projects underway or imminent and consider those as part of the future competitive set absorption dynamic.

Geofencing Research Technology. Hunden will study customer origin and traffic analytics for relevant businesses. This information will be used to understand the possible impacts of new retail, dining, residential, hotel and office space in the Ocala/Marion County area and project how the developments will perform.

Interviews. Hunden will interview local brokers, hotel and facility management and others in the marketplace to understand the nuances moving the market. Hunden will work to determine what use types could improve the Project and achieve rates that will support development costs. Often, new, unique products can significantly outperform existing stock if there is a gap in quality, age, location, etc. that could induce new demand and higher rates to the submarket.

Task 4: Indoor/Outdoor Waterpark and Hotel/Resort Market Analysis

In order to accurately assess the opportunity and marketplace penetration from the waterpark development, Hunden will conduct relevant market assessments on each of the critical components:

- Indoor/Outdoor Waterpark
- Hotel/Resort

The market assessments will include the following work elements:

Competitive Supply. Hunden will provide detail on the existing and planned competitive offerings throughout the drivable region and how the Project will add a unique offering or duplicate existing offerings. Hunden will analyze and document the following conditions, as available and appropriate:

- Site and facility layout,
- User and attendee counts, including local vs. out-of-town as available,
- Utilization times,
- Fees and Rental rates,
- Amenities,
- Number of hotel rooms, and
- Unique characteristics.

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Interviews. To determine whether or not Ocala/Marion County can accommodate a new indoor/outdoor waterpark and/or waterpark resort, Hunden will interview leadership from nationally known waterpark resort companies to understand market criteria and level of interest for development of a new asset in the Marion County area.

Task 5: Family Entertainment/"Eatertainment", LBEs and Attractions Analysis

Industry Trends. Hunden will cover the trends in the development of LBEs (location-based entertainment), Eatertainment attractions and related concepts.

Market Opportunity. Hunden will assess the supply and character of existing attractions featuring family fun opportunities, social games, LBEs and food and beverage offerings as appropriate. Relevant family-oriented attractions, LBEs and Eatertainment offerings in the regional area will be reviewed to provide context for the Project.

For smaller, less visitor-inducing assets, Hunden will array in a matrix the assets with various characteristics and determine implications, gaps and opportunities.

For the more impactful, visitor-oriented assets, Hunden will also plot these in a comparative matrix to understand strengths, gaps and opportunities for future development.

Hunden will assess, as appropriate and available:

- General characteristics, such as location, year built, owner/operator, and adjacent/nearby developments/activities,
- Type of attraction (Eatertainment or LBE concept, social game, recreation/family friendly, kids-focused, unique group sports entertainment, etc.),
- Acreage and indoor space/square footage (total, visitor areas, non-visitor areas),
- Content/offerings,
- Pricing,
- Capture market/True Trade Area (TTA),
- Duration of stay (dwell time),
- Number of visits and visitors, avg. annual visits per visitor,
- Visitor characteristics,
- Visitor origin.

Proposed and Under Construction Projects. Hunden will profile the relevant projects underway or imminent and consider those as part of the future competitive set absorption dynamic.

Interviews. Hunden will interview management from relevant Eatertainment/LBE developments to understand the nuances that influence where and how those assets get developed. Hunden will work to determine what product(s) could thread the needle to improve Marion County's offerings.

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This analysis will provide implications for the market supply and demand in the region for Eatertainment concepts.

Task 6: Case Studies and Incentives Review by Asset Type

Hunden constantly seeks to learn from best practices and the evolution of various types of developments around the U.S. to understand what to include, what to avoid, and 'how' to design and program a successful project. Hunden will focus on those in markets with comparable characteristics to those of the Ocala/Marion County area for each of the Project anchors.

Hunden will consider the following data points as available and relevant:

- Location,
- Size,
- District or development components,
- Visitation, dwell time, visitor origin, demographics, trade area, and other relevant data points from Placer.ai
- Outdoor activation, events and programming,
- Critical factors to success or failure, and
- Others, as appropriate.

Interviews. Hunden will interview management and/or ownership of the development and tourism/economic development officials to understand performance, what could be done to improve performance and lessons learned.

These will be profiled, and implications discussed. Hunden will gather and share the wisdom that comes with the depth of the firm's experience and the corresponding best practices with the Client.

Recommendations

Task 7: Site Analysis

Based on the high level site assessments conducted in the tourism plan, Hunden will ensure those prioritized sites are still viable. Hunden will also identify any potential new sites for consideration. Additionally, Hunden will establish key criteria for site consideration based on our programming recommendations.

Hunden and Convergence Design will present pros and cons for each of the sites under consideration. The analysis will identify the optimal scenario for each anchor component independently, as appropriate, and the optimal location scenarios for synergy and proximity of the components. Hunden will also consider the multi-use conference center and hotel concept that was assessed in the 2024 study. The site parameters and scenarios will be explored further and in more detail in the following task.

Task 8: Recommendations, Site Layouts and Ranking

Considering the analysis, Hunden will create a recommendation matrix for each of the Project anchors, including the mixed-use district, indoor/outdoor waterpark, and family eatertainment anchor components,

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layering in the multi-use conference center and hotel concept from Hunden's previously completed report. The recommendations will not only be based on the existing market, but also on the market that the Client is looking to attract with the developments.

Based on the recommended program matrix, Convergence Design will create concept visuals that will include detail on program mix, size of each component, layout of each component, and other relevant visual characteristics for each of the anchor uses.

The concept visuals will show how the recommended program will fit on each of the optimal sites. We will also provide recommendations on development phasing for each of the components.

Finally, Hunden will rank the recommendations and site scenarios based on the market findings and site/concept visuals. Hunden will present market findings virtually to the Client.

Financial Business Plan

Once the market findings presentation is complete, Hunden will prepare a financial business plan for the anchor uses. The business plan will include demand and financial projections, economic and fiscal impact projections to show the return on investment for the agreed upon scenarios, and implications for funding mechanisms and future implementation action steps.

Task 9: Business Plan Development: Demand and Financial Projections

Hunden will project the market area's demand for each of the Project anchors, including any relevant updates to the previously studied conference center, over the next ten years using the best available data and employing appropriate research from the prior tasks to provide a robust understanding of the demand for the recommended components.

This will then lead to assumptions that will be used to determine the detailed financial projections. These will include major line-item detail of revenue and expense, which will then result in net operating income (NOI) that will support debt service.

In order to determine financial feasibility, the net operating income must be shown against a development cost. Hunden will show the supportable equity and debt that the net cash flows support. From these financial analytics, the feasibility will be determined. If there is a feasibility gap, the modeling from Hunden will determine the amount and what key items led to the gap (costs, absorption, rents, etc.).

Task 10: Economic, Fiscal and Employment Impact Analysis

Hunden will conduct an economic, fiscal and employment impact analysis to determine the direct, indirect, and induced impacts, including the tax revenues that are generated by the Project anchors, including the previously studied conference center component.

Based on the above analysis, a projection of net new direct spending will be tabulated. New spending is spending that is new to the community due to new residents, visitors to retail/restaurant, new employees in offices and other spending impacts associated with the development. The model will consider net new

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recaptured and induced spending only (versus gross spending) to ensure that substitution spending is netted out of the impacts. Spending categories primarily include food/beverage, retail, transportation, lodging and entertainment/other. The net new and recaptured spending 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.
- **Induced Impacts** embody the change in local spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending.
- **Fiscal Impacts** represent the incremental tax revenue collected by the City and County due to the net new economic activity related to a development. The fiscal impact represents the government's share of total economic benefit. There will be distinct tax impacts for each governmental entity. Fiscal impacts provide an offset to the potential public expenditures required to induce the development of the Project. Hunden will identify the taxes affected and conduct an analysis of the impact on these accounts and governmental units.
- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with the Project.

Hunden uses one of the industry's most relied upon multiplier models, IMPLAN. This input-output model estimates the indirect and induced impacts, as well as employment impacts, based on the local economy. An input-output model generally describes the commodities and income that normally flow through the various sectors of the economy. The indirect and induced expenditure, payroll and employment result from the estimated changes in the flow of income and goods caused by the projected direct impacts. The model data are available by various jurisdictional levels, including counties.

Task 11: Funding Mechanisms

Based on similar case studies, best practices and interviews with stakeholders, Hunden will provide the Client with funding strategies to support the implementation of the proposed Project components. Hunden will work simultaneously on operations/maintenance, funding, and size/program size. We will provide examples of formats and structures used by other agencies around the country, as well as inventory examples of funding structures that have been successful to construct and operate similar facilities. These sources and structures may include, as appropriate, public-private partnerships, infrastructure-based development agreements, and operating agreements, as well as note examples of P3 structures that have been successful to construct and operate similar projects.

Task 12: Synthesis of Findings

Hunden will provide a conclusion summary that synthesizes findings from the study. Hunden will identify the top ranked sites and development scenarios considering findings, site layouts, and the financial and economic impact findings.

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Milestones and Touchpoints

- **Kickoff Organizing Call** – Once the administrative engagement paperwork process is complete, Hunden will schedule an initial kickoff organizing call/Zoom with the Client team for introductions and to schedule any necessary meetings. Hunden will send a kickoff memo outlining requests for data and key contact information, as appropriate and relevant.
- **Check-In Calls** – Throughout the market research tasks, Hunden can schedule check-in calls with the Client to ensure timely forward direction through the study process.
- **Market Findings Presentation**– At the completion of Task 8, Hunden will present a PowerPoint-style deliverable of market findings electronically to the Client. This will include our recommendations and scenarios as appropriate.
- **Draft Analysis** – Hunden will complete all financial and impact modeling elements of the scope of work and compile the results into a draft analysis of its financial outputs, which will be presented to the Client electronically for review and comment.
- **Final Analysis**– After receiving comments from the Client on the draft analysis, Hunden will issue its final analysis.
- **Final Presentation(s)** – Hunden will work with the Client to arrange a final presentation, in person, and conduct additional follow ups needed with up to 14 Client contacts.
- **Visits and Presentations** – Hunden's scope of work accounts for one in person presentation as well virtual presentation(s), as needed, to the TDC.

Timing

Hunden proposes the following timing for each distinct deliverable:

- Market Findings Presentation (At the conclusion of Task 8) – approximately three months (twelve weeks) after the following have occurred: contract authorization, receipt of initial kickoff payment, and completion of virtual kickoff meeting
- Draft Analysis (At the conclusion of Task 12) – approximately three months (twelve weeks) after delivery of market findings
- Final Analysis – between two and three months (eight to twelve weeks) after receiving Client comments on the draft. Hunden will work with the Client to finalize the analysis during this time period.

Hunden Partners expects the overall timeline to be approximately 9 months (36 weeks), assuming prompt Client responsiveness. Hunden assumes a kickoff in April 2025 and a final conclusion of the study to be presented in January 2026.

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Compensation

Hunden will complete the scope of work for a fee of **$199,000**, inclusive of research costs and site test fits for up to three sites by Convergence Design. The fee includes time for one trip to make a presentation in person. Hunden will bill for any requested travel related expenses separately, at-cost without markup.

Hunden proposes to bill the Client an initial kickoff payment of $18,000 to initiate the study. Hunden will then bill monthly for work completed based on progress. Hunden will provide a description of percent of work complete in each monthly invoice.

Authorization

The Contractual Conditions and Terms of the original agreement between the Client and Hunden apply to this agreement.

Accepted By:

Signature _____

Printed Name _____

Title _____

Company _____

Date: _____

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