



Economics Research Associates

Final Report
**Louisiana Music Experience (LME)
Market Analysis**

Submitted to:
The State of Louisiana

Submitted by:
Economics Research Associates

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20 E. Jackson Boulevard Suite 1200
Chicago IL 60604
312.427.3855 FAX 312.427.3660 www.econres.com
**Los Angeles San Francisco San Diego New York
Chicago Washington DC London**

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Introduction

Economics Research Associates (ERA) was engaged by the State of Louisiana to assess the general concepts, market and financial implications for the Louisiana Music Experience (LME) attraction, which would be a redevelopment of the State Palace Theater, located at the corner of S. Rampart and Canal Streets in New Orleans, LA. The general concept for the attraction includes:

- An interactive, high-tech music museum experience that will immerse guests in the history of Louisiana and New Orleans music, educate them about the role this music played in the development of music in America, and surround them with the spectacle of world-famous Louisiana-based music celebrities.
- Live daily entertainment and planned concerts that celebrates Louisiana's rich musical heritage and spotlights several indigenous musical genres, including Jazz, Cajun/Zydeco, Gospel, and Blues.
- A restaurant similar to Mulates – a mid-priced restaurant that further immerses the visitor in a “Southern Louisiana” experience with foods indigenous to the area. This restaurant would also serve downtown workers near Canal Street.
- Retail space that will offer a variety of multimedia to the visitor, including the ability to download music from the database and digital archives available at the Digital Media Center.
- A 1,200-capacity theater will also serve as a venue for touring live music concerts, corporate/convention parties and broadcast events in the evening. The theater will become the new home of the New Orleans Jazz Orchestra (NOJO). NOJO will coordinate the educational programming of the theater throughout the day, which includes interactive live concerts featuring the various genres of Louisiana music - Jazz, Cajun/Zydeco, Gospel, and Blues. NOJO's management plans to run two different “edutainment” programs throughout the day primarily focusing on the art of jazz.
- Functions and events space for receptions. Function space includes the 1,200-capacity theater, when available, a 5,000 SF indoor event space, and a 5,000 SF rooftop garden.
- Studio space for a public Jazz and Louisiana heritage radio station on the second-level of the building.
- A 2,500 SF exhibit celebrating the New Orleans Jazz & Heritage Festival will be located within the Louisiana Music exhibit.

Approach

ERA's work scope includes the following:

- Review the proposed concept
- Provide case studies on musical attractions in other markets, particularly those in similar tourism markets. Also provide case studies on select New Orleans attractions to characterize the local market.
- Estimate visitation and use for the proposed facility and discuss pricing strategy
- Estimate events demand for the proposed facility
- Estimate forecasts for the theater space
- Estimate the economic and fiscal impacts for both state and local economies.

Perceptions, Issues, and Opportunities

ERA Comments on Concept and Location

- This is a unique opportunity to create an attraction that celebrates an important part of Louisiana culture – its music. LME will be most successful if it creates a consistent experience for all components - the high-tech interactive, live music, and educational experiences. ERA assumes that LME will provide a consistent, yet exciting package of experiences to its visitors.
- The live music experience – both day-time and evening offerings – is an important component of this attraction because it gives the visitor an opportunity to physically experience what makes Louisiana’s music distinctive and unique from other forms of music and culture. One concept for the day-time live music is to offer two concerts throughout the course of the day. Another option would be to offer live music in a continuous format during peak hours (ex. noon to 4pm) – the live music space could be connected to F&B and retail (particularly with interactive stations that offer music purchases), which would generate a “linger longer” and relaxed atmosphere that is conducive to listening to live music. It will also be important to offer a balanced perspective of the genres of music – i.e. a representative sample of each type of music (Cajun, Zydeco, Jazz, Gospel) because LME’s distinction from other music-oriented experiences in New Orleans and anywhere else will be its ability to introduce visitors to *all* of these forms of music.
- From a historical and cultural perspective, it is fitting that the proposed location for the facility is in the Rampart/Basin sub-district (as defined by the Canal Street Vision and Development Strategy) – this is an area that once was characterized by its Jazz and Blues music offerings. It is now adjacent to a number of theatre venues, including the Saenger Theatre, the Joy Theater and Orpheum Theatre. Today, LME can be an entertainment anchor for Canal Street as well as one catalyst of many that can help drive the continued resurgence of the Canal Street corridor. The Canal Street Development Strategy has a number of key factors that are already being implemented – one of which is the opening of the Canal Street streetcar line. Already, this form of transportation has become popular after only one year of operation. A testament to its popularity is that the New Orleans Museum of Art has experienced about a 20% increase in attendance by serving as an end destination to one of the Canal Street routes. In May, June and July of 2004, the streetcar and the two express buses that serve Canal Street had about 260,000 more riders than the buses had during the same time in 2003. Continued transportation improvements – particularly relocating high concentrations of bus transferees near the Basin, Rampart and Canal area (which has a high concentration of bus transfers), should dramatically improve the environment near the proposed attraction because there will be fewer problems with safety and the perception of safety for patrons. Additional proposed streetscape and other improvements should also contribute to Canal Street’s emergence as an interesting and unique area that both tourists and local residents will want to visit instead of avoid. Because of the proposed attraction’s proximity to several neighborhoods, including the French Quarter, Lafayette Square, the Warehouse District and offices in the adjacent Central Business District – and LME’s day-time and evening activities - there are opportunities for LME to attract both residents (downtown and metro area) and New Orleans visitors (both business and leisure visitors).
- The proposed attraction will offer a variety of event rental space options. Conversations with DMCs indicated that event planners look for fun and unique facilities for events. LME, with its Louisiana music theme, should be an attractive option for events because it offers local flavor, an interesting/fun theme and entertainment options, and a variety of space options. Convention event groups as well as other visiting groups to New Orleans will likely be interested in the evening musical offerings in the theater. Aggressive promotion of events to event planners and others directing visitors (i.e. concierges) is essential. The primary rental market is expected to be

convention/conference related, corporate functions, and to some extent, SMERF (Social, military, educational, religious, and fraternal).

ERA Assumptions

- ERA assumes that the Canal Street development efforts continue as planned.
- Both the LME attraction and the evening theater activities are competently and proactively managed to maximize earnings and deliver a product that is in tune with the marketplace. This report assumes professional booking and marketing of theater events by top representatives in the field, who have established relationships with the agents of numerous successfully, regional and national artists.
- Both day-time and evening programming in the theater are of high quality, are regularly “refreshed” for new content, and are appropriately targeted to draw from both resident and visitor market segments.
- Pre- and post-opening marketing efforts are sufficiently funded, and are successfully targeted to generate a healthy mix of resident and visitor market attendance.
- There is continued investment in exhibits to stimulate new visits and repeat visits.
- The Theater offers effective discounting and ticket packaging to encourage repeat and group visitation.
- No major acts of terrorism or war, or other major economic shocks, have significant negative impact on the domestic or local tourism economy during the forecast horizon.

ERA Conclusions

ERA estimates that, at stabilization (Year 3), LME will have a total attendance around 500,000, generating annual revenues of over \$10 million. Economic impact of the facility on the area’s economy could lead to almost \$1 million in income tax collected and total food and beverage (F&B) and retail taxes of over \$5.3 million in the 10-year period. Secondary impacts of new visitors to New Orleans attributed to LME could generate over \$89 million in visitor expenditures over the same time frame. Further, ERA estimated the ripple impacts associated with employment at LME. With an estimated 92 full-time equivalent (FTE) jobs in stabilized years, an additional 51 FTE jobs could be supported in the area with estimated earnings of almost \$3 million. Impacts associated with the construction of the facility could include the creation of 377 direct FTE jobs with an estimated \$27 million in earnings as well as indirect impacts associated with construction employees’ consumer expenditures across the area.

Available Markets

Resident - Demographics

The New Orleans MSA comprises almost 30 percent of Louisiana's total population. Though Orleans Parish is expected to experience slight decreases in population in future years, the New Orleans MSA (which includes Orleans, Jefferson, St. Bernard, St. Charles, St. Tammany, St. John, and Plaquemine Parishes)¹ is expected to experience slight increases, generating a slightly larger overall population in the metro area.

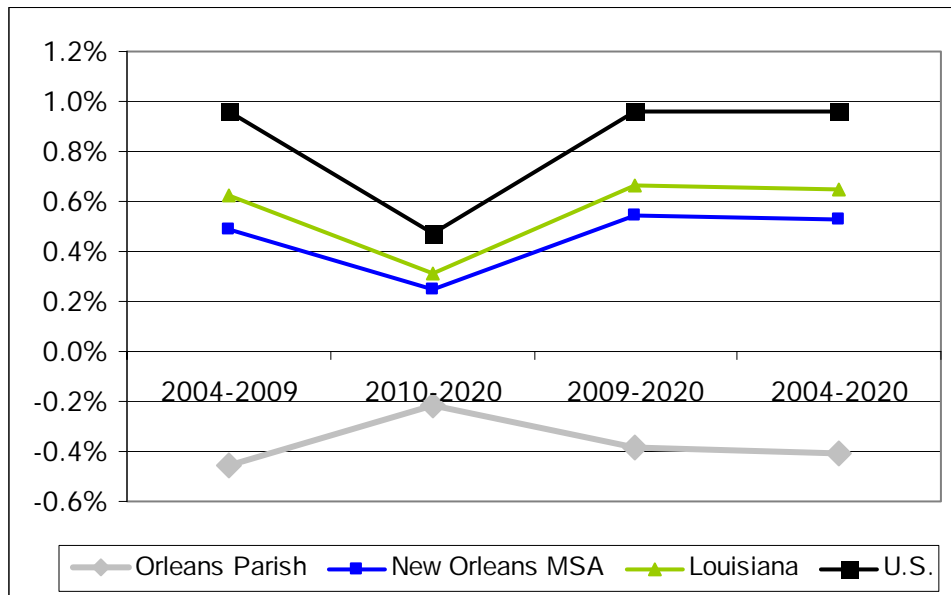
Table 1. Population Estimates

Area	2003	2008	2010	2020
Orleans Parish	474,567	463,917	461,888	444,667
New Orleans MSA	1,362,629	1,396,222	1,403,208	1,481,575
Louisiana	4,579,408	4,724,280	4,753,860	5,079,919
U.S.	293,229,200	307,602,890	310,519,046	341,658,211

Source: Woods & Poole 2002

The compounded annual growth rate (CAGR) projected for the select population areas is expected to remain relatively constant over the next 15 years. Growth rates are below the national projections in all cases.

Compounded Annual Growth Rate (CAGR) Comparisons



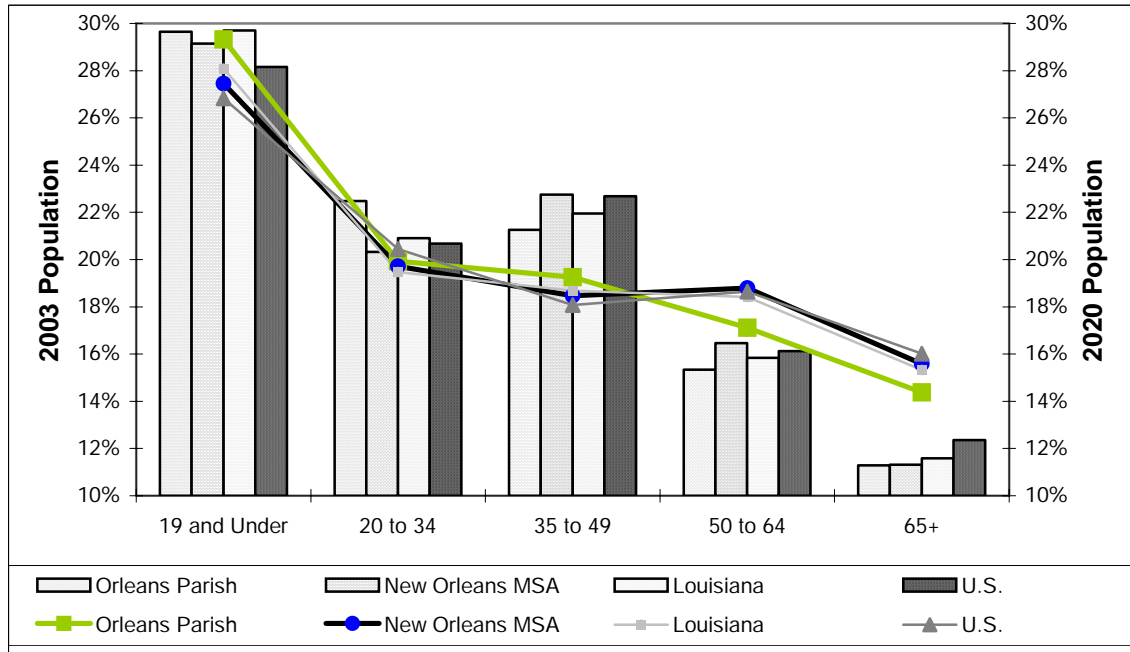
Source: Woodes & Poole 2002, ERA

Orleans Parish has a larger share of its population within the 20 to 34-age category than the other select population areas. This is likely reflective of two factors – first, the propensity of young urban professionals to live in interesting and up and coming urban areas and second, the high number of young, poor households that tend to live in central cities. The MSA has a slightly greater share of its population between the ages of 50 and 64 in comparison to the other areas and a slightly lower share for ages 65 and

¹ As of 2003, St. James Parish is not included in the New Orleans Metropolitan Area.

up in 2003. In 2020, estimates show a higher share of the population in the 50+ categories for all areas, though the change within the Parish and MSA is not as great as the broader areas.

Population Breakdown by Age



Source: Woods & Poole, ERA

The median household income (HHI), in 1996 dollars, is expected to increase in the New Orleans MSA and Orleans Parish in the next four or five years. In the long run, the state is expected to see a HHI increase slightly higher than the U.S. median. The New Orleans MSA is expected to experience a significantly higher HHI growth than the state or the U.S. as a whole, with a Compounded Annual Growth Rate (CAGR) of over 4% in the next few years and more conservatively in the long run, though still higher than national averages. However, MSA HHI levels are considerably lower than national levels, and this high growth rate will eventually get the MSA close to the national average of \$55,000+ in 2020. Orleans Parish has the lowest HHI of the select areas and will likely continue to remain so in the future. Interestingly, the MSA has a lower HHI than the State in 2003, but is expected to close that gap and surpass the State in the future.

Table 2. Median Household Income (1996 Dollars)

Area	2003	2008	2020	CAGR 03-08	CAGR 03-20
Orleans Parish	\$31,549	\$34,466	\$43,793	1.8%	1.9%
New Orleans MSA	\$35,159	\$43,313	\$55,308	4.3%	2.7%
Louisiana	\$37,892	\$35,148	\$49,228	-1.5%	1.6%
U.S.	\$45,886	\$48,408	\$55,569	1.1%	1.1%

Source Woods & Poole 2002

The City of New Orleans has experienced a decrease in population over the last two decades. An increasing movement of population towards suburban areas is a major factor for this decrease. However, the rate of population loss is lower now than in years past. The 1999 Land Use Plan highlighted the following citywide statistics demonstrating this population change. The white population has decreased at a much higher rate than the African American population (though the white population rate of decrease is considerably less than the 1980's). The average household income, however, has increased over the

years, with a higher compounded annual growth rate (CAGR) in the years between 1997 and 2002 than in previous years. See the following table for more information.

Table 3. Citywide Demographic Statistics:

	1980	1990	1997	2002	CAGR 80-90	CAGR 90-97	CAGR 97-02
Population	557,515	496,938	474,010	456,592	-1.1%	-0.7%	-0.7%
African American Population	308,149	307,728	301,201	295,418	0.0%	-0.3%	-0.4%
Non-Black Population	249,366	189,210	172,809	161,174	-2.7%	-1.3%	-1.4%
% Black	55.30%	61.90%	63.50%	64.70%	1.1%	0.4%	0.4%
% <18	28.80%	27.50%	27.40%	27.00%	-0.5%	-0.1%	-0.3%
% >64	11.70%	13.00%	13.20%	13.10%	1.1%	0.2%	-0.2%
Households (HH)	206,435	188,235	177,818	171,030	-0.9%	-0.8%	-0.8%
Average HH Size	2.63	2.55	2.57	2.56	-0.3%	0.1%	-0.1%
Average HH Income ^{1/}	\$17,175	\$18,407	\$21,150	\$23,732	0.7%	2.0%	2.3%

Source: Claritas, Marketquest System

^{1/} Constant 1980 Dollars

Demographic Conclusions

Though Orleans Parish is experiencing a decrease in population, the greater MSA is maintaining its population. Further, though the Parish is expected to have increasing household incomes, the MSA's income is expected to grow at a rate almost double Parish expectations, reaching close to the national average by 2020. However, there has been and will continue to be downtown development activity in the form of condo development – some of these projects are near the proposed site and this population will be a major target market for event activities taking place in LME space. Also, Orleans Parish is expected to continue to have a population skewed towards younger age segments. The educational offerings provided by the New Orleans Jazz Orchestra at the proposed facility as well as other educational or “edutainment” programming could provide an outlet for new and positive experiences for this younger population.

Resident - Downtown Perspective

There are three neighborhoods that comprise Planning District 1 in downtown New Orleans, where the project site is located. They include the historically significant Vieux Carré, Warehouse, and Central Business districts. Of the 13 districts in the City, District 1 has the third smallest population, but has experienced the second highest growth (1.1% CAGR between 1990 and 2000). District 1 is in the mid-range in terms of household income and its growth relative to other districts. See the following table for details.

Table 4. Planning District Statistics: Population and Average Household Income

District	Population		CAGR 1990	Household Income		CAGR
	1990	2000		Median 1990	Median 2000	
1	6,789	7,598	1.1%	\$19,861	\$33,212	5.3%
2	52,874	46,699	-1.2%	\$14,511	\$20,214	3.4%
3	70,276	67,083	-0.5%	\$26,068	\$34,917	3.0%
4	78,731	79,441	0.1%	\$10,277	\$16,965	5.1%
5	25,840	25,897	0.0%	\$32,501	\$56,216	5.6%
6	43,979	44,133	0.0%	\$21,257	\$39,222	6.3%
7	48,313	41,163	-1.6%	\$10,662	\$19,020	6.0%
8	22,309	19,515	-1.3%	\$11,335	\$20,154	5.9%
9	75,518	79,808	0.6%	\$20,042	\$30,931	4.4%
10	13,947	14,795	0.6%	\$15,124	\$23,908	4.7%
11	1,655	1,760	0.6%	\$19,378	\$37,328	6.8%
12	56,375	55,635	-0.1%	\$20,197	\$29,711	3.9%
13	332	1,147	13.2%	\$20,525	\$146,158	21.7%
Citywide	496,938	484,674	-0.2%	\$18,407	\$27,133	4.0%
National	248,709,873	281,421,906	1.2%	\$30,056	\$41,349	3.2%

Source: United States Census

Resident – Youth Market

Aside from the general population, there are opportunities for LME to offer experiences to local youth populations – including schools and children-oriented organizations. Some of these groups are described below.

School Children

According to the Louisiana School Directory, there were over 245,000 students within the New Orleans MSA, with 316 public schools and 193 private schools. Orleans Parish had the highest percent of the total student population in the MSA (37 percent of all students). Over three-quarters of the students in the parish attend public schools. Between 25 and 30 percent of all MSA students are high school-level students (grades 9 through 12). See the following table for details.

Table 5. 2004-2005 School Enrollment - New Orleans MSA Parishes

Public and Private Schools	# of Schools	Total Students	Total 9-12	% 9-12
Jefferson	146	77,146	18,192	24%
Orleans	222	91,636	27,269	30%
Plaquemines	10	5,275	1,411	27%
St. Bernard	21	11,301	2,867	25%
St. Charles	23	10,451	2,729	26%
St. John the Baptist	19	9,455	2,448	26%
St. Tammany	68	41,454	11,893	29%
New Orleans MSA	509	246,718	66,809	27%

Source: State Department of Education 2003-2004 Louisiana School Directory

Because the Orleans Parish public school system has budgetary issues, it is difficult for the public school groups to go on field trips. Another reason why the public schools have difficulties going on field trips is

that it is difficult for them to procure chaperones and provide liability coverage. For this reason, some area attractions' composition of school groups is up to 80% of all student groups coming from private or parochial schools. Again, subsidized programs and alternative programs will likely be required to increase participation among local public schools at LME. Other attractions – both local and nation-wide – offer student rates between \$3 and \$7 – ERA believes that LME will need to offer rates over no more than \$4 to \$6 to reach a substantial school group population. It will be important to stress LME's educational program offerings to local school teachers and others involved in school trip decision-making because there already a number of attractions in the market that may be perceived to have stronger educational value than a music experience.

Other Groups

Girl and Boy Scouts of America – The Girl Scout Council of Southeast Louisiana serves 13 parishes, including all of the New Orleans MSA parishes. This Girl Scout Council served over 17,500 girls in 2004, up from 16,000 girls in 2002, with 4,700 committed adults serving as volunteers. The Southeast Louisiana Council for Boy Scouts serves 11 parishes, including all New Orleans MSA parishes. It serves about 11,000 youth and has 3,500 adults registered in this Council. There may be opportunities for LME to work with local troops to offer group activities that would fulfill scout goals and objectives.

There are other organizations that LME may collaborate with for programming – Boys and Girls Clubs, YMCAs, and other organizations may provide opportunities to bring New Orleans' youth to LME for a unique musical and cultural education experience. Children-oriented groups are not the only organizations that LME has opportunities to partner with. There are civic and other organizations whose mission or goals may fit well with programming or marketing opportunities at LME like the New Orleans Multicultural Tourism Network. Examples of how LME plans to coordinate with local organizations that are already part of the proposed concept – the New Orleans Jazz Orchestra and the New Orleans Jazz and Heritage Foundation.

New Orleans Visitor Characteristics and Tourism

Visitation to destinations nationwide had been significantly impacted by two forces - 9/11 and the economic downturn.

- Before the terrorist attacks of September 11, 2001, the United States tourism industry had been expanding every year reaching record numbers across the majority of major markets.
- Before the economic downturn, spending on leisure trips was trending upwards.

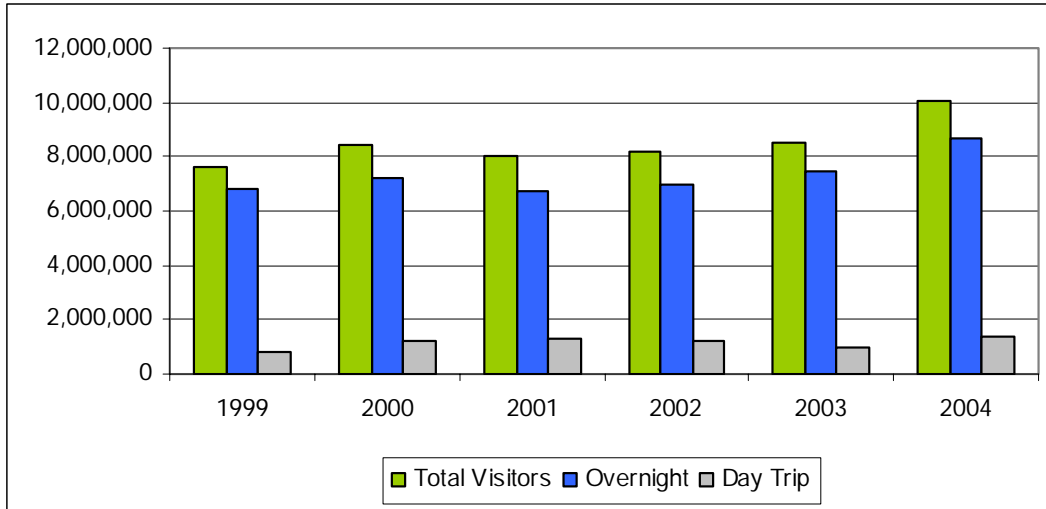
New Orleans weathered 9/11 better than most destinations. A couple noteworthy points regarding New Orleans tourism:

- Reported visitation of 8.4 million in 2000, dropped to 8.0 million in 2001 but was back to 8.2 million in 2002. The 2002 number is remarkable as it represents a significant recovery when many destinations were still tumbling or holding steady. New Orleans tourism has bounced back with an estimated 8.5 million visitors in 2003 (surpassing 2000 visitation) and has further increased in 2004 to over 10 million visitors. Conversations with local venues indicate that the market has indeed bounced back from the effects of 9/11.
- During the last few years, the composition and duration of visitation to New Orleans had also changed. We understand that there had been an increase in day-trippers and visitors from the close-in region around New Orleans reflecting a post-9/11 national phenomena favoring drive-to

destinations and the nation’s desire to travel closer to home. However, overnight visitation has also recovered, accounting for over 8 million visits (again surpassing 2000 levels). Day visitors account for about 15% of total visitors. These trends are shown in a following chart.

- The trend toward New Orleans becoming a drive-in market was first noted in 2003 when a sharp jump in drivers was first noted. The trend has continued into 2004, and has strengthened. For example, visitation from Louisiana (outside the New Orleans metro area) is, for the first time in recent years, the top feeder market (15.9%) for New Orleans.

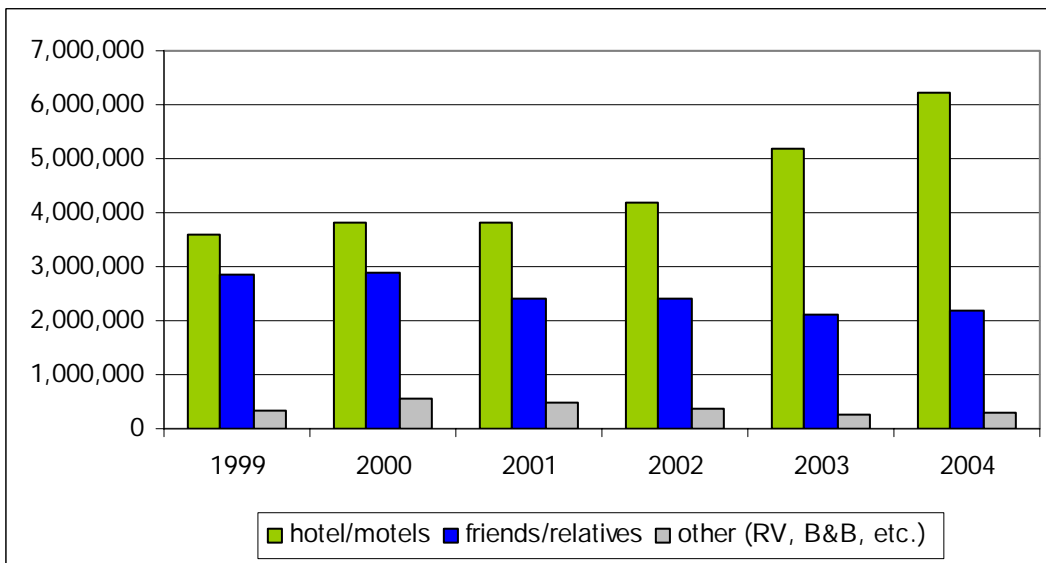
Number of Visitors to New Orleans



Source: Hospitality Research Center, College of Business Administration, University of New Orleans

The number of overnight visitors staying in hotels and motels has also been on the rise. 2001 was a stagnant year, but all other years have shown an increase, with the number ballooning beyond 6 million in 2004. Notably, overnight visitors staying with friends and/or relatives have been decreasing.

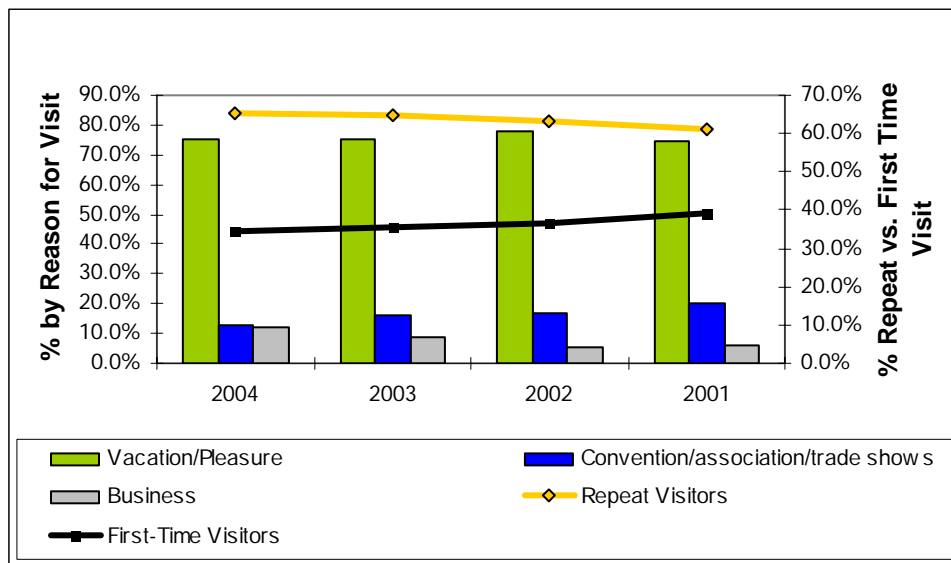
Overnight Visitor Accommodation Breakdown



Source: Hospitality Research Center, College of Business Administration, University of New Orleans

Three-quarters of New Orleans visitors are pleasure visitors, while between 10 and 15 percent are associated with conventions/associations/trade shows and the remainder as other business travelers. Well over half (closer to 65%) of visitors are repeat visitors. The percentage of repeat visitors has increased slightly since 2000. Furthermore, the majority of visitors (98%) reported that they were likely or very likely to return within the next five years, which means that the high repeat visitation trend should continue. The repeat visitation is a significant phenomenon – it is a positive trend because visitors enjoy their time in New Orleans and find reason to come back for more. This is evidenced by survey results concluding that the most popular reason that people would return was that it is a fun vacation place. Also, in 2003 and 2004, an increasing number people have said that they would return “to see more”. With the positive impacts of repeat visitation, it is also a difficult trend to live up to because visitors come back looking for new and fun experiences – it pushes the envelope for New Orleans attractions because if they want to bring those same visitors back through their doors, they must offer a repeatable experience that is worth coming back to. LME programming could offer a repeatable experience – particularly with the live music options that it will offer. Offering live music during the day could also attract a part of the visitor market that may be missing out on the New Orleans music experience. Groups like family reunions as well as tour groups may be more interested in day-time offerings since most music offerings in New Orleans are scheduled in the evening or late evening and may not fit in well with these groups’ schedules.

Type of Visitor and Repeat Visitors



Source: Hospitality Research Center, College of Business Administration, University of New Orleans

The following information pertains to survey results on New Orleans visitor preferences for activities when visiting. This open-ended survey question produced the following top-ranked responses (in order of most responses): almost 80% of visitors reported going to restaurants in 2004, 62% reported visiting the Riverwalk Mall and another 59% reported visiting Jackson Square. Other popular attractions mentioned included the French Market and Bourbon Street.

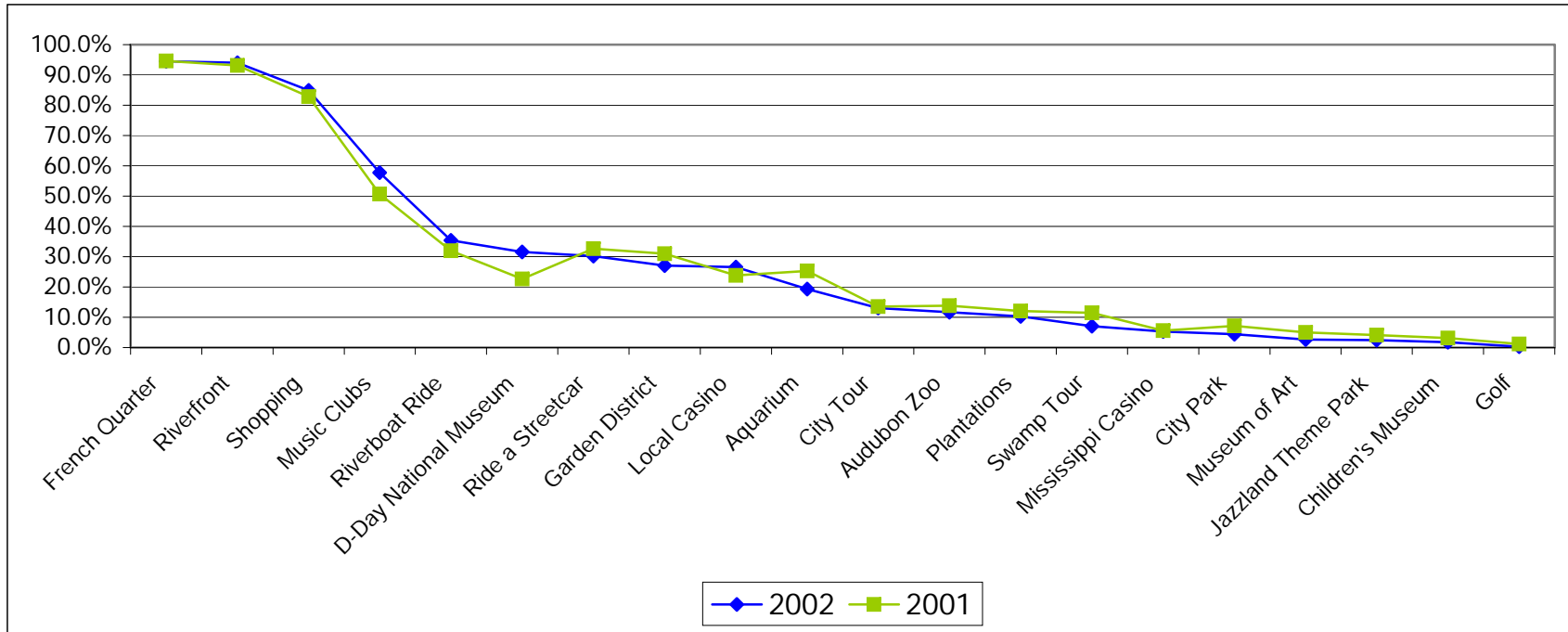
Table 6. Areas/Attractions Visited

Category	2004	2003
Restaurants	79.7%	39.3%
Riverwalk Mall	62.0%	43.1%
Jackson Square	58.7%	26.7%
French Market	57.7%	43.2%
Bourbon Street	50.0%	46.9%
Royal Street	29.7%	19.8%
Boat Ride	25.1%	22.3%
Canal Street	24.5%	12.9%
Aquarium	19.3%	20.5%
Café du Monde	18.2%	20.9%

Source: Hospitality Research Center, College of Business Administration, University of New Orleans

In a similar survey taken prior to 2003, which reflects the data below, respondents were given a list of attractions and asked to identify which they had visited from the list. Note that music clubs ranked fourth on the list in both 2001 and 2002, which highlights the significance of visitors incorporating a music experience in their New Orleans trips. Based on survey participants' responses, ERA estimates that visitors experience three to six attractions per trip while in New Orleans.

Attractions Visited – 2001 and 2002



Source: Hospitality Research Center, College of Business Administration, University of New Orleans

International travelers have represented a decreasing share of total visitors over the last few years, comprising only 3.4 percent of total visitors in 2004. This represents about 340,000 of the 10.1 million visitors, down from an estimated 420,000 international visitors in the previous year. Generally speaking, international travelers will stay and visit for longer periods compared to domestic tourists. Since international travelers visit for longer periods, they generally have much higher expenditures because of lodging costs.

About one-third of international visitors to New Orleans are from Canada, with another 32% from France and 23% from the United Kingdom. LME may wish to consider offering personal listening devices in several languages to cater to the international visitor community.

Overall tourism expenditures increased over the last two years. Expenditures in 2004 represent an 8 percent increase over the previous year while the number of visitors increased by 20 percent in the same time period.

Table 7. Visitor Spending

	Spending (\$billions)
1999	\$4.6
2000	\$4.7
2001	\$4.1
2002	\$3.8
2003	\$4.6
2004	\$4.9
CAGR	-0.5%

Source: Hospitality Research Center, College of Business Administration, University of New Orleans

It appears that expenditures per capita are still down over pre 9/11 figures. Part of the reason for declining total expenditures per visitor can be attributed to decreasing lengths of visits over the years. The average length of stay in 2004 was 3.0 days, as opposed to 4.0 days in 2000. Taking length of stay into consideration, visitors have been spending *more* on a per day basis. See the following table for details.

Table 8. Average Length of Stay and Party Size

	2004	2003	2002	2001	2000	1999
Average Length of Stay	3.0	3.4	3.8	3.9	4.0	4.8
Average Party Size	2.3	2.5	2.6	3.0	N/A	2.6
Average Adults Per Party	2.0	1.6	2.4	2.6	N/A	2.4
Average Daily Expenditure	\$163	\$157	\$122	\$132	\$139	\$126

Source: Hospitality Research Center, College of Business Administration, University of New Orleans

New Orleans Visitor Conclusions

Between 2001 and 2004, the total visitation to New Orleans has increased at a rate of about 8%. Looking at the compounded annual rate of growth in visitation since 1999, even with the drop in visitation during 2001 this rate was over 5%. ERA also looked at growth rates in the 1990s (essentially, before 2001) and found that tourism growth rates were similar (around 5% average). ERA believes, because of the expected additions to the New Orleans tourism market in the coming years, that growth will occur at a

rate of 2.5% and 3%. With this growth assumption, New Orleans could generate up to 10.8 million visitors by 2007 and up to 13.7 million by 2016. Considering in past years that about 85% of total visitors were overnight visitors, this translates to 10 million overnight visitors in the stabilized year (2010). Assuming that the leisure trend continues, three-quarters, or about 9 million will be leisure visitors. It is anticipated that the visitor market will continue to grow, which will reinforce the market for attractions like LME.

In 2004, almost 65% of New Orleans visitors were estimated to be repeat visitors. This is higher than in previous years – for example, in 1999 only 59% were estimated to be repeat visitors. This bodes well for New Orleans because it implies that visitors enjoyed their first experience so much that they came back for more. ERA believes that a majority of LME visitors, even in stabilized years, will be first time visitors to the experience, even though a significant number will have been to New Orleans previously. New and different programs will help attract New Orleans repeat visitors to LME.

Local Attractions

ERA gathered information on select local attractions in the New Orleans area to help characterize the local tourism market. Given the unique nature of the proposed LME and its potential appeal to both residents and visitors, a wide variety of attractions were reviewed, for both their complementary and competitive characteristics. These profiles will assist in understanding the role attractions play in the New Orleans visitor itinerary and help with attendance and admissions cost projections.

As results show, New Orleans visitors have a lot of entertainment and educational options available to them, which means that though most of these attractions are complementary, they are all competing for the visitors' limited time in the city. The table below details the attendance trends of selected New Orleans attractions. Some of these attendance figures include the visitation for rental events. Generally, the existing attractions have experienced relatively stable attendance levels over the last five years or so. This is a testament to New Orleans' strong visitor market, despite national events that have curtailed travel in recent years.

Table 9. New Orleans Cultural Attractions

Name of Attraction	District	Attendance							
		1997	1998	1999	2000	2001	2002	2003	2004
Aquarium of the Americas	CBD	1,007,593	1,018,210	1,004,286	984,557	981,773	949,095	953,127	944,587
Audubon Park & Zoo	University	836,000	782,000	817,000	727,547	807,592	781,387	799,932	839,053
Contemporary Arts Center	Warehouse	96,000	99,000	102,000	100,000	125,000	112,500	112,500	112,500
Entergy IMAX Theater	CBD	502,000	584,000	535,000	471,561	429,293	439,251	470,550	387,713
Harrah's Casino ^{1/}	CBD			406,000	2,628,000	2,582,000	2,839,000	2,915,000	3,317,000
Louisiana Children's Museum	Warehouse	176,000	175,000	180,000	185,000	185,000	185,000	185,000	185,000
Louisiana State Museum	Quarter	192,000	220,000	212,000	229,000	229,000	279,000	330,000	336,900
National D-Day Museum	Warehouse				323,000	340,913	327,182	283,252	Similar to 2003
New Orleans Museum of Art	Mid City		130,000	262,000	300,000	107,900	103,000	209,300	151,500

Sources: ERA interviews, Official Museum Directory; N/A: Not Available.

^{1/} This is estimated dividing total Harrah's gaming revenues by the mean individual gaming expenditure estimated in the CVB Visitor Survey.

ERA notes that some of the larger attractions, such as the Aquarium of the Americas, rely largely on the tourism market. Other major attractions, such as the IMAX Theatre and the Children's Museum, rely more heavily on the resident market. Based on our experience, the more an attraction depends on the resident market for attendance, the greater the need for highly repeatable experiences. Furthermore, because a majority of New Orleans' visitors are repeat visitors, it becomes equally important to offer repeatable experiences for visitors as well as residents. Examples include food services (the ultimate repeatable experience is eating), rotating exhibits, specialty programming such as classes and live performances, and new audio-visual content. ERA assumes that LME (including the theatre venue) will have a sufficient marketing budget to communicate to customers when exhibits change and new shows arrive. ERA understands that these elements and programming are planned for LME, which are essential to the viability and attractiveness of the attraction.

Museum & Attraction Comparison Projects

ERA examined the pricing schemes, attendance estimates, target markets, and operations data of five projects in other cities that share some similar characteristics with the proposed LME project. These five comparable projects are as follows.

- Rock & Roll Hall of Fame (Cleveland)
- Experience Music Project (Seattle)
- Elvis Presley's Graceland (Memphis)
- Country Music Hall of Fame (Nashville)

Rock & Roll Hall of Fame

On May 5, 1986, Cleveland was selected as the site for the Rock and Roll Hall of Fame and Museum, and the facility was completed and opened to the public in 1995. The Rock and Roll Hall of Fame honors the legendary performers, producers, songwriters, disc jockeys and others who have made rock and roll the force in our culture that it is. When the \$84 million project and 150,000 square foot building first opened, it was averaging around a half million visitors in the first couple of year (about 575,000 in its opening year). The numbers in 2003 and 2004 have been around the 475,000 mark – part of the decrease in attendance had to do with the museum's effort to decrease discounted admissions in this time period. Parking costs \$6 at the Great Lakes Science Center Parking Garage (Rock and Roll visitors receive a \$2 discount). Ticket prices are listed below.

Ticket Prices:	2002	2005
Adults:	\$17	\$20
Seniors:	\$13	\$14
Children (ages 9-11):	\$11	\$11
Members:	Free	Free
Group rates available (roughly 25% discount).		
Children 8 & Under: Free		

The facility has 50,000 square feet of exhibition space. It contains memorabilia, artifacts, interactive exhibits, a number of temporary exhibits, and the permanent Hall of Fame exhibit. There is a restaurant and a gift shop in the building. The very successful retail program includes an array of high-end merchandise, which reportedly led to sales of approximately \$6 million its first year. Based on ERA's experience this represents a very impressive retail capture. A multi-media theatre has seating for 250 viewers to watch films and videos. The museum also produces programs for the public that include

concerts, lectures, panel discussions, film series, and teacher education workshops. This project has many similarities to the proposed Louisiana Music Experience.

Experience Music Project

The Experience Music Project (EMP), founded by Paul Allen, combines interactive and interpretive exhibits to tell the story of the creative, innovative and rebellious expression that defines American popular music. The project features a unique architectural design by Frank Gehry and a world-class collection of more than 80,000 artifacts, state-of-the-art technology, interactive presentations, performance areas. The 13,000 SF former ride-like theater and motion experience, Artist's Journey, is now occupied by the Sci-Fi Museum which opened in June 2004. The EMP instrument lesson series launched in early 2003 with the goal of introducing music lovers ages 13 and up to the joy of playing an instrument. EMP offers both beginning and intermediate instrument lessons for guitar, bass guitar, keyboard, drums, and vocals.

After breaking ground in June of 1997, the 140,000 square-foot facility opened for business in 2000. It is located at Seattle Center, next to the Space Needle and Monorail. Final estimates for the project costs are around \$100 million for construction, plus about \$150 million for exhibits and artifacts. Discussions with industry representatives indicate that the attraction was close to meeting its first-year (2001) attendance projections of 800,000 visitors (there were about 1 million visitors in the first 15 months). However, attendance numbers have gone down considerably since then, with figures a little over 500,000. This includes increases in event attendance over this time period, so general attendance has gone down considerably. Estimates for 2005 are under the 500,000 mark. Parking costs \$8 and ticket prices are listed below.

<u>Ticket Prices:</u>	<u>2002</u>	<u>2005</u>
Adults:	\$19.95	\$19.95
Seniors:	\$15.95	\$15.95
Students:	\$15.95	\$15.95
Children:	\$14.95	\$14.95
Group Rate:	\$14.50	\$14.50
School Group:	\$5.00	\$5.00
Children Under 6:	FREE	FREE

Elvis Presley's Graceland

Elvis Presley's Graceland opened in 1982 on the 26 acres of land where Elvis' mansion still sits. The mansion tour, an airplane exhibit, and an automobile exhibit are the main attractions. Two restaurants are also located in Graceland Plaza. In 2000 about 600,000 people visited Graceland. Interviews with staff indicated that attendance has ranged between 550,000 and 600,000 between 2001 and 2004. Parking is available for \$5 per car and ticket prices are listed below.

Platinum Tour package (includes the mansion tour, and self-guided tours of Elvis' two custom airplanes, the Elvis Presley Automobile Museum and a memorabilia museum called "Sincerely Elvis.")

<u>Ticket Prices:</u>	<u>2002</u>	<u>2005</u>
Adults:	\$25	\$27
Seniors 62+ and Students:	\$22.50	\$24.30
Children 7-12:	\$12	\$13
Children 6 & under:	FREE	FREE

Graceland Mansion Tour:

Ticket Prices:	2002	2005
Adults:	\$16	\$20
Seniors 62+ and Students:	\$14.40	\$18
Children 7-12:	\$6.00	\$7
Children 6 & under:	FREE	FREE

The Elvis Plaza includes five attractions that create the complete Graceland tour. A free 22-minute film providing a basic glimpse of Elvis' career is offered free of charge to all guests in the Bijou theatre. The Mansion Tour is a self-paced audio-tour through Elvis' mansion with individual headsets for each guest. The Automobile Museum exhibits Elvis' collection of Cadillacs, his Blackhawk, and his Harley-Davidson motorcycle. Sincerely Elvis is a museum that exhibits artifacts and memorabilia including Elvis' wardrobe, personal items, and photographs. The Custom Jets exhibit features a self-paced tour led by video monitors and allows guests to look at and learn about Elvis' Hound Dog II and the Lisa Marie Jet.

Demographic shifts and the aging of the Elvis fan base are likely to place downward pressure on attendance, although these guests (now older and presumably richer) may be willing to spend more per trip. About 95% of Graceland visitors are visitors and the remainder residents. Of total visitors, about 15% are international visitors – staff indicated that the attraction draws international visitors that have been to the United States multiple times and are branching out their visitor experiences beyond the major U.S. cities.

Country Music Hall of Fame

The Country Music Hall of Fame and Museum is the largest museum devoted to a single form of popular music. It is located in the heart of Music Row in Nashville, Tennessee. It includes a display of instruments, costumes and memorabilia (including automobiles). Estimated attendance for 1999 at the previous Country Music Hall of Fame & Museum was 196,000. A new \$37 million facility opened in May 2001 with estimated first year attendance of approximately 400,000 guests. Paid attendance only in 2002 was around 264,000, 240,000 in 2003, and 242,000 in 2004. Total attendance was around the 300,000 mark in 2004.

The Hall of Fame component opened in April 1967. To administer the Hall of Fame and Museum, music executives established the Country Music Foundation (CMF), an educational, non-profit organization whose purpose is to preserve country music traditions. A 1976 expansion of the Hall of Fame facilities virtually tripled its size to about 16,000 square feet. The Hall of Fame continued its expansion in 1977 by acquiring Studio B from RCA Records. In 1992 the Hall of Fame acquired Hatch Show Print, only a short trip downtown from the museum. Founded in 1879, this fully operational company and working museum has designed and printed posters for country stars. Visitors can watch Hatch master printers at work.

In May 2001, the new Country Music Hall of Fame and Museum opened in downtown Nashville. This \$37 million facility exhibits the past, present, and future of country music for everyone to enjoy and share. The 130,000 square-foot limestone, glass, and painted brick edifice is located at Fifth Avenue South and Demonbreun Street. With the newer, larger facility are somewhat higher ticket prices as well. Full price admission increased from \$10.75 to \$14.95 at the time of the new building's opening in 2001 - adult rates are now at \$18+.

There are several surface lots adjacent to the Country Music Hall of Fame and Museum available and prices range between \$3 and \$5, or around \$10 if there are other events taking place downtown. Ticket prices are listed as follows.

<u>Ticket Prices:</u>	<u>2002</u>	<u>2005</u>
Adults:	\$14.95	\$18.95
Children 6 to 17:	\$7.95	\$11.95
Children under 6 years of age:	FREE	FREE

Group rates available for 15 or more people. Group rates for up to 15 people is \$13.95, \$13 for over 150 people. School Field Trips: Fees: Metro Nashville Public School: free of charge. All other schools: Grades 1-6, \$4.50. Group tours for children age 6 to 17 years of age are \$7.95 per child.

The facility includes a 13,000 square-foot conservatory, 40,000 square feet of exhibit space, a 225-seat theater, a museum store, and a restaurant. This new location in the heart of downtown Nashville's entertainment district is intended to help generate significant attendance. The attraction has an extensive collection of 1 million country music artifacts. It has a state-of-the-art personalized CD production area on the second floor that is reportedly popular with guests. However, the upkeep of the system is difficult, it is reportedly barely profitable (particularly due to royalties that must be paid on the music), and museum staff believes that the system will not be continued if there is a major breakdown of the system. If new technology comes out regarding such a system that would make this venture more profitable and easier to update and maintain, the museum might consider it.

Group and Meetings Market

The Morial Convention Center (MCC) and other New Orleans meeting activity is important to LME's rental event business because rental events will maximize use of LME's facilities, particularly during the evening. All major markets across the United States have experienced a downturn in the number of conventions being held and a lower level of attendance caused in part by shocks in the economy, after effects of 9/11 on the tourism industry, as well as a growing supply of convention centers competing for business nationwide. This remains the same case for MCC, which had its peak year in 1999 in terms of overall attendance. However, with New Orleans' climate, available fine dining, evening activities, shopping, and premier facilities, it has been able to better insulate itself from negative shocks to its the economy and market compared to competing cities.

Through March 2005, the New Orleans Metropolitan Convention and Visitors Bureau (NOMCVB) had booked 750 meetings with 1.1 million estimated attendees for 2005. The number of events booked annually has increased since 2001. In 2002 through 2004 the size of events had become considerably smaller (down to 1,100 attendees per event in 2003). However, 2004 events were, on average, bigger in size (over 1,400 attendees per event). Likewise, with NOMCVB and select hotel bookings combined, the average number of attendees per booking was down in 2003, but has increased significantly (almost 1,000 attendees per event in 2004). Though there have been more events in recent years, the average room nights per attendee over the years has decreased somewhat, so total room nights from these tracked bookings have decreased overall.

Table 10. Summary of Meetings and Attendance ^{1/}

NOIMCVB Bookings Only						
Year	Total # Meetings	Total # Attendees	Total # Room Nights Sold	Room night Per Attendee	Average Attendee/Booking	
2001	753	1,206,012	1,820,546	1.51	1,602	
2002	802	1,106,267	1,825,084	1.65	1,379	
2003	920	1,107,626	1,601,382	1.45	1,204	
2004	953	1,191,404	1,546,376	1.30	1,250	
2005 YTD	749	1,105,504	1,501,438	1.36	1,476	
NOMCVB & Hotel Bookings ^{2/}						
	Total # Meetings	Total # Attendees	Total # Room Nights Sold	Room night Per Attendee	Average Attendee/Booking	
2001	1,800	1,389,448	2,130,552	1.53	772	
2002	1,767	1,281,815	2,131,093	1.66	725	
2003	2,247	1,215,569	1,952,789	1.61	541	
2004	1,299	1,253,848	1,679,547	1.34	965	
2005 YTD	835	1,139,171	1,565,992	1.37	1,364	

Source: NOMCVB, 2004.

^{1/} Figures are as of March 31, 2005. 2005 figures do not include any short term bookings that have yet to take place in 2005.

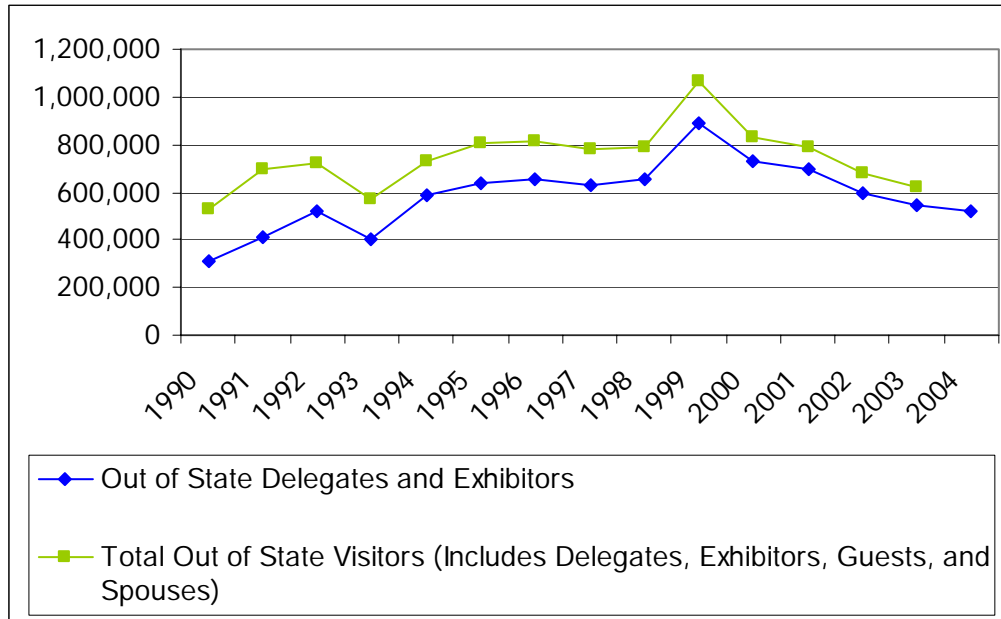
^{2/} NOMCVB & Hotel figures include only participating hotels

Looking more closely at the type of convention visitor, corporate meetings/business travelers' average length of stay is 2.2 days - a considerably shorter length of time than association/convention/tradeshow delegates (3.9 days, as per 2004 Visitor Profile Study). However, both groups of travelers spend about the same amount per person per day (between \$200 and \$220 per day).

At the Morial Convention Center (MCC), the number of convention attendees as well as the total number of visitors associated with the convention (including guests, spouses, etc.) has been declining (see the following chart). Additional persons traveling with convention attendees in the last few years has only accounted for about 15% of additional visitors on top of the convention attendees, compared to 20% or more pre-2000. The average number of delegates and exhibitors per event has for the most part hovered between 6,000 and 7,000 while total visitors per event has averaged about 8,500. As of May 2005, MCC hall day occupancy for definite/tentative events is almost 20% higher for current bookings in 2005 compared to 2004. Hall capacity in 2004 was 46%, down from 49% in 2003. Expectations for future years (2005 to 2007) estimate hall capacity in the high 50 percent range.

According to the MCC 2002 Annual Report, 19 of the 85 meetings in 2002 reported attendance figures above 10,000. Also, MCC events account for about two-thirds of citywide meeting and convention hotel room nights reported by the NOCVB.

Morial Convention Center Attendance



MCC strategy is to host multiple mid-size shows at any given time. Typically, conventions are around 5,000 people requiring about 50,000 SF of exhibit space. There are some conventions requiring the use of two to three halls that bring in 10,000 to 20,000+ visitors, like ASCO (American Society of Clinical Oncology).

The center tends to draw medical groups and other educational-based association groups because of the large number of break-out rooms available for educational use (currently there are 140 meeting rooms). MCC ranked 2nd in the North American market for hosting the largest attended medical meetings, and 4th for hosting the largest number of medical meetings in 2004. Educational convention-goers also tend to bring spouses – most of these conventions have spouse programs for events during the convention, which impacts visitation to New Orleans. According to Tradeshow Week, there were 538 total anticipated medical and healthcare events nationally in 2004. New Orleans was expected to host 19 medical meetings in 2004 (16 of these events at MCC), or a capture of about 9% of the market (with a total of almost 110,000 visitors).

Association events are the bread and butter for the MCC. They typically were on a two to three year rotation between host cities in years past, but now the trend is closer to a three to four year rotation. The MCC considers Las Vegas, Orlando, Atlanta, and Chicago to be major competitors, and generally the West Coast and the Southern destination meetings markets. These events typically book two to four years in advance – this trend has not changed much over the years. Corporate events book on a much more short-term basis, particularly in the last few years (3 to 6 months prior to event). Air travel is a hindrance for the convention business because there are limited direct flights from the West Coast to New Orleans.

The MCC and the CVB collaborate as joint marketing partners. The MCC is prospecting more than in the past (with collaboration between CVB). It also has its own advertising agency for trade journals, creative marketing, etc. Two of the big visitor experiences identified by MCC are the tours (to swamp, plantations, etc.) and more recently shopping (particularly for art).

A key opportunity for LME to attract events and functions is the potential Phase IV expansion of the Morial Center. However, press coverage has questioned the visitation forecasts that have been developed

by the convention center's recent consultant studies and national statistics show that most centers are having a leveling or decline in convention attendance. The 50% increase shown by the MCC is being viewed as very optimistic. However, the expansion should lead to an increased number of events at MCC, which attractions like LME will be able to provide off-site venue space to.

Rental Event Demand

One of several major revenue components to LME's attendance and revenues is events business. To this end, ERA familiarized itself with the proposed concept for facilities in LME, reviewed the nature of the principal competitive event rental facilities in New Orleans, and interviewed designated meeting coordinators (DMCs) and others familiar with the events industry.

As currently conceived, LME would have several events facilities options available. They include the following:

- There is over 25,000 SF of exhibit space planned for LME – this includes a 5,000 SF events space in the proposed Hall of Fame gallery in the second balcony area.
- There is 11,500 SF of theater space with 1,000 fixed seats plus room for additional set-ups in front of the stage (1,200 capacity total).
- There is a 5,000 SF rooftop garden, which could also be offered for events during attraction operating hours.
- Persons attending rental events could be given full access to the entire venue, depending on the event's rental needs. This is a primary incentive in the marketing of the space to potential clients.

When selecting a special-event facility, most planners consider some or all of the following variables: cost, capacity, aesthetics, geographic location, schedule availability, and space utility (indoor/outdoor option, partitions, pre-event/holding area). Additional considerations such as the availability of parking and added onsite services (e.g., tables, chairs, linens, special lighting, audio-visual equipment) also may factor into the selection process. ERA assumes that the LME facility should be able to accommodate these needs.

Also, facility pricing can vary according to the type and size of event, quality of the event space, the season, and the day of the week. For example, prices can be higher on weekends and during peak season. LME may be able to charge a small premium for the experience but should make an effort to remain competitive in pricing.

Key findings for the New Orleans event market with respect to LME include the following:

- The primary market is expected to be convention/conference related, corporate, and to a limited extent, SMERF functions. Conversations with DMCs indicated that event planners look for fun and unique facilities for events – LME, with its Louisiana music theme, should be an attractive option for events because it offers local flavor, an interesting/fun theme, and a variety of space options. However, there are a number of other facilities in New Orleans that also offer similar experiences, so uniqueness (particularly with regard to emphasis on all genres of Louisiana music) becomes key. Groups may also be interested in the evening musical offerings in the theater, and aggressive promotion of events to event planners and others directing visitors (i.e. concierges) is highly recommended. It will be important to offer themed options for events, perhaps based on a particular musical genre or music festival event. For example, one of the key attractions for having events at the Field Museum in Chicago is that the museum has the ability to “theme” around special exhibits, such as the Pharaohs.

- The proposed site is located a further distance from the convention center and major hotels than most other rental venues. For this reason, it will be important to price space competitively with this consideration in mind – it will also be important to help coordinate transportation to and from the convention center/hotels so LME’s location does not appear to be a “hassle” to event planners.
- There are a number of event venues in New Orleans that can accommodate up to thousands of people per event. It is noteworthy to emphasize that most events, however, only require space for up to about 500 people. This is reflective of the mainly smaller to mid-sized conventions/conferences that the MCC tends to attract. The average size of an off-site event is between 250 and 400 people.
- Most conventions/conference groups have 1 or 2 off-site events during their stay. There is strong competition for the venue of this off-site event.
- The rotation cycle for association events between cities has lengthened over the years – this impacts the demand for event venues in New Orleans as well.
- There are a wide (and growing) variety of event venues, many of which are not located at cultural institutions. Examples of these venues, as identified by the New Orleans Meeting Planners Guide, are shown in the following table.

Table 11. Select New Orleans Event Venues

Name	Location	Location	Features (Largest Space Available)		
			SF	Banquet	Reception
National D-Day Museum	Warehouse District	945 Magazine Street	17,500	300	360
TwiRoPa Mills Arts and Entertainment	Uptown/Near Warehouse District	1544 Tchoupitoulas	30,000	1,000	4,500
Audubon Aquarium of the Americas ^{1/}	CBD	One Canal Street	176,000	600	1,500
Audubon Tea Room	Zoo	Audubon Zoo and Park	5,000	400	500
Blaine Kern's Mardi Gras World	Algiers	Algiers, LA	10,000	400	800
Contemporary Arts Center	Warehouse District	900 Camp Street	20,000	1,000	3,500
The Foundry ^{2/}	Warehouse District	333 St. Joseph St	11,000	500	800
Generations Hall	Warehouse District	310 Andrew Higgins	6,000	N/A	500
House of Blues	French Quarter	225 Decatur St	N/A	200	800
Louisian Artworks ^{3/}	Warehouse District	725 Howard	N/A	450	1,000
Tipitina's French Quarters	French Quarter	233 N. Peters St	6,000	300	N/A
Tipitina's Ruins	Warehouse District	1101 Convention Center Blvd	21,000	2,300	N/A
Ogden Museum of Southern Art	Warehouse District	925 Camp St	N/A	N/A	800
Riverview Room - Jackson Brewery	French Quarter	600 Decatur	6,000	300	600

Source: New Orleans Meeting Planners Guide 2004

^{1/} Does not include Aquarium and Plaza, which has capacity for 1,000 banquet

^{2/} Bella Luna Restaurant's special events venue

^{3/} Open 2004

The following is a description of venues that would be considered competitors to the event space at the proposed facility. These include the following:

- *Mardi Gras World*. Located across the river in a series of cavernous warehouses where many of New Orleans’ best Mardi Gras floats are designed and fabricated, this is a major visitor attraction, with guided tours during the daytime. Event capacity is 3,500-plus. At night, Mardi Gras World is a major event venue for parties. Event attendance is reportedly about 150,000.

- *Generations Hall*. This custom-designed space is intended specifically for event rentals and is located one block from the New Orleans Convention Center. It consists of three main rooms that can be rented either separately or as a whole. The entire facility covers more than 28,000 square feet and can accommodate groups ranging in size from 50 to a claimed 5,000, although the actual capacity (based on the square footage) is probably less than 2,000.
- *House of Blues*. Established in 1994, this is primarily an indoor concert venue with ancillary facilities, located in the French Quarter about two blocks from the aquarium. In addition to its regular music business, it conducts a special-events business directed towards private corporate and social events from 50 to 2,000 guests. Two of the main spaces in the complex include the music hall, with a reception capacity of 1,000, and The Parish, a 5,000-square-foot space dedicated to special events (reception capacity of 250; seated dinner capacity of 100.) The Parish takes its inspiration from a cathedral in Essex, England, and features stained glass and hand-painted murals. The music hall is occupied by the main business of musical performances most nights of the week. There is also a 175-seat restaurant and bar as well as a garden with seating for 100 people. Musical entertainment is often part of an event rental, either as a regularly scheduled performance or an ad hoc one.
- *Tipitina's*. The Tipitina organization controls three establishments, two of which cater primarily to special events. The organization started as a music room (the Uptown Club) in the Uptown area of New Orleans, where patronage is mostly local, and this operation still continues. In addition, there is a Tipitina's event venue in the French Quarter near the aquarium, and another next to the convention center. Tipitina's/French Quarter has two floors totaling 9,500 square feet of space to accommodate up to 950 people reception-style. Management says it is equipped to handle all of a client's needs with décor, catering and entertainment packages. The upstairs room has pine floors, 15-foot ceilings and a view of the Mississippi River. The downstairs room offers entertainment of a client's choice on a stage, complete with lights and full sound system. The venue next to the convention center occupies the site of a former warehouse, and is known as Tipitina's/The Ruins. Roughly half is a building shell, largely unfurnished except for a stage, and the remainder is an open courtyard with a view of the stage. (The facility is used occasionally for concerts, and management claims it has a capacity of 3,000-5,000 spectators.) When is rented for a corporate event, furnishings and décor are brought in and entertainment and catering are provided.) The area under roof is 30,000 square feet. ExxonMobil used it for a "Cajun Fest" event to entertain its On the Run franchisee dealers (with Cyril Neville as the entertainer), and Oracle Corporation used the Tipitina organization for four events in one week, with at least one of those at The Ruins.

Conversations with local contacts indicated that larger events are in the minority. For this reason, it will be important to strongly market to small to mid-size groups, though options should be made available for large groups. Please see the following for information regarding larger events in New Orleans:

- Generally, the Aquarium holds about 6 large functions (2,000+), but the number has dropped to three in recent years. Events now are typically smaller and have lower per capita revenues. Hotels also have been more aggressive in capturing small-mid-size events. The average group size is 300 to 500, which just about every venue in New Orleans can accommodate. About two times per month the aquarium holds two events on the same night. In 2003, the Aquarium hosted 109 events for a total of 33,000 people. Three of these events had 2,000+ people.
- The Contemporary Art Center (CAC) hosts between 30 and 38 events annually, of which about 5 are sit-down banquets. Their largest group in the recent past was Microsoft, which had a 4,000-person event. The average is about 500 people, but in 2003, there were five events with more than 5,000 people and three over 2,000. Technology and medical oriented groups tend to be more likely to rent the art center space. However, staff has noticed a trend for more last-minute event

planning and tighter budgets on the part of groups. They do some extent host incentive receptions, in which case event budgets are more robust.

- A local Designated Meeting Coordinator (DMC) estimated about 30 large events (5,000 to 10,000 people) and another 30 or so events in the 2,000 to 5,000 person range in New Orleans on an annual basis. The DMC did not believe that the expansion of the convention center will impact the number of events in these size ranges. The DMC identified the following venues as able to handle events 2,000 to about 10,000. Some of these are able to accommodate these larger groups by incorporating both indoor and outdoor space.
 - Superdome
 - Arena
 - Ruins
 - CAC
 - NO Fairgrounds
 - Municipal Auditorium
 - Zoo
 - City Park
 - Spanish Plaza
 - Aquarium

The concept of catering to smaller events is further exemplified by a trend in decreasing size of events for both convention center and non-convention center bookings until 2004, where there was a substantial increase in group size from other bookings as well as an increase in group size over 2003 for MCC bookings. See the following table for details.

Table 12. NOMCVB and Select Hotel Bookings

	Morial Convention Center			Other NOMCVB and Hotel Bookings		
	Number of Attendees	Number of Events	Average # of Attendees Per Event	Number of Attendees	Number of Events	Average # of Attendees Per Event
2001	692,522	109	6,353	696,926	1,691	412
2002	593,803	85	6,986	692,543	1,716	404
2003	545,509	103	5,296	673,088	2,172	310
2004	523,161	93	5,625	730,687	1,206	606

Source: NOMCVB, Morial Convention Center, Economics Research Associates

With the expansion of MCC (Please see Appendix for details), there will be an estimated 280,000 additional visitors. MCC believes that there will be an increase in the number of shows once the expansion opens. While this scenario would ultimately increase demand for off-site events, the impact to LME will be modest because of the significant supply of off-site event space for medium-sized groups that currently exists in the market. (Here again, the impact is contingent on the authorization and implementation of the Phase IV.)

Between 2000 and 2003, the D Day Museum had an average of about 45 event days that used either the entire museum or the Pavilion space. Other cultural attractions like the Contemporary Arts Center and the Louisiana State Museum host between 20 and 40 events annually. The Aquarium has over 100 events annually, some smaller and some larger. ERA analyzed the number of Convention Center, CVB, and select hotel bookings. Assuming that convention center groups have 1.5 off-site rental events and other bookings have 1 off-site rental event, on average, and that LME captures between two to three percent of the market, there are an estimated 3 events per month to be hosted by LME. ERA also assumes that the

outdoor rooftop event space will be particularly popular with the local market, generating an additional event per month, on average.

Based on our national experience with museums and many types of event spaces and venues, ERA believes that the attraction has the ability to generate about six+ events per month, or 80 events per year. With an average of 275 people per event, this equates to an additional 22,000 people attributed to the events business. ERA anticipates the museum will have a higher number of museum events in the first couple of years, then will stabilize at the fore-mentioned number. This estimate assumes the following:

- There is an extensive and expanded marketing program to convention and corporate meeting planners.
- It is dependent on LME's flexibility in space arrangement with regard to rental fees (i.e. having various space packages that include theatre-only, rooftop only, Louisiana Hall of Fame event space, or other combination, up to entire facility rental).
- The rooftop space is available for day events during appropriate seasons.
- Most events are reception-style because they are used as networking events. If LME can create a unique experience for an event that highlights the unique character and mission of the facility (e.g. live music, perhaps a brief discussion on Louisiana music during event) while leaving a fair portion of the event open for mingling, event planners will respond well.

Theater Venue

The following discussion outlines ERA's analysis of operation for the proposed 1,200-capacity theater venue space.

Local Market

New Orleans' highly competitive music scene offers a wide variety of music experiences from local acts at bars to Vegas-style experiences like the Earl Turner Live show at Harrah's Casino and everything in between. New Orleans is a logical location for the Louisiana Music Experience because of the city's historical significance in the world of music (like jazz) as well as a cultural icon for the whole of Louisiana. However, because there is already so much music offered – much for a relatively cheap price (\$5 to \$10), it will be extremely important for LME to:

- Have an experienced professional manager for the theater space
- Have knowledgeable and experienced talent buyers to schedule events at the facility to bring in artists that will generate resident and visitor interest
- Actively and aggressively advertise and market events so *both* residents and visitors are aware of LME's musical offerings. This will be a particularly unique challenge because visitors will likely not be aware of event offerings until they reach New Orleans for their visit.
- It is anticipated that NOJO events will also be actively and aggressively marketed, which would include subscription series and other repeat visit incentives – particularly among the resident population.
- ERA assumes that the proposed rehearsal space will be offered to touring artists requiring rehearsal time in lieu of the theater space so theater programming during the day is not disrupted.

ERA profiles select local venues – these venues were selected because of their facility size, music offerings, or location.

House of Blues - Established in 1994, this is primarily an indoor concert venue with ancillary facilities, located in the French Quarter about two blocks from the aquarium. In addition to its regular music

business, it conducts a special-events business directed towards private corporate and social events from 50 to 2,000 guests. Two of the main spaces in the complex include the music hall, with a reception capacity of 1,000, and The Parish, a 5,000-square-foot space dedicated to special events (reception capacity of 250; seated dinner capacity of 100.) The Parish takes its inspiration from a cathedral in Essex, England, and features stained glass and hand-painted murals. The music hall is occupied by the main business of musical performances most nights of the week. There is also a 175-seat restaurant and bar as well as a garden with seating for 100 people. Musical entertainment is often part of an event rental, either as a regularly scheduled performance or an ad hoc one.

Howlin' Wolf - This 1,000-capacity music club in the Warehouse District present a mix of local and national Rock, Funk, Alternative, Blues, Jazz, Zydeco, and roots music. Since opening in 1991 (the club was previously located in Fat City from 1988 until 1991), the new Howlin' Wolf expanded even further, knocking out side walls and cutting away the ceiling to add a second-floor balcony. It has an established weekly Thursday Jazz Night, in addition to the Monday acoustic open-mike night and tries to focus bookings on both local and national artists.

Saenger Theatre – The Saenger Theatre is across the street from the proposed LME site. The 4,000-seat movie palace first opened in 1927 and has been operated in various capacities over the years. The Saenger Theatre re-opened in 1980 as a performing arts center with a revised seating capacity of 2,800 and provides theatrical, musical, and performing arts entertainment. Rental of the space for ticketed events is \$3,000 per performance or 10% of Gross and \$2,000 per day for Load-In/Rehearsal.

Tipitina's Uptown - Tipitina's began as a neighborhood juke joint, established in 1977, by a group of young music fans (The Fabulous Fo'teen) to provide a place for New Orleanian musician Professor Longhair to perform in his final years. The venue was named for one of Longhair's recordings, "Tipitina." The venue has expanded from a small, neighborhood bar into a two-story, 1,000 capacity music venue located at the corner of Napoleon and Tchoupitoulas.

A sample of events at these select venues is provided in the following table:

Table 13. Sample Events At Each Venue

House of Blues	Howlin' Wolf	Saenger Theatre	Tipitina's Uptown
Susan Tedeschi	Pleasure Club	Michael Flatley's "Lord Of The Dance"	funky Meters
Galactic	Howie Day	Trans-Siberian Orchestra	The Neville Brothers
funky Meters	Foo Fighters	Lyle Lovett	The Radiators
Martin Sexton	Cowboy Mouth	The Greyboy Allstars	Garage A Trois
The Fantastic Four	Ozomatli	David Bowie	"Festival"
Trio	Death Cab For Cutie	Al Green	North Mississippi Allstars
Theresa Andersson	Ben Kweller/Death Cab For Cutie	Lewis Black	Marcia Ball
The Neville Brothers	"MTV2 Headbangers Ball"	David Copperfield	Dr. John
Billy Idol	Particle	Mike Epps	The Dirty Dozen Brass Band
Chevelle	Drowning Pool	Sting	Galactic

Source: Pollstar

The average capacity sold at these venues for *select* events ranged between about 60% and 75%. ERA believes that actual capacity sold is lower on an annual basis. Average ticket prices at the Saenger Theatre vary considerably because events include theatrical and performing arts entertainment. The other three venues had an average ticket price between \$20 and \$25 for select events. See the following table for details.

Table 14. Select New Orleans Venues

Category	House of Blues	Howlin' Wolf	Saenger Theatre	Tipitina's Uptown
Select Shows:	483	20	45	77
Capacity	1,000	1,000	2,736	1,000
Average Tickets Sold:	569	776	2,478	800
Average Capacity Sold:	62%	77%	74%	74%
Average Ticket Price	\$24.65	\$17.88	\$44.65	\$21.61

Source: Pollstar

Aside from the more typical music venues, some of New Orleans' museums also offer music events or series, which would compete with LME to a certain extent. For example, the Ogden Museum of Art has a free event called Ogden after Hours from 6pm to 8pm. They present live music in atrium on Wednesday evenings. These events have educational components to them – for example, a musicologist may interview the musicians beforehand. This program has reportedly been popular, averaging 200 people per night. The museum now offers a compilation of music from musicians that have played at these events as a gift to members. The Contemporary Arts Center of New Orleans (CACNO) has a jazz program that is supported by Jazz Net and NEA Jazz Masters on Tour, a national jazz touring initiative sponsored by the National Endowment for the Arts in partnership with the Doris Duke Charitable Foundation. This is also reportedly a popular series – they offer three to six of these shows annually in their 200-seat event space. Most of these events sell out and range between \$15 and \$25. NOMA also offers evening music events.

Based on a discussion with NOJO staff, it is anticipated that NOJO will perform 30 to 40 events annually. With an average occupancy rate of 60%, this equates to over 24,000 additional visitors to the attraction. For the purposes of this report, we assume there will be an average of 50 concert events (other than NOJO) on an annual basis. With an average occupancy rate of 50%, this equates to an additional 30,000 visitors to the attraction. Please see the financial section for additional assumptions regarding the theater space.

Attendance Projections

ERA estimates that LME will be able to capture between 2.5% and 2.8 % of the visitor market at stabilization, and 5.8% and 6.0% of the resident market, defined as the New Orleans metro area. Given a visitor market of 11.8 million and a resident market of 1.4 million for the stabilized operating year (2010), LME can expect an annual general admission attendance of a little over 420,000 visitors—based on projected visitor and population data. These projections are based on a full ticket price of approximately \$17, which includes a live music experience, with aggressive school group discounted tickets around \$5. The guiding logic behind these estimates is explained in the following sections concerning attendance.

The visitor to total admissions ratio for most entertainment attractions' first year is often below the stabilized ratio, since residents express greater interest in a new local entertainment option in its early years. Consequently, it is likely that LME will experience higher overall capture rates (particularly higher residential capture rates in initial years) because of the novelty associated with the grand opening of an attraction. Therefore, ERA believes it is reasonable to project that the first year of operation will reflect a higher resident to total admissions ratio and higher capture rates for both resident and visitor markets, generating between 510,00 and 540,000 general admission guests during LME's first full year of operation.

General Conclusions about LME

ERA has formed the following general parameters regarding how LME can be expected to perform compared to other local and national attractions. These arguments, and their corresponding conclusions, frame how well ERA projects LME will be able to capture its visitor market and its resident market vis-à-vis the comparable developments.

1. LME will do a better job capturing the visitor market than the IMAX theatre. The LME is a unique attraction, while there are IMAX theatres throughout the United States.
2. LME will not be able to capture as much of the visitor and resident markets as the Aquarium of the Americas. The Aquarium is priced competitively but it has a national reputation for displaying some of the most fascinating aquatic life forms known. It is also in a prime location for attracting tourists.
3. The LME will not be able to capture the resident market as well as the Aquarium of the Americas or the IMAX theatre. Both run very aggressive school field trip admission discounts (\$3.25 for the Aquarium and \$3.50 for the IMAX.) The Aquarium is especially attractive for families and school groups because it is very obviously "educational" whereas LME may not be an educational destination in the eyes of some families and teachers. Nonetheless, we expect a notable number of guests to come from the resident market, dictating a need for a repeatable experience (particularly with the live music component) and the ability to draw from the school-age market. ERA attendance projections assume an aggressive discounting program for school groups. Notably, EMP charges \$5 for school groups.
4. LME is not likely to be as successful as Elvis Presley's Graceland in terms of capturing its respective visitor market. There are fewer competing attractions for visitors in Memphis compared to New Orleans. Moreover, Graceland and Memphis have a shared

identity in the eyes of most visitors that will be difficult to duplicate in New Orleans with LME.

5. LME is likely to do better than Elvis Presley’s Graceland regarding residential capture rates. LME may be able to entice repeat visits by residents if a personalized, high-quality, souvenir product as well as live music offerings are “worth the price of admission” to some guests.
6. LME will be slightly lower compared to the Experience Music Project (EMP) in Seattle in terms of visitor market capture rate (EMP’s visitor capture rate is about 2.8% of the visitor market). EMP and LME are similar in terms of creating a high-tech, interactive and unique musical experience. However, LME is competing with far more attractions than EMP so the overall market capture will be smaller.
7. LME will be able to capture visitors at a lower rate than the Rock & Roll Hall of Fame (Rock Hall) in Cleveland (Rock Hall’s visitor capture rate is about 4.8%). Though the high-tech, interactive concept and live music components at LME will produce an experience that is “a cut above” the memorabilia approach at Rock Hall, the genres of Louisiana music are coveted by a more niche market than rock and roll music. This is exemplified by survey results from the 2002 Survey of Public Participation in the Arts (National Endowment for the Arts), which identified rock/oldies as the type of music most Americans preferred (almost 50% of American adults) as opposed to Jazz, for example, which is preferred by less than a third of American adults. Again, New Orleans also has a considerable number of attractions compared to Cleveland, so LME’s overall market capture will be smaller.
8. The Country Music Hall of Fame has a loyal, but rather limited target audience. We expect LME to appeal to a niche market as well. A similar visitor market capture rate is anticipated for LME as the Country Music Hall (County Music’s capture rate is about 2.6%), but a higher resident penetration rate is estimated because it is anticipated that residents will be interested in the live music experiences that LME will offer as well as want to bring friends and family to LME to “get a flavor” of Louisiana music at one place.
9. If LME takes certain measures to target the local resident market, ERA projects that it can outperform both Rock Hall and EMP in terms of capturing its resident market. But it will be a challenge requiring clever marketing and reinvestment in exhibits to attract repeat visitation as well as new visitation from the local market.

The following measures are suggested for consideration in the event that LME decides to aggressively target the local resident market, as ERA’s attendance projections assume.

- Aggressive admission discounts to school groups—on the order of \$4 to \$6—even if these tickets have restricted hours and access.
- An image campaign to convince parents and teachers of the educational and research value of LME.
- A personalized, high-quality, souvenir product for full paying guests. An example might be a customized compact disc with a personalized cover and song list or similar product offering for digital music.
- Free or inexpensive parking in an area perceived to be secure - Although tourists may be prepared to pay for parking, residents will be aware of many other entertainment and cultural

options in the area that offer free or inexpensive parking. This is particularly important considering that the area of town in which the proposed site is located has a negative impression – particularly with New Orleans metro residents, regarding security issues.

Financial Assumptions

The spreadsheet analysis reflects a reasonable expectation for financial performance for LME at the proposed location. The following are ERA's key assumptions that contributed to this analysis. ERA assumes that revenues increase at a rate of 1.5% and expenses at a rate of 2.0% annually in the analysis. Note that this analysis does not include pre-marketing costs (including staff training, etc.) ERA believes that additional reinvestment in exhibit spaces will necessary to be fresh and new to visitors – these investments would be in addition to the following proposed costs.

Concept and Size:

- Sizing of the facility was based on current concept plans provided by Entertainment Realty, LLC. The total size is approximately 100,000 square feet.
- LME will be located in downtown New Orleans, in the current State Palace Theatre space at the corner of Rampart and Canal Streets.
- This is an interactive, high-tech music museum experience that will immerse guests in the history of Louisiana and New Orleans music, educate them about the role this music played in the development of music in America, and surround them with the spectacle of world-famous Louisiana-based music celebrities.
- There will be live daily entertainment and planned concerts during attraction hours that celebrates Louisiana's rich musical heritage and spotlights several indigenous musical genres, including Jazz, Cajun/Zydeco, Gospel, and Blues.
- There will be a restaurant similar to Mulates – a mid-priced restaurant that further immerses the visitor in the “Louisiana” and “New Orleans” experience with foods indigenous to the area. This restaurant would also serve downtown workers near Canal Street.
- Retail space will offer a variety of multimedia to the visitor, including the ability to download music from the database and digital archives available at the Digital Media Center or perhaps join an online membership for off-site sales.
- A 1,200-capacity theater will also serve as a venue for touring live music concerts, corporate/convention parties and broadcast events in the evening. The theater will become the new home of the New Orleans Jazz Orchestra (NOJO). NOJO will coordinate the educational programming of the theater throughout the day, which includes interactive live concerts featuring the various genres of Louisiana music - Jazz, Cajun/Zydeco, Gospel, and Blues. NOJO's management plans to run two different “edutainment” programs throughout the day primarily focusing on the art of jazz.
- Functions and events space for receptions. Function space includes the 1,200-capacity theater, a 5,000 SF indoor event space, and a 5,000 SF rooftop garden.
- Studio space for a public jazz and heritage radio station on the street-level of the building.

Pricing and Attendance:

- Full price admission will be \$17 (2005 dollars). ERA assumes that the admission price will include a live music performance offered during the day. The average discounted ticket price reflects an average yield of about \$14 in 2007 from adult, discounted and children's ticket prices.
- Significant discounts are anticipated for school groups. Although the experience may be limited and schedules will be at the discretion of the attraction managers, suggested admission prices for these groups is in the range of \$4 to \$6 per student.
- Attendance is expected to spike in the first year – the honeymoon year – and settle into the forecast level of attendance by the third year, with some modest growth annually thereafter due to modest growth expected in the resident and tourist markets.
- An additional 75,000+ visitors are estimated for those coming to NOJO events, other concert events in the theater space, as well as rental events. It is anticipated that there will be a bump in NOJO events and rental events in the first year of operation of 15% to 20%.
- Total attendance, including general admission and additional events, will be around 500,000 in stabilized years.

Merchandise:

- Retail sales are shown on a per capita basis, reflecting sales at LME's gift store. The figure assumes that some sales will be derived from walk-in customers who do not pay to visit the attraction. We assume the store size will be 2,250 square feet.
- Guests will have the opportunity to research and purchase music as a digital download at stations in the Digital Media Center and other interactive stations throughout the attraction. This enhanced experience is considered part of the retail mix for the purposes of this report's financial analysis.
- Retail revenue is expected to be approximately \$5 per capita. This assumption is based on the relatively large size of the proposed retail space as well as Digital Media Center with music stations and the expectation that the retail store will offer a full array of high-end merchandise and includes the enhanced experience.
- Retail Cost of Goods Sold will be expressed as a percentage (approximately 35%) of retail sales. This expense level is generally consistent with industry standards. However, COGS may change depending on the technology available for the interactive purchasing stations.

Food and Beverages:

- ERA estimates that 25% of total restaurant sales will come from walk-in customers. Because the proposed site is further away from the central tourist area, it will be important to promote the restaurant to downtown businesses and other nearby work populations like the Medical District as well as growing residential populations (like the condominium units that will be constructed at the Krauss & Woolworth department store sites).
- We assume the development of a mid-scale restaurant serving food indigenous to the local area with a full liquor menu. Assumptions are based on total restaurant size of 3,250 square feet.

- The average check per person is expected to be roughly \$10. ERA took into consideration that there is a wide variety of food options in New Orleans (i.e. significant competition), particularly for the tourist market.
- 25 percent of total LME general admission visitors are anticipated to eat at the restaurant.
- Costs of Good Sold (COGS) for food and beverages will be consistent with industry standards for comparable attractions, estimated at about 35% of total sales
- ERA assumes that alcoholic beverages will be served at the restaurant as well as rental and theater events concessions.

Catered Events and Private Parties:

- Sales from evening rentals and catering will draw from the existing and growing convention market as well as local (SMERF) and corporate groups.
- ERA assumes at least 80 event nights annually, with an average of 275 people per event.
- ERA recommends targeting groups of 100 to 500 people, since a majority of group events fall within this range. An emphasis on out of town groups will help to keep per capita revenue higher than we would expect for local groups.
- Average spending is estimated to be approximately \$50 per capita (2005 dollars), including food and beverage charges and room rentals. ERA assumes that the proposed restaurant will offer “heavy” hors d’oeuvres for events, but that the attraction operator will also work with outside caterers.
- It is anticipated that there will be a bump in rental events in the first year of operation of 20%, for a total of over 26,000 rental event visits in the first year and 22,000 in stabilized years.

Theatre Revenues

- It is anticipated that NOJO will split concert revenues with the attraction operator. There is an average of 34 NOJO events per year, with an average occupancy of 60% of the 1,200 capacity venue and an average discounted ticket price of \$28 (2005 dollars).
- ERA estimates that there will be an additional 50 music/concert events at the theatre with an average occupancy of 50% of total capacity and an average discounted ticket price of \$20 (2005 dollars).
- Visitors to the theatre for non-NOJO events would spend \$3 per capita on retail and the theatre would receive 20% of the total merchandise sales.
- Visitors to the theatre for NOJO and other concert events would spend \$6 per capita on concessions.

Sponsorship revenues

Sponsorship revenues are expected and the forecasts are estimated based on industry and local input. ERA does not include naming rights to the theater in the sponsorship total because it is anticipated that NOJO will retain those rights. Estimated sponsorship totals about \$1 million annually over the 10-year period of analysis.

Operating Costs

- General operating costs reflect the fact that LME will be a high-tech attraction with visitors establishing their own schedules and personalized entertainment experiences. Most categories are expressed as a percentage of revenue, cost per square foot, or cost per event. Cost estimates are as follows:

General Attraction

Wages & Benefits	Percent of Total Revenues		40%
Management Fee	Percent of Total Revenues		3%
Legal & Accounting	Percent of Total Revenues		2%
Marketing & Promotion	Stable Year % Total Rev		10%
Repairs and Maintenance	Per Square Foot	\$	4.00
Utilities	Per Square Foot	\$	2.50
Cost of Sponsorships	(% of category)		15%
Supplies	Percent of Total Revenues		3%
Insurance	Percent of Total Revenues		2%
Capital Expenditures	Percent of Total Revenues		5%
Other	Percent of Total Revenues		2%

Theater

Concessions COGS (% of category revenue)		35%
Operating Concessions (% of category rev.)		33%
Wages & Benefits (% of non-conc revenue)		20%
Cleaning (Rentals at \$X per show)		\$400
Security (Rentals at \$X per show)		\$1,000
Outside Services (Rentals at \$X per show)		\$1,500
Advertising (% of event admission/rental revenue)		15%
Repair, Maintenance & Utility (% of total rev.)		6%
Supplies (% of total revenue)		5%
Insurance (% of total revenue)		1%
Other Expenses (% of total revenue)		2%

LME Financials											
CASH FLOW ANALYSIS											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Revenue											
Admissions											
General Attendance	527,000	504,000	444,000	428,000	423,000	418,000	429,000	423,000	417,000	428,000	
NOJO Events # of Visitors	28,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	
Other Concert Events # of Visitors	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
Rental Events # of Visitors	26,000	24,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	
<i>Total Admissions</i>	612,000	583,000	520,000	504,000	500,000	495,000	505,000	500,000	494,000	504,000	
General Admissions Revenue	\$7,384,000	\$7,170,000	\$6,407,000	\$6,266,000	\$6,294,000	\$6,314,000	\$6,569,000	\$6,582,000	\$6,584,000	\$6,850,000	
Retail Revenue - General Admissions	\$2,715,000	\$2,636,000	\$2,356,000	\$2,304,000	\$2,314,000	\$2,322,000	\$2,415,000	\$2,420,000	\$2,421,000	\$2,518,000	
Food Service											
LME Restaurant Visitor Sales	\$1,357,000	\$1,318,000	\$1,178,000	\$1,152,000	\$1,157,000	\$1,161,000	\$1,208,000	\$1,210,000	\$1,210,000	\$1,259,000	
Non-LME Restaurant Visitor Sales	\$452,000	\$439,000	\$393,000	\$384,000	\$386,000	\$387,000	\$403,000	\$403,000	\$403,000	\$420,000	
Evening Rentals & Catering (+ Space)	\$1,362,000	\$1,268,000	\$1,170,000	\$1,187,000	\$1,205,000	\$1,223,000	\$1,241,000	\$1,260,000	\$1,279,000	\$1,298,000	
<i>Total Food Service Revenue</i>	\$3,172,000	\$3,025,000	\$2,740,000	\$2,723,000	\$2,748,000	\$2,771,000	\$2,852,000	\$2,873,000	\$2,893,000	\$2,977,000	
Cost of Good Sold											
Retail Expenses	\$950,000	\$923,000	\$824,000	\$806,000	\$810,000	\$813,000	\$845,000	\$847,000	\$847,000	\$881,000	
F&B Restaurant Expenses	\$633,000	\$615,000	\$550,000	\$538,000	\$540,000	\$542,000	\$564,000	\$565,000	\$565,000	\$588,000	
Rentals & Catering Expenses	\$477,000	\$444,000	\$409,000	\$416,000	\$422,000	\$428,000	\$434,000	\$441,000	\$448,000	\$454,000	
<i>Total COGS</i>	\$2,060,000	\$1,981,000	\$1,783,000	\$1,759,000	\$1,772,000	\$1,782,000	\$1,843,000	\$1,852,000	\$1,860,000	\$1,923,000	
Sponsorships	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	
Total Revenue (Less Sponsorship)	\$11,210,000	\$10,849,000	\$9,719,000	\$9,533,000	\$9,584,000	\$9,624,000	\$9,993,000	\$10,022,000	\$10,037,000	\$10,422,000	
Total Revenue (Including Sponsorship)	\$12,210,000	\$11,849,000	\$10,719,000	\$10,533,000	\$10,584,000	\$10,624,000	\$10,993,000	\$11,022,000	\$11,037,000	\$11,422,000	
Expenses											
Overall Operating Expenses											
Wages & Benefits	\$4,484,000	\$4,340,000	\$3,888,000	\$3,813,000	\$3,834,000	\$3,850,000	\$3,997,000	\$4,009,000	\$4,015,000	\$4,169,000	
Management Fee	\$336,000	\$325,000	\$292,000	\$286,000	\$288,000	\$289,000	\$300,000	\$301,000	\$301,000	\$313,000	
Legal & Accounting	\$224,000	\$217,000	\$194,000	\$191,000	\$192,000	\$192,000	\$200,000	\$200,000	\$201,000	\$208,000	
Marketing & Promotion	\$1,681,000	\$1,065,000	\$972,000	\$953,000	\$958,000	\$962,000	\$999,000	\$1,002,000	\$1,004,000	\$1,042,000	
Repairs and Maintenance	\$416,000	\$424,000	\$433,000	\$442,000	\$450,000	\$459,000	\$469,000	\$478,000	\$488,000	\$497,000	
Utilities	\$260,000	\$265,000	\$271,000	\$276,000	\$282,000	\$287,000	\$293,000	\$299,000	\$305,000	\$311,000	
Cost of Sponsorships	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	
Supplies	\$336,000	\$325,000	\$292,000	\$286,000	\$288,000	\$289,000	\$300,000	\$301,000	\$301,000	\$313,000	
Insurance	\$224,000	\$217,000	\$194,000	\$191,000	\$192,000	\$192,000	\$200,000	\$200,000	\$201,000	\$208,000	
Capital Expenditures	\$560,000	\$542,000	\$486,000	\$477,000	\$479,000	\$481,000	\$500,000	\$501,000	\$502,000	\$521,000	
Other	\$224,000	\$217,000	\$194,000	\$191,000	\$192,000	\$192,000	\$200,000	\$200,000	\$201,000	\$208,000	
Total Expenses*	\$8,897,000	\$8,109,000	\$7,365,000	\$7,255,000	\$7,304,000	\$7,345,000	\$7,607,000	\$7,641,000	\$7,667,000	\$7,941,000	
Operating Income	\$3,313,000	\$3,740,000	\$3,354,000	\$3,278,000	\$3,281,000	\$3,279,000	\$3,386,000	\$3,380,000	\$3,370,000	\$3,481,000	
Net From Theater	\$256,000	\$243,000	\$246,000	\$242,000	\$245,000	\$248,000	\$252,000	\$255,000	\$258,000	\$262,000	
Net Operating Income (LME & Theater)	\$3,568,000	\$3,983,000	\$3,599,000	\$3,520,000	\$3,526,000	\$3,528,000	\$3,638,000	\$3,636,000	\$3,629,000	\$3,743,000	
* Property Taxes Not Included.											

LME Financials										
THEATRE CASH FLOW ANALYSIS										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue										
Annual Theatre Revenue From Events (NOJO and Others)	687,878	665,543	675,526	685,659	695,944	706,383	716,979	727,733	738,649	749,729
Concessions/Lounge F&B	336,760	341,811	346,939	352,143	357,425	362,786	368,228	373,751	379,358	385,048
Merchandise	18,544	18,822	19,105	19,391	19,682	19,977	20,277	20,581	20,890	21,203
Total Revenue	1,043,182	1,026,176	1,041,569	1,057,193	1,073,051	1,089,146	1,105,483	1,122,066	1,138,897	1,155,980
Expenses										
Concessions COGS (% of category revenue)	117,866	119,634	121,428	123,250	125,099	126,975	128,880	130,813	132,775	134,767
Operating Concessions (% of category rev.)	111,131	112,798	114,490	116,207	117,950	119,719	121,515	123,338	125,188	127,066
Wages & Benefits (% of non-conc revenue)	141,284	136,873	138,926	141,010	143,125	145,272	147,451	149,663	151,908	154,186
Cleaning (Rentals at \$X per show)	27,610	28,024	28,445	28,871	29,304	29,744	30,190	30,643	31,102	31,569
Security (Rentals at \$X per show)	69,025	70,060	71,111	72,178	73,261	74,360	75,475	76,607	77,756	78,923
Outside Services (Rentals at \$X per show)	78,030	79,591	81,182	82,806	84,462	86,151	87,874	89,632	91,425	93,253
Advertising (% of ticket revenue)	96,421	92,969	94,364	102,849	104,392	105,957	107,547	109,160	110,797	112,459
Repair, Maintenance & Utility (% of total rev.)	62,591	61,571	62,494	63,432	64,383	65,349	66,329	67,324	68,334	69,359
Supplies (% of total revenue)	52,159	51,309	52,078	52,860	53,653	54,457	55,274	56,103	56,945	57,799
Insurance (% of total revenue)	10,432	10,262	10,416	10,572	10,731	10,891	11,055	11,221	11,389	11,560
Other Expenses (% of total revenue)	20,864	20,524	20,831	21,144	21,461	21,783	22,110	22,441	22,778	23,120
Total Expenses	787,413	783,614	795,766	815,178	827,820	840,659	853,700	866,945	880,397	894,060
Net Operating Income Theatre	255,769	242,563	245,803	242,015	245,231	248,487	251,783	255,121	258,499	261,920
* Property Taxes Not Included. The Parish Assessor's Office indicated a property tax rate of 0.16969% on land and improvements.										

Economic Impact

Annual, ongoing impacts are those derived from the continuing operations of a commercial enterprise. The proposed facility would employ workers, make purchases from local vendors, and a share of revenue would be subject to local, state, and federal taxation. This section estimates the size of such benefits.

The approach analyzes key impacts, including:

- Full-time equivalent (FTE) jobs and wages
- Fiscal impacts, particularly income taxes on wages, retail and F&B taxes.
- Secondary impacts largely created by new tourism and visitors' related expenditures while in New Orleans
- The ripple / multiplier effect of direct spending, including jobs and wages supported across the state

Direct and Fiscal Impacts

Direct economic impacts result from direct operational expenditures generated by LME for labor and materials. ERA focuses on employment and earnings for direct economic impacts. The following table shows the estimated total wages, number of employees, and total income taxes for LME in the 10-year period. Total income taxes collected over this period are estimated to be almost \$1 million. ERA assumes that wages account for about 90% of the total wages and benefits figure.

Table 15. Direct and Fiscal Impacts - Employment

Category	10-Year Period
Total Wages	\$38,733,000
# of FTE Employees (Stabilization)	92
Income Taxes Collected	\$968,000

Source: Economics Research Associates

Fiscal impacts are those that impact the State of Louisiana and the local New Orleans area – particularly regarding estimated income taxes collected as well as sales tax from retail and food expenditures at the attraction. It is important to note that revenue and expense inflation was taken into account over the 10-year period. There is a 9% tax on retail sales in New Orleans that is disbursed to Orleans Parish (5%) and the State of Louisiana (4%). Of the 4% that goes to the State, 0.03% goes to the Louisiana Tourism Promotion District. There is also 0.5% sales tax for restaurants between \$200,000 and \$500,000 or 0.75% for restaurant sales over \$500,000 called the Exhibition Hall Authority Dining Tax. The restaurant is anticipated to have annual sales over \$500,000, so the 0.75% tax would take effect. Total F&B and retail taxes are estimated to be over \$5.3 million in the 10-year period. The following table shows the estimated fiscal impacts from estimated retail and food and beverage sales at LME in the 10-year period.

Table 16. Fiscal Impacts – Retail and F&B

Category	10-Year Period
Retail Sales Taxes	\$2,216,000
Food Sales Taxes	\$3,157,000
Food and Retail Tax Breakout	
Orleans Parish	\$2,850,000
Louisiana	\$2,272,000
Louisiana Tourism Promotion District	\$7,000
Exhibition Hall Authority Dining Tax	\$243,000
Total F&B and Retail Taxes	\$5,372,000

Source: Economics Research Associates

Secondary Impacts

Secondary impacts are estimated to determine the impact of LME visitors, particularly those that are visiting New Orleans primarily to see LME and whose subsequent visitor related expenditures (lodging, food, retail, etc.) can be attributed to LME drawing new visitors to New Orleans.

To estimate secondary impacts, ERA estimated the percent of LME visitor admissions likely to be visiting New Orleans primarily to see LME. This estimate is based on ERA's knowledge of other local attractions, New Orleans visitor characteristics, as well as other music-oriented competition in New Orleans. An estimated 5% of LME visitor admissions fit into this category – in stabilized years this accounts for about 17,000 of LME's annual admissions.

ERA then estimated visitor related expenditures based on expenditure data provided by the New Orleans Area Visitor Profile generated by the Hospitality Research Center in the College of Business Administration at the University of New Orleans. Applying expenditures per visitor for hotel rooms, restaurants, bars & nightclubs, local transportation, entertainment/recreation, and shopping (assuming an inflation rate of 1% annually), there is an estimated total impact of over \$89 million in expenditures by this select set of visitors over these categories in the 10-year period of analysis. Please see the following table for details.

Table 17. Secondary Impacts - New Orleans Visitors with Primary Visit to LME

Category	10-Year Period
Hotel Rooms	\$22,481,000
Restaurants	\$33,785,000
Bars & Nightclubs	\$6,265,000
Local Transportation	\$3,695,000
Entertainment/Recreation	\$7,848,000
Shopping	\$17,754,000
Total Expenditures	\$89,820,000

Source: Economics Research Associates

Multiplier/Ripple Impacts

The aforementioned direct impacts generated by LME support additional jobs and wages across the local area, otherwise known as indirect, ripple or multiplier economic impacts. While somewhat more difficult to quantify than the direct jobs, wages, and retail sales previously defined, the indirect impacts are just as real and important. LME employees spend their income across the New Orleans metro area for homes,

food, cars, merchandise, entertainment, etc. The local businesses and their employees that provide ongoing services and material to LME will do the same. Construction projects funded by LME also create multiplier impacts. Operating expenditures, including costs of goods for retail, F&B, and supplies, as well as expenditures for professional services like marketing and accounting, also impact the local economy by supporting jobs and businesses. Local impacts from operating expenditures are dependent on the operating structure of the facility (i.e. where its supplies are coming from). ERA estimates that these expenditures will result in local and state economic impact but are not calculable until the operating entity is further defined.

The increased economic activity will generate a range of new jobs and wages throughout the area (i.e. business expansion, housing, retail, services, etc.). As a result, wages that LME supports are spent and re-spent in the local economy, gradually evolving out of the region to outside suppliers, taxing entities, etc. Depending upon the size of the local market, the U.S. Department of Commerce provides estimates as to what direct wages and purchases could generate in subsequent multiplier impacts in the local economy.

ERA estimated the ripple impacts associated with the employment at LME. With an estimated 92 Full-time Equivalent (FTE) jobs in stabilized years, an additional 51 FTE jobs could be supported in the area with estimated earnings of almost \$3 million.

ERA also estimated the ripple impacts associated with the construction of the facility using the U.S. Department of Commerce multiplier estimates as follows:

- Construction could result in the creation of 377 direct FTE jobs and an estimated \$27 million in earnings.
- These construction jobs could indirectly create another 368 FTE jobs and an estimated \$22 million in earnings because of construction employees' consumer expenditures across the area.
- The purchase of materials for construction could indirectly generate over 400 FTE jobs with estimated earnings of over \$12 million.

Appendix

General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible, and they are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent, and representatives or any other data source used in preparing or presenting this study. No warranty or representation is made by Economics Research Associates that any of the project values or results contained in this study will actually be achieved.

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Appendix - Local Attraction Descriptions

Gated Attractions

Aquarium of the Americas – Located at the foot of Canal Street near the Mississippi River bank in Woldenberg Riverfront Park, the \$42 million Aquarium of the Americas is ranked among the top aquariums in the nation. It features more than one million gallons of fresh and saltwater exhibits of 530 species. There is a separately-ticketed IMAX theater adjacent to the aquarium. Admission prices are \$16 for adults, \$13 for seniors (65+), and \$9.50 children 2 to 12. (Combination tickets are available for Aquarium of the Americas/Entergy IMAX® Theatre at \$20 for adults, \$17 for seniors (65+), and \$12 children 2 to 12). The aquarium extended its winter hours (September to Memorial Day: weekends 9:30am to 7pm and weekdays 9:30 am to 6pm). It opens in summer months at 9:30 a.m. all days of the week, closing at 5:00 p.m. on weekdays and at 6:00 p.m. on weekends. Discounted parking for up to four hours is available at the Hilton New Orleans Riverside parking garage, outdoor "Whale" parking lot on Convention Boulevard, and the World Trade Center parking garage. After four hours, the regular parking rates apply. Since opening on Labor Day 1990, more than 15 million people have visited the aquarium. 2004 attendance for the attraction was approximately 944,587, down from 953,000 visitors in the previous year.

Excluding groups (which are about 60% local), the breakdown of Aquarium attendance is about 20% local (this equals about 30% locals for overall admissions) and the IMAX is 40%. About 50% of IMAX visitors buy the combination ticket that includes the Aquarium and about 25% of Aquarium visitors buy the combination ticket that includes the IMAX. There was no noticeable impact on Aquarium attendance after the IMAX Theater opened. The Aquarium raised admission prices in four of the last five years and it has had no impact on visitation. Their pricing philosophy at all their facilities is to raise prices regularly in small increments rather than wait years and raise them a lot all at once.

The aquarium has event capacity for 15 to 15,000 guests. The entire aquarium accommodates 1,500 guests and with the outdoor plaza, 5,000 people. The Woldenberg Riverfront Park space allows for the much larger events (up to 15,000). The Pisces Room holds up to 250 guests at a seated meal. For evening events, the Pisces Room and Changing Exhibits Gallery (site of the Frogs! exhibit and Pacific Coast Adventures) comprise a private suite accommodating 200 guests for dinner and dancing, or up to 300 for a reception. With these two spaces plus the full aquarium space, there is capacity for 1,800 guests. These spaces are all available seven nights a week. During the day, there are several private and semi-private rental options. The Pisces Room may be used for semi-private luncheons or meetings; Woldenberg Riverfront Park for picnics or festivals; and Entergy IMAX® Theatre for private rental with or without a film. During hours of Aquarium operation, admittance to the Aquarium at a discounted price is optional.

The Aquarium hosts about half a dozen larger (2,000 to 5,000 people) events annually – this is down from about a dozen events in 2001. Events now are typically smaller and have lower per caps. Hotels also have been more aggressive in capturing small-mid-size events. The average group size is 300 to 500, which just about every venue in New Orleans can accommodate. About two times per month the aquarium holds two events on the same night. In 2003, the Aquarium hosted 109 events for a total of 33,000 people. Three of these events were for 2,000+ people. Most association conventions have one or maybe two off-site events, so competition is pretty strong for these events. Larger conventions typically produce an offshoot of a bunch of smaller off-site events (ex. XYZ Hospital hosts a special event during the Cardiac Society convention, etc). For any party over 1,000, the Aquarium caters the event themselves. The Aquarium handles 100% of the liquor, which is big revenues for them. Audubon events

sites in total do about \$4.5 to \$5 million a year (including F&B). The Tea Room at the Zoo is a major reason why they do so much business – it's the hot spot for events for local events as well and it's available anytime during the day, where the aquarium is for night events only as it is open to the public during the day. Events at the Zoo, Tea Room, and Aquarium in 2003 added up to 455 events and 81,000 people. The Aquarium (Audubon) reportedly has the largest independent catering business in town. One of the reasons why it has done so well is that it has been building its culinary staff for a number of years and their food is of very good quality.

City rotation for conventions has increased. The Aquarium says what used to be a 3-4 year rotation is now more of a 4-5 year rotation. They identified San Antonio as a market that has been expanding. Aquarium staff reported that there are about 3 to 5 venues that can accommodate the large groups (up to 5,000). The good thing for the aquarium is the rental is a set fee for up to 500 people (for one room) and gets an additional amount for each head count over that. Aquarium staff identified a significance in having dedicated space for events – the space may be dark part of the year but would probably produce more revenues at year end.

Entergy IMAX Theatre – This is the nation's first IMAX to be located in the 60,000 square foot McRonRan Wing of the Aquarium of the Americas. Its five-and-a-half-story screen is an IMAX 3D and has high definition capabilities. Opened in 1996, this 354-seat IMAX Theatre shows two or three films at regular intervals. Ticket prices are \$8 for adults, \$7 for seniors and \$5 for children under 12. Discounted parking for up to four hours is available (\$4 for up to four hours). Showtimes are every hour from 10 a.m. to 7 p.m. daily. 2004 annual attendance was at 388,000 visitors, down significantly from 470,000 visitors in the previous year. The theater may be rented prior to or during regularly scheduled showtimes. This IMAX has been showing first runs for the last five years or so. The first first-run shown was the Rolling Stones movie – other have included the Jordan to the Max, the Matrix movies, and Harry Potter.

Audubon Park and Zoological Garden – Counted among the nation's top zoos Audubon Zoological Garden's 58 acres has over 1,500 animals and 350 species. Educational presentations include the Discovery Walk and Embraceable Zoo; narrated feedings; and a collection of local creatures such as nutria and alligators. Admission prices are \$12.00 for adults, \$9.00 for seniors (65+), and \$7 for children ages 2 to 12. Hours of operation are dependent on the season, open on from 9:30 a.m. and closes at 5:00 p.m. on weekdays or 6:00 p.m. on weekends during the summer season and open during the winter season (October 27th to March 22nd) from 9:30 a.m. until 5:00 p.m. The park and zoological garden, with free parking for 600 vehicles, is located on Magazine Street close to downtown. Attendance for 2004 was around 840,000, up from 800,000 visitors in the previous year.

Louisiana Nature Center – This urban nature center has a hands-on museum, a planetarium, greenhouse, butterfly garden and hiking trails in an 85-acre forest. The Nature Center also serves as a vital resource for environmental education in the Gulf South region. It is located on Dwyer Road near downtown. Admission prices are \$5 for adults, \$4 for seniors (65+), and \$3 for children ages 2 to 12. The nature center is open 9 a.m. to 5 p.m., Tuesday through Friday, 10 a.m. to 5 p.m., Saturdays, and noon to 5 p.m., Sundays. It is closed to the public on Mondays.

Louisiana Children's Museum – The 30,000 SF Louisiana Children's Museum is located at 420 Julia Street in the historic Warehouse District. The museum has hands-on exhibits and play areas for children. Permanent exhibits include interactive explorations of math and science, boats (in relation to the Mississippi River), the human body, a television news set and a miniature grocery store. The museum also has a toddler playscape and art activities. Admission is \$7 per person for adults and children. Children under one are admitted free. Hours of operation depend on the season, but generally they are Tuesday through Saturday from 9:30 a.m. to 4:30 p.m. and Sunday from 12 p.m. to 4:30 p.m. The museum is open on Mondays during the summer season from 9:30 a.m. until 4:30 p.m. Estimated

attendance is about 185,000 visitors – this number has been relatively consistent through the years. Approximately three-quarters of visitors are from the New Orleans MSA.

Louisiana State Museum – The Louisiana State Museum (LSM) is a complex of national landmarks housing, artifacts and works of art reflecting Louisiana's historic events and cultural. The museum operates five properties in the French Quarter: the Cabildo, Presbytere, 1850 House, Old U.S. Mint and Madame John's Legacy. It also maintains the Wedell-Williams Memorial Aviation Museum in Patterson, the Old Courthouse in Natchitoches, and the E.D. White Historic Site in Thibodaux. Single building admission for the Cabildo & Arsenal, Presbytere and Old U.S. Mint are \$5.00 for adults, and \$4.00 for senior citizens, students, and active military. Single building admission for Madame John's Legacy and 1850 House is \$3.00 for adults, and \$2.00 for senior citizens, students, and active military. All facilities are free for children under 12. Hours of operation are Tuesday through Sunday from 9 a.m. to 5 p.m. 2003 attendance for the LSM was recorded at 330,000.

LSM has four venues available for event rental.: the Cabildo, the Presbytere, the Old U.S. Mint, and Madame John's Legacy. The Cabildo has three floors of reception space and a courtyard as well as river views. The Presbytere has a 16,000 square foot, two-floor exhibit entitled "Mardi Gras: It's Carnival Time In Louisiana" and has thematic events available. The Old U.S. Mint has a square block of fenced-in grounds. The third-floor auditorium and wide, covered balconies look out over the historic French Market and French Quarter. The maximum capacity for all three facilities is 500 for reception and 75 banquet-style. Madame John's Legacy has two covered second-floor balconies and a courtyard. It has a maximum capacity of 200 for cocktail receptions and 75 banquet-style. There are meeting rooms available in both the renovated Arsenal (Cabildo Complex) and the Old U.S. Mint. The Arsenal can accommodate up to 100 guests seated theatre-style, and the Mint can hold 175. The Arsenal holds 50 people and the Mint, 75, for conference or classroom-style set-ups. Video monitors, slide projectors and other equipment are available. Meeting spaces are \$300 per day. The LSM is limited to 500 people in its biggest museum, confined by the space characteristics of the rooms in these historic buildings.

On average, LSM hosts 20 to 30 events a year. Since 9/11 staff has seen a small downturn. Most events are convention or corporate parties including food and music. The average event size is 100 to 300 people. Most events are stand up receptions, though there are some sit-down dinners. Typical events are convention and corporate, not much SMERF. Events are mostly informal - mostly tie and coat-business attire. Event rentals include a donation to the museum foundation of \$1000 for the smaller buildings to \$4000 at the larger ones (the Cabildo and Presbytere). Then there are the base fees which are like \$200 per hour with \$100 each additional hour, plus a \$300-\$500 clean up fee. The museum receives no F&B commissions and groups employ their own caterer. There is reportedly limited prep room and small kitchens in each facility.

New Orleans Museum of Art – The New Orleans Museum of Art lies at the end of Esplanade Avenue in City Park. The museum collection comprises nearly 40,000 objects, within 46 permanent collection galleries as well as three changing exhibition spaces. The museum is best known for its French and American art, photography, glass, African and Japanese art. NOMA offers free admission on Thursday evenings from 5-8:30 p.m. to Louisiana residents. Admission fees for all other times are \$8.00 for adults, \$7.00 for senior citizens (65+), \$4.00 for children ages 3 to 17 and children under 3 are free. The museum is open Tuesday, Wednesday, Friday, Saturday, and Sunday from 10 a.m. until 5 p.m. It is open on Thursday from 12:30 p.m. until 8:30 p.m.

Blaine Kern's Mardi Gras World – Mardi Gras World is located across the river from downtown French Quarter in historic Old Algiers. This museum offers tours of its collection of float sculptures and of its studios, where you can see floats being made year-round. Artists and sculptors work in full view of visitors throughout the year. Tours include viewing floats and props used in carnival parades, the

costumes of Mardi Gras royalty and an historical video presentation. At night, the facility is reserved for conventions or group parties. Admission prices are \$15 for adults, \$11.00 for seniors and \$7.25 for children between the ages 11 and under. Mardi Gras World's tours are scheduled every day starting at 9:30 a.m. to 4:30 p.m. Estimated 1999 attendance was 90,000 visitors.

Musee Conti Historical Wax Museum – The museum is located in the French Quarter at 917 Rue Conti Street. Founded in 1963, the wax museum has 154 life-size figures displayed in historical settings. Admission prices are \$6.75 for adults, \$6.25 for seniors and \$5.75 for children ages 4 through 17. The Musée Conti Wax Museum is open Monday through Saturday 10 a.m. to 5 p.m. and Sundays 12 p.m. to 5 p.m.

Longue Vue House and Gardens – Longue Vue is an eight-acre city estate with surrounding gardens. Admission prices for the estate are \$10 for adult and \$5 for students and children. Longue Vue is open to the public daily Monday through Saturday from 10:00 a.m. to 4:30 p.m. and Sundays 1 p.m. to 5 p.m. Estimated 2003 attendance was 40,000 visitors.

New Orleans Pharmacy Museum – This museum is located on Chartres Street. Built in 1823, it is the site of the first licensed pharmacist in the United States. Exhibits include a restored 19th-century apothecary shop and courtyard herb garden, along with a collection of spectacles and vision aids. Admission is \$2 for adults, \$1 for seniors, and children under 12 are free. Hours of operation are Tuesday through Sunday 10 a.m. to 5 p.m. (closed holidays).

Herman-Grima/Gallier Historic Houses – these two national historic landmarks are situated in the French Quarter. The Herman-Grima House is one of the most significant residences in the French Quarter. This federal mansion has courtyard gardens with the only horse stable and functional outdoor kitchen in the Quarter. The museum complex accurately depicts the lifestyle of a prosperous Creole family in the years from 1830 to 1860. The Gallier House has a 19th Century interior design and courtyard. Admission for each museum is \$6 for adults, \$5 for seniors and children ages 8 to 17 and children under 8 are free. Combination tickets are available for the Houses: \$10 for adults, \$9 for seniors and children ages 8 to 17 and children under 8 are free. The houses are open Monday through Saturday, 10 a.m. to 4 p.m. 1999 attendance is estimated at 18,200 for the Herman-Grima House and 7,400 for the Gallier Historic House.

The Historic New Orleans Collection–Museum/Research – The Historic New Orleans Collection operates a museum in a complex of historic French Quarter buildings at 533 Royal Street. Facilities at Royal Street include the Williams Gallery for changing exhibitions, several permanent exhibition galleries illustrating the history of the city and state, the Williams Residence house museum, and a museum shop. The Williams Research Center, composed of curatorial, manuscripts, and library collections, is housed in a restored police and court building at 410 Chartres Street. Guided tours of the History Galleries are led at 10 a.m., 11 a.m., 2 p.m. and 3 p.m., Tuesday through Saturday, excluding holidays. The cost is \$4 per person.

Other Gated Attractions

Six Flags New Orleans (formerly the Jazzland Theme Park) – This New Orleans theme park, which was budgeted at \$110 million, opened its doors on May 20th of 2000 at the end cost \$121 million. Attendance fell short of expectations, drawing only 1 million visitors in the opening year (in comparison to annual estimates of 1.4 million visitors.) It was purchased by Six Flags (with a commitment for \$20 million in new attractions) in early 2002 after the park experienced financial difficulties. The newly branded Six Flags New Orleans features two New Roller Coasters, a DC Comics themed area, a Looney Tunes themed

area, a Batman Water Stunt Show, and other attractions. The park features 25 rides and six shows. The site is about 10 minutes east of downtown New Orleans at the intersection of Interstate 10 (I-10) and Interstate 510. Interviews with former management indicate that the theme park's important outer market is the I-10 corridor and the rapidly growing Gulf Coast region. However, there is no current information available on theme park attendance or visitor origin. Their operating season runs on weekends from March to May, daily from June through mid-August, and weekends from then until the end of October. The park opens at 10 a.m. and closes at 8 p.m. or 10 p.m. depending on the day. Admission is \$35.99 for adults and a season pass is \$49.99 (season pass cost through the end of May). Admission for children (under 48 inches in height) is \$25.99. The themepark may add a waterpark expansion in the future.

Contemporary Arts Center (CAC) – The CAC, located in the Warehouse Arts District at 900 Camp Street, is a multidisciplinary contemporary arts center, which presents works of local, regional, national, and international artists. The Center has 10,000 square feet of exhibit space. It has a year-round calendar of exhibitions, performances, and educational programs. Admission is \$5 for non-members, \$3 for students and seniors, and free for members and children 12 and under. The museum is free on Thursday. CAC is closed on Mondays, but open Tuesday through Sunday from 11 a.m. to 5 p.m. Estimated attendance for 2003 was between 100,000 and 125,000 visitors.

Rental event space available at CAC includes the following:

- Meetings and presentations for up to 200 guests
- Website showcases and presentations for up to 200 guests
- Dinners or seated banquets for up to 250 guests
- Cocktail receptions for up to 1,000 guests
- Convention and concert events for up to 3500 guests.

There are two floors in the museum and 2 attached warehouses also used for events for a combination of 50,000 SF. CAC hosts between 30 and 38 events annually, of which about 5 are sit-down banquets. One of their largest groups in recent past was Microsoft, which had a 4,000-person event. Events at CAC have about 500 people, on average. Most of the events are reception-style. The museum does not have its own catering group. It has a listed of preferred caterers but groups can bring in other caterers as they wish. The museum has its own liquor license and offers for groups to bring in their own beverage service with a \$15 per person cork fee. The whole museum costs about \$5,000 to rent and \$8,000 for the inclusion of the warehouse spaces.

Museum staff indicated that technology and medical oriented groups tend to be more likely to rent the art center space. Staff has also noticed a trend for more last-minute event planning and tighter budgets on the part of groups. They do to some extent host incentive receptions, in which case event budgets are more robust.

Confederate Museum – Situated on Camp Street in downtown New Orleans, the Confederate Museum is the oldest museum in Louisiana and contains items from the Civil War including personal effects of President Jefferson Davis and Gen.'s R. E. Lee and Beauregard. The museum is open Monday through Saturday from 10 a.m. to 4 p.m. Admission is \$5 for adults, \$4 for senior citizens and students and \$2 for children 12 and under. Estimated attendance is 15,000.

Superdome – Opened in 1975, the 52-acre Superdome is the largest covered arena in the world. The arena has maximum seating capacity as follows for various events: football 69,703, expanded football 72,003, arena concerts 20,000, basketball 55,675, baseball 63,525. It has four 19,000 square foot quadrant rooms (each divisible into 6 individual rooms, 28 smaller reception rooms) Tours were at one

point given of the facility, but have been cancelled indefinitely. The Superdome is located on Sugar Bowl Drive.

New Orleans Sports Arena – In hopes of attracting a National Basketball Association or National Hockey League team, government officials approved the building of a new sports arena. Located next to the Superdome, the \$111 million New Orleans Sports Arena has a seating capacity of 19,000. Unlike the Superdome, the Sports Arena does not have individual meeting rooms.

New Gated Developments

Ogden Museum of Southern Art – This new museum, located at 925 Camp Street, houses one of the largest collections of art from the America's South. Goldring Hall, which opened in August 2003, features 47,000 square feet of exhibition space and stands as part of a larger, three-building complex that includes the Taylor Library. The library, which is expected to open in late 2005, will house the museum's 18th and 19th century art collections, its new Goldring-Woldenberg Institute for the Advancement of Southern Art and Culture, an orientation theater, studio and classroom spaces, and a technology resource center. The Library was made available to the University of New Orleans Foundation to house the earlier works in the Ogden Collection. The \$10 million museum, which opened in August 2003, is a project of The University of New Orleans (UNO) Foundation and the State of Louisiana. The museum is being designed as a "smart" building, incorporating the latest interactive technological systems to engage the museum visitor in active learning. There will be space for permanent and traveling exhibits as well as classrooms for educational programs. The museum is open Tuesdays through Sundays from 9:30 a.m. to 5:30 p.m., with additional evening hours on Thursday until 8:30 p.m. Admission fees are \$10 for adults, \$8 for seniors and students, \$5 for children 5 to 17, and free to UNO students, faculty, staff, and children under the age of five.

Goldring Hall is a more modern style and will host small gatherings as well as large receptions up to 600 guests. A rooftop terrace, with views of the city's skyline, is also available for private functions. In contrast to the Goldring Hall is the Taylor Library. Completed in the late 1800s this work of Neo-Romanesque architecture designed by the nationally-renowned H. H. Richardson is rich in wood and fine detailed millwork. The library's Entergy Grand Rotunda and Great Hall can accommodate intimate seated dinners up to 100 guests and 300 people reception-style.

Louisiana ArtWorks – The 90,000+ square foot multifaceted arts complex, located at 725 Howard Avenue, will provide individual and shared studio space and state-of-the-art equipment for artists to work in metal, glass, ceramics and printmaking. It will also have numerous educational programs, which will include art demonstrations for the public, classes, lectures, and visiting artists' residencies. It will be both a facility and a program targeting economic development through a combination of culture and commerce, encouraging the growth of small arts businesses and low-to-moderate income artists by providing the infrastructure, public access and marketing strategies needed to successfully transition from artist to entrepreneur. Currently, artists have applied to fill all 19 private studio spaces. The \$35 million ArtWorks project of the Arts Council of New Orleans is expected to open in 2006.

Audubon Insectarium – This museum will be the largest free-standing museum dedicated to insects. The \$24 million Insectarium will have over 30,000 SF of exhibits dedicated to insects in the former U.S. Customs Building. Exhibit topics include arthropods, the underground life of certain bugs, a cooking show presentation that highlights insects as food, insects from the local area, an interactive theater experience, a Hall of Fame of insects, metamorphosis, and a butterfly garden. The Insectarium is anticipated to open in late 2005.

Un-gated Attractions

Harrah's New Orleans Casino – Currently, Harrah's Casino has over 115,000 square feet of gaming space, which contain over 2,000 slots and over 100 table games. Other amenities include five themed gaming areas, a 400-seat buffet, a food court, steakhouse, the Earl Turner Theatre, a 1,500-space garage, valet parking, live music, gift shops and a coffee bar. The Casino is located at the intersection of Canal and Poydras streets. It is open 24 hours a day, seven days a week. Harrah's reportedly spent \$5 million to renovate a 10,000 SF ballroom into The Earl Turner Theatre, a 500-seat venue. The casino has a contract with Mr. Turner for three years – the theatre opened in May 2004. On dark nights of The Earl Turner Show (currently Wednesdays and Sundays), the theatre is available for private events, receptions, dinners, etc.

Looking at Harrah's, the casino had approximately 6.7 million admissions in 2004, up from 6.2 million in the previous year. Since this is an estimate of admissions as opposed to actual visitors, ERA estimated gaming visitors by dividing the total annual revenue for the casino by the mean individual gambling expenditure². This calculates to about 3.32 million visitors in 2004, up from 2.92 million visitors in 2003.

Bally's Casino – Located on a riverboat on Stars & Stripes Boulevard, this casino has 30,000 square feet of gaming two levels, over 1,200 slots and 120 gaming tables. Other amenities include the 202-seat Great American Buffet and the 100-seat Wild Card Sports Bar cocktail lounge. The casino is open 24 hours a day, 7 days a week. The casino had 1.37 million admissions in 2004, up from 1.33 million admissions in 2003 and 1.34 million in the previous year.

² Source: New Orleans CVB Visitor Intercept Surveys

Appendix - MCC Expansion Details

The MCC believes they are missing out on the smaller to mid-size meeting events because there is no hotel that has a large enough meeting space for these types of events. The proposed convention hotel was under discussion (1,200 rooms and 200,000 SF of exhibit space) while Phase IV of the Convention Center was being proposed. It is anticipated that the land for the hotel would be leased by the Convention Center to a hotel operator – the Center’s by-laws do not allow them to operate a hotel like that. This project is on hold until after the current hold-up on construction of Phase IV is cleared up (due to dispute between construction bidders). Right now, CC staff anticipates opening this phase in late 2008. This expansion will have two halls, each about 220,000 SF (a total of 524,000 SF of additional exhibit space bringing the total facility to 1.6 million SF of exhibit space).

Funding for Phase IV expansion is aided by a ½% increase in the hotel/motel tax as well as a ¼% increase in the restaurant tax for those restaurants that have more than \$500,000 in sales. Also, a 1% tax was added to Orleans Parish hotels occupancy taxes, which is expected to generate \$7.2 million to finance \$75.6 million in bonds. After the first year that Phase IV opens, the MCC estimates that there will be an additional 280,000 visitors added to the market, generating \$576 million in economic impact. One primary advantage cited for having the additional space is more flexibility in accommodating multiple events. Other construction taking place in the immediate vicinity of the convention center is a 300-room Marriott. It is new construction as well as reuse of a portion of two-story façade. The Marriott is expected to add some additional underground parking as well.

Phase III of the MCC included a 450-stall parking structure. There is very little drive-in for convention-goers and as New Orleans does not have a large corporate base, significant parking is not needed. Also, the MCC does not host large trade shows (other venues like the Superdome accommodate those groups), which further reduces need for significant parking at the MCC.