

Conference Center expansion points toward economic boost

A \$1.1 million investment already paying dividends, operator says

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Two months after its expansion into additional space, the Kitsap Conference Center on Bremerton's downtown waterfront is projecting a 10 percent increase in sales by next year based on current and expected bookings.

"We have definitely seen a bump in business. There's more flexibility now and that allows multiple groups to come in at the same time," said Arne Bakker, general manager for the Kitsap Conference Center. The city-owned facility is operated by management firm Columbia Hospitality.

A remodel of 6,000 square feet on the third floor of the Kitsap Transit building adjacent to the conference center was completed in March. That greatly increased the amount of space the conference center could book for events. Previously, only the 10,000-square-foot main ballroom and the 1,600-square-foot Fountain Room, which overlooks the city's Harborside Fountain Park, could be used for indoor functions.

Bakker noted that the new available space can be divided into smaller rooms for individual groups or to create opportunities for one group to book multiple rooms. However, the biggest impact he has seen is more multi-day events on the facility's calendar.



For example, Bakker said the new layout attracted the attention of the state's Habitat for Humanity organization, which fully reserved the Kitsap Conference Center for its annual training conference on May 1-3 because of the additional "breakout" spaces on the third floor. About 200 people will attend the event from across the state.

"We actually looked at the conference center last year before the expansion. While there was enough space on the conference center's main level, there wasn't the capacity to accommodate the workshops and the training sessions that needed to be done. There just wasn't enough room," said Daryl Daus, executive director of Habitat for Humanity of Kitsap County and a board member of the state organization. After the expansion, the group looked at the conference center again. This time, the added space made the difference and they were able to book it for the larger event.

Other multi-day events reserved include GameCon, a local gaming, anime and music convention, for two days in July, and the Peninsula Future Business Leaders of America conference for three days in November. The national VFW also has reserved space for three days in 2018.

"They wouldn't have come here without the expansion," said Bakker.

The average length of time needed to finalize a booking runs between 6 months and a year for each event at the conference center. Since starting annual sales projections in April, Bakker expects the numbers to show "a real spike by this time next year." Bakker anticipates sales of \$1.4 million, an increase of 10 percent for next year. Prior to the expansion, sales growth hovered around 3 percent annually.

With new business coming in from more events, Columbia Hospitality has added six part-time employees, including wait and kitchen staff, to support the additional bookings. A sales coordinator also has been hired to assist the sales manager with actively recruiting groups from across the region.

Money for the expansion was supported with \$400,000 from the Kitsap Public Facilities District, which originally financed the conference center building 10 years ago. The city of Bremerton provided \$500,000, borrowing from a fund used to replace city vehicles, which will be paid back to the fund with interest. Kitsap Transit, the building's owner, contributed \$200,000 to improve the elevators. The space received moveable walls to split up rooms, a small service pantry, all new lighting systems, state-of-the-art audio/visual equipment, and new bathrooms.

The city of Bremerton is leasing the third floor space from Kitsap Transit. John Clauson, executive director of Kitsap Transit, said the expansion provides a benefit to tenants as well as the community. With an additional tenant contributing to maintenance costs, it has brought down common area costs for Kitsap Transit and others within the building. In addition, more people coming to town means more revenue going into public coffers through sales taxes, he said.

As part of the lease agreement, the first four years of the lease are free to the city in exchange for the tenant improvements to the third-floor space, most of which was vacant for 10 years. In the fifth year, the city will pay \$15 per square foot. The rate is based on current market conditions and the city's 20-year commitment to lease the third-floor, said Paul Shinner, finance director at Kitsap Transit.

"Before, we didn't have the funds to do the build-out and tenants didn't want to move in if we couldn't do it for them," said Shinner. With the improvements and a new tenant in the space, the expansion has created "a win-win" for the community, added Shinner.

Other cities are following Bremerton's lead to build tourism and drive economic development with publically owned conference centers. Roseville, Calif., and Tyler, Texas currently have plans in place to build new conference centers in their communities.