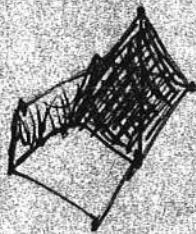




LODGE SITE SELECTION STUDY

Kankakee River State Park
Illinois Department of Natural Resources
File #2-01-001

December 6, 2001



 THE FACILITY GROUP

In association with

ERA Economic Research Associates

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EXECUTIVE SUMMARY

This report was prepared as a guide in determining market feasibility and most suitable site location the development of a lodge conference facility within the Kankakee River State Park. Report findings and conclusions represent the collaborative efforts of a team comprised of local and regional Illinois Department of Natural Resources and Facility Group Inc./Economic Research Associates professionals. Our collaborative team approach to planning defines market feasibility and site development suitability that becomes a tool for DNR to make informed decisions on this important project.

Working as an extension of the Illinois Department of Natural Resources, our collaborative approach is an effective and efficient means to form consensus while providing DNR with the necessary information to make an informed decision inclusive of staff input and review. The study presents two important objectives, market analysis and site or land development suitability. The market analysis determines if the lodge can be economically feasible while the site selection determines which of the four sites is best suited for the lodge.

Research, field visits, work sessions, market analysis and review of existing environmental, historic, archaeological and cultural information identified within the bibliography form the basis for statements within this study. The study focuses on facility market analysis, concept facility program and land development suitability, site selection and probable cost. Based on the market analysis, review of available information collected during fieldwork, subsequent work sessions and professional judgement, our team is in the opinion that a lodge facility at Kankakee River State Park is justified.

Study findings indicate that a lodge configuration best suited for the Kankakee area is generally defined as an "Executive Conference Center" as presented in Section – Three, *Market Analysis*. Executive conference centers, which need to provide amenities, do not necessarily have to have all the amenities of a resort hotel or conference center. In this particular case the Park will provide considerable amenities and will aid in keeping construction and development costs low.

The size of an executive conference centers are typically around 125 rooms, with a 250-seat restaurant and about 25 meeting rooms. We recommend adhering closely to this formula with some modifications.

- 1) A 125-room hotel with one 250-seat food and beverage outlet, including a 50-seat lounge/bar is ideal.
- 2) Meeting space should include one large ballroom that can seat 500 to 750. The large ballroom would typically have the ability to be divisible

EXECUTIVE SUMMARY

into smaller rooms, usually around 8 to 12 sections that can be configured several ways.

3) Eight (8) breakout rooms that are used for smaller group meetings or discussion panels. Eight of these rooms should be sufficient, though any conference manager will admit that they could never have enough.

4) Three (3) boardrooms, or executive meeting rooms, which typically look like any corporate boardroom and are used for executive board meetings. This would bring the total meeting rooms in the range of 19 to 23 rooms, which is close to the national average, and considered sufficient. In all, the market analysis suggests about 8,000 square feet of total meeting space.

5) Amenities.

a) Fitness centers including a locker room with showers at a minimum, while top-notch centers include a full-service spa. A spa is an attractive amenity that was well received in the mid- to late-1990s, but is not considered essential to market success.

b) Given the location of the Kankakee River State Park, an indoor pool is recommended in order to add a winter amenity. This, coupled with tennis courts and the amenities already offered at the park, (hunting, fishing, canoeing, camping, biking, picnicking, hiking, horseback riding, and cross-country skiing), should be more than adequate to operate an executive conference center.

c) Technology is also important to the success of an executive conference center. Technology amenities should include; work desks in all guestrooms, including ergonomic chairs and desks, extra power outlets, and accessible phone cord outlets. High-speed Internet access is also key in the guestrooms as well as meeting rooms, while meeting rooms will require audio/visual capabilities and LCD projectors for Power Point presentations.

Each of the four sites selected for review was evaluated to determine suitability for development. Based on specific areas of professional expertise, the project team identified general and specific environmental, social and economic parameters associated with the compatibility of the development of a lodge facility within each site.

A site selection decision matrix was prepared and is presented in Section Six. Based on existing data and professional judgement, this matrix organizes, defines, reviews and compares important site development parameters for each site and the suitability or constraint place on the site and/or lodge development.

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This approach provides an objective tool for site selection. The matrix identifies the "most suitable" site based on clear parameters as they relate to the natural environment and to the development of a lodge facility as defined in *Section Four – Lodge Description, Space and Probable Cost Analysis*. It is important to note that the evaluation parameters were identified, weighed and scored for their importance in protecting the Park's natural resources based on professional expertise and experience.

CONCLUSIONS:

SITE SELECTION

Site descriptions are presented in Section Five. Based on our findings, **Site 1 – Davis Creek Site is most suitable for the lodge development.**

Site 1 - Davis Creek has views, vistas and access to the Kankakee River. The site is somewhat private or secluded yet has convenient access to Highway 102 and to the Park trail system. Market analysis shows that seclusion is an important factor in siting a development of this type. Site 1 has availability to required infrastructure and is isolated to other Park components. Present surrounding land use is relatively compatible.

In review, Site 2 – River View Day Use Area has similar advantages as Site 1. However, a lodge development on this site would increase present over use of this central Park location and would create displacement or relocation of high use and high density Day use activities impacting present parking and Park character. A significant cost of nearly \$600,000 would be necessary to provide an extension of a 12" domestic water main approximately 14,000 feet to the south. This additional cost should exceed practical consideration for development of this site at this time.

Site 3 and Site 4 have significant environmentally sensitive resources. Impacts attributed to development on these two sites would be extensive. Permanent loss of important natural and cultural resources would occur. Mitigation required to develop these sites would likely exceed practical cost consideration for development. Based on these issues, Site 3 and Site 4 are presently considered "unsuitable" for development.

EXECUTIVE SUMMARY

PROJECT DEVELOPMENT

Section Three – Market Analysis presents a 125-room lodge/hotel with an \$85 average daily room rate (ADR). This analysis was developed using a \$12.5 million development cost. The *Analysis* presents two scenarios that show the contrasts of private market financing and public financing with interest rate below private market rates.

A private investor/operator is unlikely to be attracted to a project at interest rates higher than financing at public sector interest rates. According to *Section Three-Market Analysis*, the 7.8% return on investment (ROI) presented is not viewed positively. A return in excess of 15% would establish a positive climate expected to attract private investment. These financial returns will only occur with lower development cost and a strong market effort by an operator that can meet expectations of the “meetings” market.

Development costs 5 to 10% lower than the \$100,000 per room shown in the financial analysis would also enhance investment returns and investment interest. An increased return on investment would make the risk more attractive. DNR participation in the project – for example, in site development, infrastructure, marketing, providing recreational amenities or other activities would ultimately reduce total development cost.

We believe this project can be successfully developed in a public/private partnership utilizing a Design/Build delivery method.

INTRODUCTION

The Illinois Department of Natural Resources (DNR) Fiscal Year 2001 Capital Improvement Appropriation provided funds for a site selection study to determine market success and identify a suitable site of a lodge facility at the Kankakee River State Park. The DNR selected The Facility Group, Inc. (FGI) to prepare a lodge site selection study.

The primary objective of this study is to provide DNR with the necessary information to make prudent decisions regarding the successful development of a lodge facility within the Kankakee River State Park. To achieve this, a team of local and regional DNR professional, FGI, in association with Economic Research Associates (ERA), established project objectives base on market viability and site suitability/selection. This report is a culmination of a collaborative team effort. Work sessions, fieldwork, research, analysis, review, and synthesis specific to existing available economic and environmental data forms the foundation to the report.

The park is located approximately sixty (60) miles south of Chicago, west of Kankakee-Bradley-Bourbonnais and is accessible via Interstates 55 and 57, and State Routes 102 and 113.

The Kankakee River State Park conserves approximately 4,000 acres of land located along the Kankakee River north of Bourbonnais, Illinois. Treasured for centuries by Native Americans and later traders, farmers and now visitors, the Park is rich in archaeological, historic and environmental value attracting approximately 2 million visitors annually. Camping, hunting, fishing, cross country skiing, boating, biking, hiking, snow-mobiles, equestrian access, concessions, and other active and passive activities are available to these visitors.

Several documented prehistoric sites within the Park preserve the regions rich past, a region once inhabited by Illini and Miami Indians. The first European contact was made in the 1670s and 1680s. By 1685 the Miami populated the region in sufficient number that the Kankakee River was called the Miami. Other tribes in the region included the Kickapoo and Mascouten from 1679 until the 1760s. Potawatomi Indians hunted along the shore of the Kankakee River in the 1760s, and by the 1770s, the Potawatomi, Ottawa and Chippewa nations - "The Three Fires" - dominated the area.¹

"Rock Village" or "Little Rock Village", near the mouth of Rock Creek, was the most extensive village inside the present-day park. In 1830, "Rock Village" was the site of the last great Indian Council. Following the Black Hawk War in 1832, the Potawatomi ceded all of their land along the Kankakee and Illinois rivers to the United States. Except for Chief Shaw-waw-nas-see, whose grave is commemorated by a boulder along the nature trail at "Rock Creek", most Potawatomi left the area by the end of the decade.

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Noel Le Vasseur and other fur traders, including Hubbard Chabare and Bourbonnais, traded with the Potawatomi along the Kankakee and Iroquois rivers in the 1820s. When the Potawatomi left the area in 1838, Le Vasseur persuaded a number of his fellow French Canadians to emigrate from Quebec to the Bourbonnais Township area. Because of his settlement efforts, he is called "the father of Kankakee."¹

Rockville, a log cabin village, begun in 1840, nine years after William Baker and other Euro-Americans first began farming along the Kankakee River. A Marker on the west bank of Rock Creek Bridge commemorates the village.¹

The Kankakee & Iroquois Navigation Company - later known as the Kankakee Company - was chartered in 1847 to provide water power and a navigable waterway from the Illinois & Michigan Canal to Warner's Landing, along the site of the present-day Warner Bridge Road. The company failed in the early 1880s, shortly after the Wabash Railroad came through. At the Chippewa Campground, hand-cut limestone pillars mark where a railway bridge was to have been built before financiers ran out of money.¹

Just inside the park's main entrance is the Smith Cemetery with the graves of several family members, most of whom died of yellow fever at the turn of the century.¹

A major industry in the area in the 1890s was the Custer Bowery Amusement Park, which frequently drew crowds from Chicago. The park was gone by the 1920s, but by then the river had become a popular spot for summer cottages. The area became more accessible to vacationers in 1928 when concrete roads were built along both sides of the river. In 1938 Chicago resident Ethel Sturges Dummer donated 35 acres of land for a state park. Commonwealth Edison turned over another 1,715 acres to the state in 1956. With the company's additional grants in 1989, the park now roughly totals 4,000 acres.¹

Abundant wildlife makes the Park a popular spot for hunters and fishermen. Two boat ramps provide launching access for watercraft with 10 hp motors or less. The river's shallow water and rocks pose minimal problems for canoeists. The park's trail system stretches for miles along both sides of the river. Hiking, biking, and cross country ski trails are on the river's north side. A three-mile trail along Rock Creek leads to limestone canyons and turbulent waterfalls. A bicycle trail begins at the Davis Creek Area and travels 10.5 miles along the river and into the west end of the park.

¹ Illinois DNR - "The Parks Past", 2001

Report for

**Market Analysis
Kankakee State Park Lodge**

Submitted to

**Illinois Department of Natural
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Executive Summary

Assignment

The Illinois Department of Natural Resources hired a team headed by The Facility Group to prepare an analysis to determine the viability, location and cost associated with the development of a lodge at Kankakee River State Park. As part of this plan, Economics Research Associates (ERA) has prepared a market analysis. This study is to determine the position of the lodging industry in Kankakee County and Northeast Illinois region in order to determine the feasibility of adding guestrooms at the park. Goals of this study include:

- Prepare a profile of the tourism and visitor market in the park's marketplace to determine the typical habits of visitors.
- Characterize the commercial hotel market surrounding the park.
- Evaluate the market prospects for the proposed lodge.

For the purposes of this report, ERA has gathered information from the Illinois Department of Natural Resources, the local, regional, and state Conventions and Visitors Bureaus, as well as Smith Travel Research, Korpacz, and other private research firms. This information is used to characterize the local market and determine supply and demand factors in order to formulate conclusions as to the viability of this project.

This report also analyzes the conference center industry, which relies on corporate groups, meetings, and outings for the majority of its business, versus a resort lodge, which aims to capture the tour & leisure traveler. These two types of lodges target very different markets and would require very different market conditions in order to succeed. This report looks at the ideal size, market positioning, and amenity package for a conference center facility in the Midwest.

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.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Economics Research Associates" in any manner. No abstracting, excerpting, or summarization of this study may be made. This study is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client. This study may not be used for purposes other than that for which it is prepared. Exceptions to these restrictions may be permitted after obtaining prior written consent from Economics Research Associates.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

Property Location and Description

The Kankakee River State Park is located about 60 miles south of the city of Chicago, just 6 miles west of Interstate 57. Surrounding the Kankakee River for eleven miles, the State Park consists of approximately 4,000 acres. Activities in the park include hunting, fishing, canoeing, camping, biking, picnicking, hiking, horseback riding, and cross-country skiing in the winter. Amenities include a visitor center, concession stands, a nature area, playgrounds, and sheltered picnic areas.

Conclusions

The park is conveniently located for the Chicago market. Other of the state park lodges that have done well in the marketplace offer meeting facilities in addition to the rooms, like Starved Rock. ERA evaluated the meeting market as well and determined that this market would likely be the mainstay for a lodge at Kankakee. Our analysis of the national market and the meeting decision factors indicated to us that a facility in the park would rank high according to criteria that meeting planners, associations and businesses have identified. To quantify the potential room night demand, we collected data on the associations in the Chicago market as well as the business environment in the metro area. Our analysis led us to conclude that the sources of business for the park could be as follows, assuming a strong marketing program by the concessionaire:

There are 524 association meetings each year in the Chicago region that have fewer than 200 in attendance. We forecast that 5% of this could be captured at the park, or 26 meetings with an average of 75 people staying 2 nights – or 3900 room nights. Of the 1772 association conventions, about 25% have attendance of less than 200 – or 443. Also, of this total, 250 conventions are held in resort accommodations. ERA has estimated that 5% of the 250, or 12 small conventions would come to the lodge, each with 100 people staying 3 nights (slightly less than the average 3.6 nights), creating 3600 nights of demand;

Of the business categories that are likely to hold business-training meetings (manufacturing; finance, insurance, real estate; and services) in the metro region there are 11,477 that have more than 50 employees. ERA has estimated that 1% of these would be the target market – 115 firms with an average of 50 people staying one night, or 5750 room nights;

1. Park visitors are estimated to create 200-room night's demand per week for guests coming for sports, events, hunting and fishing, and vacationing. This would be approximately 10,000 room nights annually;
2. Social, military, educational, religious, fraternal (SMERF) would have one event per week – largely social and family events – with 25 rooms per week or 1250 room nights;
3. The local hotel market generates approximately 100,000-room night demand. A portion of this, say 5%, of those travelling for leisure, visiting friends and family, and some business are forecast to stay in the lodge. This creates 5,000 in room night demand.

The result of this forecast is room night demand of 29,500 rooms. This assumes a quality product and competitive rates. At 65% occupancy, which is common for a conference type of facility, there would be demand for 124+ rooms at Kankakee.

ERA has prepared scenarios of how a facility sized at 125 rooms will perform financially under several scenarios. This information will offer potential concessionaires and the State decision makers to determine what it will take to make the lodge an attractive financial investment.

National Hotel Market Overview

Historical Trends

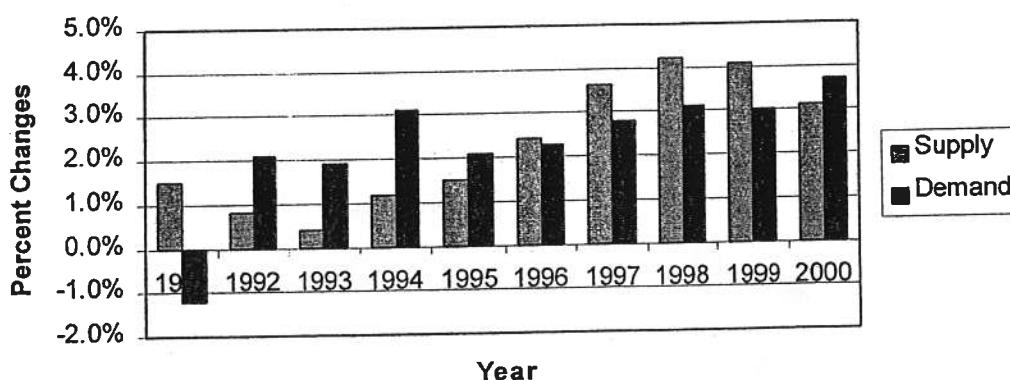
According to Smith Travel Research, the hotel industry's leading research firm, supply increases in the hotel industry have outpaced demand each year since 1996. 2000 saw this disparity reverse, as occupancy rose, though only slightly, for the first time since 1995. In 2000, the average daily rate (ADR) realized a healthy gain for the ninth year in a row, rising almost 5.0%. The following table and graph illustrates Smith Travel's findings and the trends between supply, demand, occupancy and ADR.

US Lodging Fundamentals 1991-2000

Year	Supply % Change	Demand % Change	Occupancy	Occupancy % Change	ADR	ADR % Change
1991	1.5%	-1.2%	61.8%	-2.8%	\$58.28	0.0%
1992	0.8%	2.1%	62.6%	1.3%	\$59.17	1.5%
1993	0.4%	1.9%	63.6%	1.6%	\$60.79	2.7%
1994	1.2%	3.1%	64.7%	1.7%	\$63.19	3.9%
1995	1.5%	2.1%	65.1%	0.6%	\$66.20	4.8%
1996	2.4%	2.3%	64.9%	-0.3%	\$70.53	6.5%
1997	3.6%	2.8%	64.4%	-0.8%	\$74.71	5.9%
1998	4.2%	3.1%	63.8%	-0.9%	\$78.17	4.6%
1999	4.1%	3.0%	63.2%	-0.9%	\$81.29	4.0%
2000	3.1%	3.7%	63.5%	0.5%	\$85.24	4.9%

Source: 2001 Smith Travel Research

US Supply and Demand Changes 1991-2000



Source: 2001 Smith Travel Research

Developers and investors have relaxed their propensity to add rooms in 2000 fearing over supply. Given the cyclical nature of the hotel industry, ERA is first led to believe that this trend will most likely continue for the next 24 months, when capital markets will again be more willing to invest in new supply. However, some severe demand changes occurred, and may continue to occur, in 2001. The US economy is currently in a state of flux,

fueled by a decline in the technology sector, major corporate cost cutting, employee layoffs, and most recently, and most tragically, terrorist attacks on the US, leading to a possible military action. These factors have made many customers and businesses very weary with regards to the economy. Expectations are that demand will decrease across all sectors, but most heavily in the travel and leisure industry.

The following table displays the Revenue Per Available Room (RevPAR), Gross Operating Profit (GOP) and Fixed Cost trends over the past ten years. From this data, one can conclude that the rising ADR over the past ten years has fueled the strong RevPAR increases. Again, one would expect this trend to continue into the near-term, however, most analysts now believe that this trend will reverse itself.

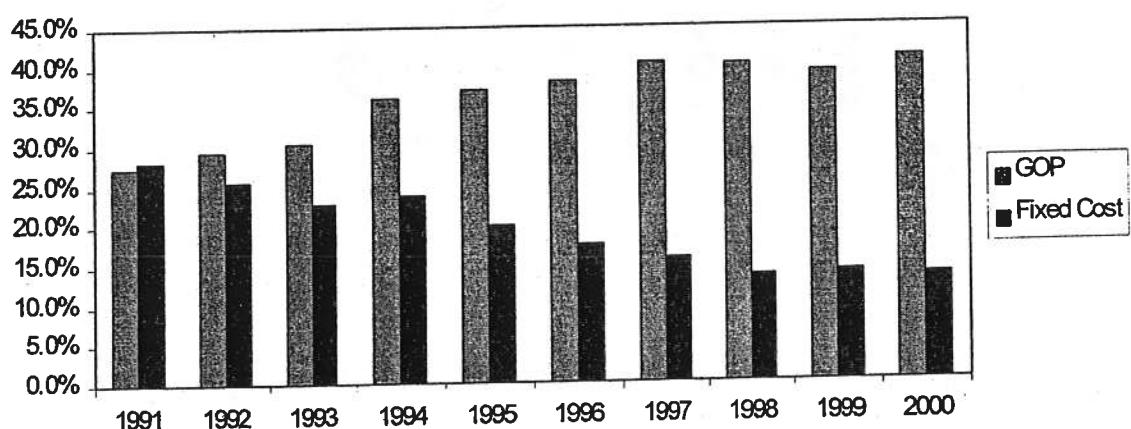
US Lodging Fundamentals 1991-2000

Year	RevPAR	RevPAR % Change	GOP % of Sales	Fixed Cost % of Sales
1991	\$36.04	-2.7%	27.4%	28.3%
1992	\$37.06	2.8%	29.5%	25.6%
1993	\$38.64	4.3%	30.5%	22.8%
1994	\$40.91	5.9%	36.2%	24.0%
1995	\$43.10	5.4%	37.0%	20.1%
1996	\$45.81	6.3%	38.2%	17.6%
1997	\$48.13	5.1%	40.3%	15.8%
1998	\$49.86	3.6%	40.2%	13.5%
1999	\$51.33	2.9%	39.2%	13.9%
2000	\$54.15	5.5%	40.9%	13.5%

Source: 2001 Smith Travel Research

From the graph below, one can clearly see that as hotels increase their profits (rising GOP as a percent of sales), they have simultaneously decreased their fixed cost. This results in much greater pre-tax income.

GOP and Fixed Costs as a Percent of Sales



Source: 2001 Smith Travel Research

Outlook for 2001

According to Smith Travel Research, occupancies during the first four months of 2001 have definitely reflected the slowdown in the US economy and the curtailment of travel by many businesses. However, they also opine that there is a 90 percent probability that performance will fall within the range displayed in the chart at the bottom of the page. It is anticipated that, unlike 2000, the increase in rooms available (supply) will exceed the increase in rooms sold (demand), thus creating a decline in occupancy in the near future. As a worst case scenario, if the high estimate of the change in supply combines with the low estimates of demand and room revenue increases, there would be a drop in RevPAR of 5.0% and occupancy would fall to 60%, the lowest level reported by Smith Travel since 1991.

According to Smith Travel's September 2001 Lodging Outlook report demand for rooms has dropped more than two percent during July 2001. That figure represents the third month in a row in which the performance measure decreased. In addition, supply continues to rise, leading to decreasing occupancies across all markets and market segments. During the past three months, Smith Travel has reported some serious discounts in ADR due to the cutback in business travel. Smith Travel also notes that cutting rate does not increase demand, it simply redirects guests from the less expensive properties to normally high-priced hotels. Also, rate cuts are considered "last ditch" efforts by operators to capture any revenue they possibly can, and are a sign of a declining market.

The recent downturn in the US economy, coupled with September's disaster at the World Trade Center in New York, has caused many business to cut back on travel, and created many fears among consumers about the safety of air travel, as well as the state of the economy in general. These fears will no doubt have an adverse effect on the hotel market across all segments.

Smith Travel has published its likely scenario for 2001, which is displayed below. Please note; these figures were published before the World Trade Center disaster.

Estimated Performance Ratios for 2001

	Low Estimate	Likely Estimate	High Estimate	Actual 2000
Performance Ratios				
Room Occupancy	60.2%	61.4%	62.5%	63.5%
Average Room Rate	\$86.47	\$87.58	\$88.65	\$85.24
RevPAR	\$52.09	\$53.74	\$55.40	\$54.15
Changes				
Room Revenue	-2.2%	1.0%	4.2%	8.9%
Rooms Available (Supply)	2.8%	2.9%	3.0%	3.1%
Rooms Sold (Demand)	-2.8%	-1.0%	0.9%	3.7%

Source: 2001 Smith Travel Research

Conference Center Analysis

Conference Centers

The question of whether to develop a true dedicated conference center or a typical state park lodge is not to be taken lightly, as these two property types operate in very different capacities. A property that is fully dedicated to the conference center business focuses its sales and marketing efforts on capturing corporate groups and meetings, which would typically account for 75% of the property's total business. The remainder is generated from the tour and leisure market.

This type of sales effort requires the property's sales team to sell to experienced meeting managers who know their markets well and know what they are willing to pay for. Typically, conference centers will offer a Complete Meeting Package rate (CMP). The CMP rate is quoted per conference attendee and will include all meals, activities, and meeting room rental. Conference centers also offer a Modified Meeting Package (MMP) which does not include all meals, activities, or some other modified program. However, property managers focus on CMP rates and packages, as it comprises the majority of their business. The CMP business has some advantages over other types of business, most notably a CMP group is much more profitable than transient or tour and leisure type guests are.

According to the International Association of Conference Centers (IACC), conference centers can be categorized into four distinct groups; Executive, Corporate, Resort, and College/University. Executive conference centers are the most popular, about 30% of all centers, while the other three types are each 22% to 24% of the total mix.

Executive Conference Centers: Executive conference centers are typically the smallest type focusing on smaller executive board meetings versus the all-employee outing, or association meeting. However, executive centers typically achieve the highest meeting package rate and above average room rate. This type has also achieved the fastest growing ADR of all types.

Corporate Conference Centers: Corporate centers are typically the largest facilities, catering to the all-employee corporate outing or training session. Recreational facilities typically include a fitness center, swimming pool, and usually one extra major activity such as a spa or golf. Corporate conference centers are usually greater than 250 rooms, to accommodate large groups, but realize a below average ADR and meeting package rate.

Resort Conference Centers: Resort conference centers are similar to corporate centers in size, but typically include a greater number of amenities and recreational facilities. Due to the amenities a resort offers, the CMP and ADR are typically the highest in the industry. Resorts also typically achieve the highest occupancy of all the conference center segments.

College/University Conference Centers: University centers are near the bottom of the industry in size and include an average mix of amenities. Their CMP rate and ADR are slightly higher than the corporate centers, but do not achieve the levels of a resort conference center.

A typical mix of guestrooms, restaurant seating, and meeting rooms for all types of centers is summarized below:

Typical Conference Center Facilities

	Number of Guestrooms	Total Dining Room Seats	Number of Meeting Rooms
All Centers	207	286	28
By Size			
Less than 100 Rooms	53	150	15
100 to 249 Rooms	205	256	27
Over 250 Rooms	300	393	35
By Type			
Executive	154	267	23
Corporate	269	348	42
Resort	257	250	25
College/University	160	290	20

Source: International Association of Conference Centers, PKF Consulting

While a typical offering of recreational facilities is summarized as:

Most Frequent Recreational Facilities Offered at Conference Centers

Facility	Proportion Offering the Facility
Fitness Club	89.8%
Tennis	73.5%
Swimming	79.6%
Volleyball	71.4%
Basketball	65.3%
Biking	51.0%
Spa	34.7%
Racquetball	22.4%
Golf	28.6%
Other	30.6%

Source: International Association of Conference Centers, PKF Consulting

Advantages of a Conference Center

The two major advantages of a conference center versus a resort or full-service hotel are profitability and yield management opportunities. If operated correctly, a manager can maximize the profits of a conference center while achieving greater ADR and occupancy at the same time.

Profitability. Because CMP groups are planned well in advance, and their price is pre-negotiated, property managers are able to manage their staff and budget much more efficiently. Knowing that a large group that requires the entire property for a three or four day period (which is not unusual for a dedicated conference center) management knows exactly how many meals to prepare for each meal period, how many rooms they need to clean each day, how many meeting rooms they need to set up, and what are their technical and audio/visual requirements. This provides the manager the ability to minimize salary expenses through efficient staffing levels and minimize the amount of food and beverage waste. This creates more profitable functions and, hence, a more profitable property. The following table compares the operating margins of conference centers to that of hotels.

Historical Growth in Conference Center vs. Hotel Operating Margins

	Executive Conf. Ctr.	Resort Conf. Ctr.	Full Service Hotels	Resort Hotels
1985	22.2%	16.0%	22.4%	27.5%
1999	35.0%	30.5%	27.2%	25.0%
2000	35.2%	30.7%	27.5%	25.8%

Note: Operating margins are before incentive management fees, property taxes and insurance.

Source: International Association of Conference Centers, PKF Consulting

As shown in this table above, conference centers are not only able to achieve a greater profitability, but have seen greater growth since 1985. Executive conference centers saw their operating margins grow almost 60% from 1985 to the 2000 level, while resort conference centers' operating margins grew about 92%. Over the same period, full-service hotels grow their margins by about 23%, while resort hotels saw a decline of 6.2%. The resort hotel market is not able to capture the profitability of 1985 due to the demand pressure guests have put on the properties to deliver the same amenities for less.

In addition to room department profitability, a conference center has the ability to sell banquets, such as weddings, holiday parties, and other family or corporate functions. These functions are more profitable than typical food & beverage operations, as banquets are more efficiently staffed with little food waste. Because banquets are so highly profitable, some conference center properties have marketing teams dedicated to booking only banquet business. This will most likely be a key factor in determining the success of a facility at the Kankakee River State Park.

Yield Management Opportunities. Based on ERA's experience and conversations with conference center managers, a major strategy is to develop a strong group base of business (usually mid-week), then filling the need periods (usually the weekend) with higher rated transient and tour & leisure business. This strategy allows the manager to maximize its rate as well as occupancy. With a strong group business base, reservation managers can maintain a higher ADR during the non-peak periods until the last minute

when short-term demand usually absorbs the space at a lower rate. This maximizes the rate without giving up occupancy. Without a group business base the full-service or resort hotel market usually sells the off-peak periods at a much lower rate, thus depressing occupancy.

As the table below shows, ADR and occupancy of resort conference centers, as compared to the rest of the industry, achieved greater levels over the last three years. ERA believes that the decrease in occupancy in the resort conference market is a result of a shift from the resort conference centers to corporate centers or executive centers.

Historical Growth in ADR and Occupancy--Resort Conference Centers vs. Industry

	ADR	% Change	Occupancy	% Change
Conference Centers				
1998	\$147	N/A	68.6%	N/A
1999	\$151	2.7%	67.0%	-2.3%
2000	\$168	11.3%	67.0%	0.0%
Industry-wide				
1998	\$78	N/A	63.8%	N/A
1999	\$81	4.0%	63.2%	-0.9%
2000	\$85	4.9%	63.5%	0.5%

Source: International Association of Conference Centers, PKF Consulting 2001

Smith Travel 2001, Economics Research Associates

Disadvantages of Conference Centers

The major disadvantage of developing and operating a conference center is cost of development. While development costs are not specifically discussed in this report, generally speaking it costs more per room to develop a conference center than a full-service or resort hotel.

Higher costs are generally associated with a greater number of required meeting rooms for a conference center, including one large ballroom, one large amphitheater, and several small break-out, meeting rooms and board rooms. As shown in an earlier table, conference centers typically have 20 to 40 meeting rooms per property. A full-service hotel typically has one large banquet room that can be separated with movable walls into several smaller rooms. While a resort hotel would require a small number of meeting rooms, if any at all.

Construction costs may also rise depending on the mix of amenities offered at the conference center. The fastest growing amenity type is a golf course. Golf is typically very popular among corporate executives and businesspersons. Understanding that space constraints limit the viability of a golf course at many properties, other amenities such as spas and tennis courts are added to a growing number of properties. Fitness centers and swimming pools are basically a necessity in today's market if a conference center wants to be competitive. As for the Kankakee area an indoor swimming pool may be the best

solution as winter weather concerns may limit other activities such as hiking, biking, and fishing.

In addition to construction costs, pre-opening expenses and furniture, fixtures, and equipment (FF&E) may be greater at a conference center. Given the high number of business people targeted by conference centers, guestrooms typically include a working desk, complete with ergonomic chairs and workstations for laptops, extra electrical outlets for computers, cell phones, and PDAs, as well as high speed internet access. Highly technical amphitheaters, with state-of-the-art audio/visual capabilities, LCD projectors, and high speed internet access in all meeting rooms are almost the norm in the twenty-first century. All these upgrades and amenities are not necessarily required for a conference center, however, the highly competitive centers do include updated technology. A full-service or resort hotel may include desks and extra outlets, since many people take their laptops and cell phones on vacation these days; however, a property can remain competitive without them.

Demographics

The demographics of an area, that is the population characteristics, are important to understand since they set the backdrop for any development. The number of people, the amount of money they make, their household characteristics, and employment opportunities drive the demand for real estate and the resulting developments. Therefore, ERA examines the demographics of Kankakee County and surrounding counties, as well as the greater Chicagoland area, to point out significant characteristics and trends. This helps frame the development context in terms of real estate markets.

Population

Kankakee County's population stands at just over 103,000 in 2001, which is up about 2.1% from five years ago, and is expected to grow an additional 1.5% by 2005. The Chicago Consolidated Metropolitan Statistical Area (CMSA), which includes Kankakee County, stands at approximately 8.9 million people, which makes it the third largest in the nation, behind New York and Los Angeles. While Kankakee County is only a fraction of the Chicago CMSA, it is important to note the size of the surrounding population because that is where the demand generators for this market stem from.

Kankakee County and Surrounding Counties Population Information (in thousands)

County	1995	1996	1997	1998	1999	2000	2001	2005
Grundy, IL	35.05	35.63	36.22	36.70	37.15	37.56	37.98	39.64
Iroquois, IL	31.34	31.49	31.43	31.24	31.31	31.35	31.39	31.55
Kankakee, IL	101.21	101.51	102.02	102.11	102.57	102.94	103.30	104.72
Kendall, IL	45.39	47.80	49.87	51.82	52.55	53.22	53.90	56.56
Lake, IN	479.55	478.65	478.54	478.32	479.07	479.38	479.63	480.59
Livingston, IL	40.35	40.36	40.27	39.69	39.76	39.78	39.81	39.92
Newton, IN	14.39	14.57	14.69	14.73	14.86	14.97	15.08	15.53
Will, IL	414.03	429.81	444.57	459.19	467.68	475.69	483.68	515.48
Chicago CMSA*	8,565.06	8,628.68	8,693.99	8,750.87	8,809.85	8,861.26	8,904.11	9,071.53
Illinois	11,866.06	11,933.70	11,989.41	12,045.22	12,106.73	12,155.98	12,204.45	12,396.15
USA	262,764.00	265,190.71	267,744.03	270,296.57	272,895.72	275,205.75	277,500.54	286,608.53

*Chicago CMSA Includes: Cook, IL DeKalb, IL, DuPage, IL, Grundy, IL, Kane, IL, Kankakee, IL Kendall, IL, Lake, IL, McHenry, IL, Will, IL, Lake, IN, Porter, IN, Kenosha, WI

Source: Woods & Poole Economics, Economic Research Associates

Of the immediate surrounding area, Kankakee County is the third most populous, behind Lake County and Will County. The total US population has grown at just under 1.0% per year between 1995 and 2001, and is expected to continue that trend through 2005. The state of Illinois and the Chicago CMSA have seen their rates of population growth diminish since 1995, when both were experiencing annual growth rates of about 0.75%. From 2001 through 2005 both Illinois and the Chicago CMSA are expected to see growth rates of less than 0.5% annually.

According to the US Census Bureau, Illinois remains the fifth most populous state, growing about 8.6% from 1990 to 2000. That growth rate is greater than New York, Pennsylvania, Ohio, and Michigan, the 3rd, 6th, 7th, and 8th, most populous states respectively. However, it is well behind the double-digit growth rates of California, Texas, and Florida, the 1st, 2nd, and 4th most populous states respectively.

The Chicago CMSA achieved a growth rate of 11.1% from 1990 to 2000, which ranks 150th among the 280 CMSAs measured by the US Census Bureau. The Las Vegas CMSA ranked first with a growth rate of 83.3%.

As shown in the chart below, median population age has changed little over the past five years, growing about 3.5%, or just over one year, since 1995 for the Chicago CMSA, and expected to increase an additional 1.3% by 2005. Kankakee County followed the trend of the surrounding counties and Chicago and is currently among the youngest of the area.

Kankakee County and Surrounding Counties Median Age of Population

County	1995	1996	1997	1998	1999	2000	2001	2005
Grundy, IL	34.77	35.00	35.23	35.49	35.77	36.05	36.32	37.16
Iroquois, IL	38.29	38.52	38.95	39.41	39.82	40.22	40.63	42.32
Kankakee, IL	34.23	34.47	34.69	34.93	35.18	35.40	35.61	36.17
Kendall, IL	33.87	34.09	34.30	34.55	34.83	35.12	35.35	36.08
Lake, IN	34.66	34.93	35.07	35.25	35.53	35.79	36.03	36.83
Livingston, IL	35.51	35.92	36.09	36.38	36.71	37.06	37.39	38.65
Newton, IN	35.18	35.39	35.52	35.67	35.86	36.11	36.35	37.19
Will, IL	32.59	32.83	33.05	33.26	33.45	33.61	33.75	34.22
Chicago CMSA*	33.70	33.93	34.12	34.32	34.53	34.72	34.88	35.35
Illinois	34.20	34.43	34.65	34.89	35.13	35.35	35.55	36.12
USA	34.35	34.66	34.95	35.23	35.50	35.75	35.99	36.67

*Chicago CMSA Includes: Cook, IL DeKalb, IL, DuPage, IL, Grundy, IL, Kane, IL, Kankakee, IL Kendall, IL, Lake, IL, McHenry, IL, Will, IL, Lake, IN, Porter, IN, Kenosha, WI

Source: Woods & Poole Economics, Economic Research Associates

Households, Income and Employment

Typically, the number of households in an area follows the trend of the population. As displayed in the chart below, households for the US have grown at a steady pace of about 1.0% per annum, while the State of Illinois and the Chicago CMSA have remained stable at about 0.5% and 0.6% per year respectively. Also like the population trend, Kankakee County ranks at the top among the surrounding counties in number of households, third to Lake County, Indiana and Will County, Illinois.

Kankakee County and Surrounding Counties Total Number of Households (in thousands)

County	1995	1996	1997	1998	1999	2000	2001	2005
Grundy, IL	12.83	13.07	13.29	13.47	13.67	13.85	14.03	14.75
Iroquois, IL	11.91	11.99	11.97	11.90	11.96	11.99	12.03	12.17
Kankakee, IL	36.14	36.31	36.52	36.58	36.82	37.01	37.20	37.96
Kendall, IL	15.17	16.01	16.71	17.37	17.66	17.92	18.18	19.23
Lake, IN	174.27	174.83	174.85	174.84	175.45	175.89	176.31	177.91
Livingston, IL	13.93	13.95	13.92	13.88	13.91	13.94	13.96	14.04
Newton, IN	5.20	5.30	5.34	5.36	5.42	5.47	5.53	5.73
Will, IL	134.11	139.56	144.51	149.49	152.58	155.51	158.45	170.18
Chicago CMSA*	3,084.62	3,113.52	3,134.31	3,156.13	3,180.20	3,200.81	3,221.26	3,301.82
Illinois	4,321.66	4,352.49	4,373.31	4,393.60	4,423.08	4,447.77	4,472.23	4,568.16
USA	97,385.68	98,750.72	99,714.95	100,687.77	101,898.37	103,011.31	104,121.17	108,540.45

*Chicago CMSA Includes: Cook, IL DeKalb, IL, DuPage, IL, Grundy, IL, Kane, IL, Kankakee, IL Kendall, IL, Lake, IL, McHenry, IL, Will, IL, Lake, IN, Porter, IN, Kenosha, WI

Source: Woods & Poole Economics, Economic Research Associates

Average household income is also an important factor in examining a market area, as it looks at the wealth of the surrounding population. The chart on the following page displays the average household income in 2000 dollars for the selected counties.

Kankakee County and Surrounding Counties Average Household Income (in 2000 dollars)

County	1995	1996	1997	1998	1999	2000	2001	2005
Grundy, IL	\$63,947	\$68,079	\$71,439	\$73,658	\$76,086	\$78,725	\$81,503	\$94,357
Iroquois, IL	\$47,333	\$50,841	\$52,600	\$52,650	\$54,438	\$56,363	\$58,362	\$67,456
Kankakee, IL	\$54,019	\$56,907	\$58,931	\$61,420	\$63,741	\$66,132	\$68,571	\$79,538
Kendall, IL	\$69,549	\$71,751	\$74,612	\$74,864	\$76,938	\$79,177	\$81,500	\$92,266
Lake, IN	\$56,636	\$59,180	\$62,121	\$64,998	\$67,472	\$69,975	\$72,494	\$83,737
Livingston, IL	\$51,609	\$56,379	\$58,796	\$59,663	\$62,080	\$64,629	\$67,257	\$79,035
Newton, IN	\$42,487	\$46,074	\$46,929	\$50,880	\$52,534	\$54,329	\$56,192	\$64,621
Will, IL	\$69,430	\$71,605	\$75,189	\$78,316	\$81,357	\$84,388	\$87,371	\$100,470
Chicago CMSA*	\$75,290	\$78,629	\$82,553	\$86,039	\$89,415	\$92,864	\$96,370	\$112,074
Illinois	\$67,715	\$71,011	\$74,495	\$77,691	\$80,713	\$83,820	\$86,989	\$101,229
USA	\$60,933	\$63,553	\$66,509	\$69,332	\$71,880	\$74,488	\$77,144	\$89,057

*Chicago CMSA Includes: Cook, IL DeKalb, IL, DuPage, IL, Grundy, IL, Kane, IL, Kankakee, IL Kendall, IL, Lake, IL, McHenry, IL, Will, IL, Lake, IN, Porter, IN, Kenosha, WI

Source: Woods & Poole Economics, Economic Research Associates

Outside of Chicago, Kankakee County ranks fifth among the surrounding counties in terms of average income per household. This amount of about \$68,6000 per household is well below the \$96,000 and \$87,000 per household of the CMSA and state respectively. It also comes in more than 10% below the US average household income. Kankakee's rate of income growth is not the greatest among all the counties, but not the least either. In fact, it mirrors the CMSA, state, and US rate of growth quite closely.

When looking at income, it is important to consider the cost of living and household wealth as well. This is important when comparing figures in a suburban Midwest area like Kankakee with averages that include figures from high-cost areas like Chicago, the Northeast, and West Coast, as well as inexpensive areas like the Southeast. Woods and Poole Economics account for these factors in calculating a "wealth index", which are presented in the following table.

As these figures show, the State of Illinois is consistently about 10% above national averages, while the Chicago area is notably more wealthy than the country as a whole. As shown in the table, Kankakee County is among the poorest counties in the area, with only Iroquois County, Illinois and Newton County, Indiana reporting lower indexes. Woods and Poole expect the wealth levels in the county to remain consistent through 2005 at about 86% of the national average.

Kankakee County and Surrounding Counties Wealth Index

County	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Grundy, IL	104.04	105.94	106.03	105.09	104.74	104.55	104.45	104.43	104.44	104.44	104.40
Iroquois, IL	83.92	85.46	84.84	82.46	82.28	82.18	82.11	82.08	82.05	82.01	81.96
Kankakee, IL	86.26	86.75	86.03	86.04	86.06	86.08	86.11	86.13	86.15	86.18	86.21
Kendall, IL	109.26	108.01	107.56	104.14	103.33	102.65	102.03	101.48	101.00	100.53	100.09
Lake, IN	89.69	89.63	89.94	90.22	90.27	90.27	90.23	90.19	90.15	90.10	90.05
Livingston, IL	88.68	91.62	91.58	89.90	90.09	90.34	90.60	90.85	91.09	91.31	91.53
Newton, IN	72.80	74.46	72.92	75.17	74.92	74.76	74.67	74.54	74.43	74.34	74.24
Will, IL	102.78	101.68	101.62	101.57	101.68	101.69	101.59	101.44	101.27	101.11	100.96
Chicago CMSA*	117.87	117.69	118.05	118.04	118.21	118.34	118.46	118.57	118.66	118.76	118.86
Illinois	109.35	109.54	109.77	109.81	109.93	110.04	110.15	110.25	110.35	110.45	110.55
USA	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

*Chicago CMSA Includes: Cook, IL DeKalb, IL, DuPage, IL, Grundy, IL, Kane, IL, Kankakee, IL Kendall, IL, Lake, IL, McHenry, IL, Will, IL, Lake, IN, Porter, IN, Kenosha, WI

Source: Woods & Poole Economics, Economic Research Associates

Logically, the household wealth and income characteristics of an area correlate with the employment characteristics, as do the population growth patterns since people follow employment. Business expansion, relocation, and new housing starts drive employment in any given location. Therefore, ERA examines the employment trends and characteristics of the Chicago and Kankakee areas.

The table below outlines the location of employment in the selected counties, with a discussion of these figures below.

Kankakee County and Surrounding Counties Total Employment (in thousands)								
County	1995	1996	1997	1998	1999	2000	2001	2005
Grundy, IL	16.93	16.74	17.43	17.76	18.07	18.37	18.65	19.77
Iroquois, IL	15.03	14.71	14.69	14.86	14.99	15.09	15.18	15.42
Kankakee, IL	52.48	53.02	53.68	55.40	56.96	58.37	59.62	63.65
Kendall, IL	17.65	19.84	20.45	20.87	21.24	21.59	21.91	23.15
Lake, IN	232.32	237.23	243.31	248.71	252.74	255.76	258.10	264.95
Livingston, IL	20.23	20.62	20.79	21.24	21.59	21.88	22.14	22.94
Newton, IN	5.64	5.53	5.71	5.80	5.88	5.96	6.02	6.26
Will, IL	153.16	158.13	162.26	168.85	174.19	178.89	183.06	198.18
Chicago CMSA*	5,081.28	5,174.83	5,278.92	5,397.77	5,489.49	5,564.99	5,629.81	5,848.97
Illinois	6,849.64	6,968.75	7,098.04	7,251.44	7,370.61	7,469.27	7,554.08	7,838.51
USA	149,360.49	152,657.00	156,410.39	160,541.35	163,847.45	166,657.03	169,124.82	177,620.32

*Chicago CMSA Includes: Cook, IL, DeKalb, IL, DuPage, IL, Grundy, IL, Kane, IL, Kankakee, IL, Kendall, IL, Lake, IL, McHenry, IL, Will, IL, Lake, IN, Porter, IN, Kenosha, WI

Source: Woods & Poole Economics, Economic Research Associates

Most notably, perhaps as expected, the Chicago CMSA comprises of 75% of the total employment of the state of Illinois, while Illinois provides about 4.4% of the jobs in the entire US. Excluding the Chicago CMSA, 75% of the employment in the selected eight county area is found in Lake County, IN and Will County, IL. Kankakee County provides the eight county region with about 10.4% of its total employment.

Most interestingly, Will County is expected to reach a 30% increase in its employment in 2005, as compared to 1995, while the other major employment hub, Lake County, IN will only see a 14% increase, and the CMSA a 15% increase. The national average expects about a 19% increase over the same period, while Kankakee County should see a 21% jump.

The table on the next page shows the number of employees per sector, the annual payroll per sector, the total number of establishments by sector, and the number of establishments by employment size for 1997. The data is shown for the Chicago MSA, which consists of the following nine counties - Cook, De Kalb, Du Page, Grundy, Kane, Kendall, Lake, McHenry, and Will.

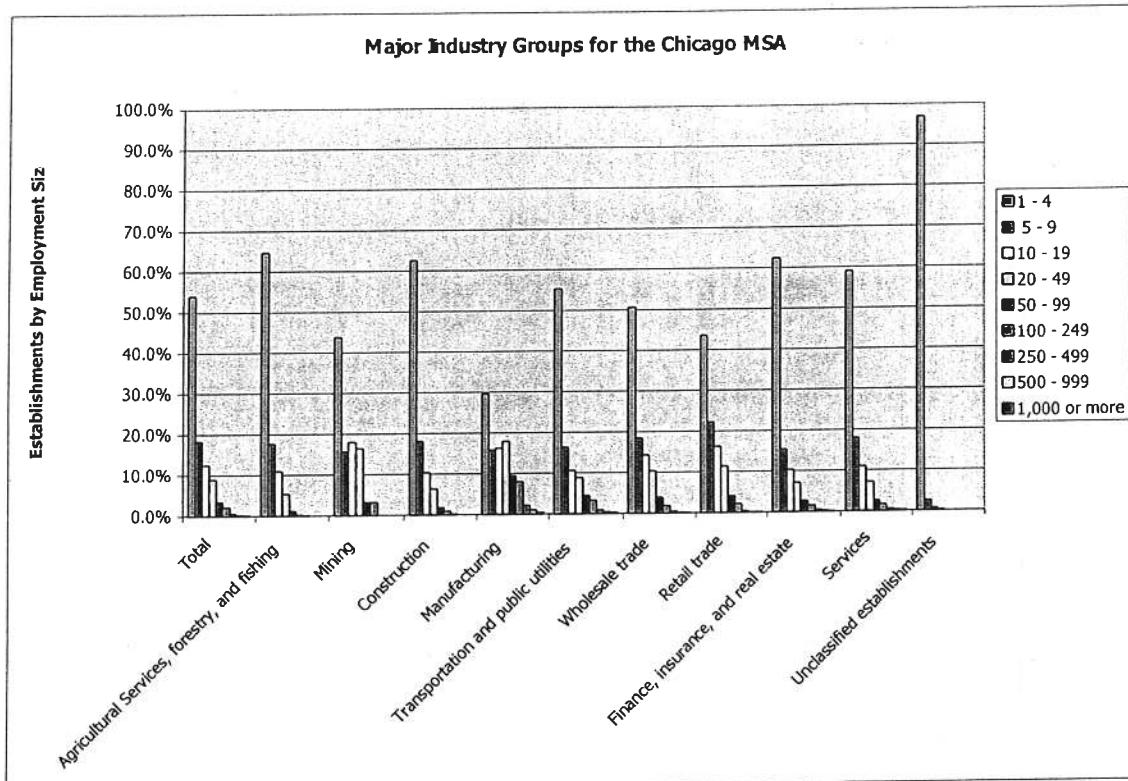
Major Industry Groups, Chicago MSA

Sector Description	# of Employees ¹	Annual Payroll (\$1,000)	Total Establishments	1 - 4	5 - 9	10 - 19	20 - 49	50 - 99	100 - 249	250 - 499	500 - 999	1,000 or more
Total	3,651,282	126,594,120	203,874	109,981	37,262	25,466	18,174	6,912	4,319	1,076	445	239
Agricultural Services, forestry, and fishing	17,841	442,033	2,872	1,858	507	314	152	33	6	2	0	0
Mining	1,995	169,247	128	56	20	23	21	4	4	0	0	0
Construction	153,935	6,800,344	17,915	11,206	3,230	1,857	1,134	305	152	25	4	2
Manufacturing	674,397	28,083,147	13,724	4,055	2,157	2,226	2,448	1,285	1,081	294	133	45
Transportation and public utilities	234,006	9,265,572	8,539	4,719	1,388	905	753	378	271	74	33	18
Wholesale trade	301,684	14,005,097	18,275	9,244	3,375	2,603	1,892	704	327	85	31	14
Retail trade	653,472	11,226,791	41,197	17,949	9,165	6,689	4,683	1,656	888	133	23	11
Finance, insurance, and real estate	329,074	16,275,159	21,921	13,667	3,356	2,265	1,559	580	317	103	49	25
Services	1,284,039	40,212,649	69,427	50,914	18,974	9,245	6,034	2,474	1,413	499	212	129
Unclassified establishments	614	24,506	1,190	1,152	29	7	2	0	0	0	0	0

¹Data not available for Mining and Unclassified Establishments for Kendall County and Lake County

Source: 1997 County Business Patterns

The service sector has the highest number of establishments with over 69,000 of them. Larger establishments (50 employees or more) in service represent 5% of the total in this category. Manufacturing establishments had the highest ratio of large establishments to total establishments in their respective sectors with approximately 20.7%.



Summary and Conclusions

ERA expects population to grow in conjunction with the surrounding counties, Chicago CMSA, and the state. This would be slightly slower than the US average with no major shifts into, out of, or within the region. The number households will most likely follow the population trends, and there is no evidence of any major shifts in the average age per household.

However, there may be evidence of increases in employment and income per household. This may be true only if a proposed third airport near Kankakee is built, and the Chicago Bears follow through with their promise to bring the summer training camp to Bourbonais. Both these events are discussed in more detail later in this report.

Infrastructure

Transportation

Transportation is important to consider in the development of any real estate, but more important to the development of a tourist destination. Cities were first formed at the heads of rivers or other water transportation routes, when ships were the primary mode of transporting goods and people. The East Coast cities are primarily cities of water-based origin. While ports still play a significant role, the emergence of other means of transportation have altered the landscape of our cities and development. The advent of the railroad created many of the Midwest cities, particularly where rail met water. The railroads, as well as Lake Michigan and its connection to the East via the St. Lawrence Seaway heavily fueled the development and rapid growth of the Chicago Metropolitan Area. More recently, the Interstate highway system has impacted the development of cities, spreading development, as more areas become accessible. Lastly, with the increase in air travel, the growth of areas, such as Atlanta, can be traced to airport development. Airport development may play a pivotal role in the growth of the Kankakee area, as well as the southern Chicagoland area.

Airports

Chicago's major airport is O'Hare International Airport, which routinely exchanges the title of 'World's Busiest Airport' with Atlanta's Hartsfield Airport. O'Hare not only serves business and leisure travels to and from Chicago, but is considered one of the nation's largest and most important air travel hubs. O'Hare, which is 75 miles northwest of Kankakee, has recently received national notoriety for its frequent delays and inefficient operations. The mayor of the City of Chicago and the Governor of Illinois have each proposed plans to revamp not only the operations, but the runways, terminals, and access roads at the airport. These plans, which have been both praised and criticized by local interest groups, are under review and no decisions have been made.

O'Hare's operational statistics are summarized in the following table:

O'Hare Airport Statistics

Year	1995	1996	1997	1998	1999	2000	%Change
Domestic Flights	839,388	845,177	813,545	820,256	813,262	817,765	-2.6%
International Flights	58,834	64,416	70,216	77,098	82,966	91,224	55.1%
Total Flights	898,222	909,593	883,761	897,354	896,228	908,989	1.2%
Domestic Passengers	60,462,218	61,935,067	62,442,401	63,614,152	62,878,889	61,682,172	2.0%
International Passengers	6,791,140	7,218,461	7,942,672	8,871,066	9,730,302	10,462,072	54.1%
Total Passengers	67,253,358	69,153,528	70,385,073	72,485,218	72,609,191	72,144,244	7.3%
Average Operations Per Day	2,461	2,492	2,421	2,459	2,455	2,490	1.2%

Source: Chicago Convention and Tourism Bureau, Chicago Department of Aviation

From the table on the preceding page, one will notice the great increase in the number of international flights and passengers, while the domestic market has remained relatively constant over the past five years. This suggests that Chicago and the nation are increasingly becoming more integrated to the 'Global Society'. Interestingly to note, domestic flights have decreased since 1995, while the number of passengers has increased, suggesting that the size of newer planes has grown and the ability of the airlines to fill more flights as increased.

The number of flights at O'Hare, at around 900,000 per year and ranging between 2,420 and 2,490 per day, has remained constant over the past five years. This may suggest that the capacity of O'Hare has reached its upper limit, and may be ready for an expansion or reorganization.

Midway Airport is Chicago's other major airport and is closer to Kankakee County, about 50 miles north. It is more likely to serve the residents and visitors to the southern suburbs of Chicago. While O'Hare hosts most any major airline one can think of, Midway hosts mostly smaller commuter airlines, with some major carriers as well. All airlines serving Midway are listed below.

Airlines Serving Midway Airport--Chicago

Access Air	Frontier Airlines
Air Tran	Mesa Airlines
America West	National Airlines
American Airlines	Northwest Airlines
American Trans Air	Ozark Airlines
Casino Express	Pro Air
Com Air	Southwest Airlines
Continental Airlines	US Airways
Continental Express	Vanguard Airlines
Delta	

Source: Chicago Department of Aviation

Midway Airport has recently grown in popularity among Chicago travelers, noting both the convenience of Midway to downtown Chicago, and its less expensive flights.

Operations at Midway have been somewhat dynamic over recent years, as more and more travelers see Midway as a viable option to O'Hare, rather than just a local commuter airport. With larger carriers such as American, Delta, and Continental serving Midway, more major cities are accessible through Midway's gates.

Southwest Airlines has also played an important role in the development of Midway Airport. As Southwest adds more cities to its national travel web, Midway gains access to major markets. The table on the following page summarizes the operations at Midway since 1995.

Midway Airport Statistics

Year	1995	1996	1997	1998	1999	2000	%Change
Domestic Flights	254,274	252,728	264,178	278,732	297,017	298,035	17.2%
International Flights	2,942	2,985	1,394	187	119	80	-97.3%
Total Flights	257,216	255,713	265,572	278,919	297,136	298,115	15.9%
Domestic Passengers	9,891,207	9,797,038	9,826,171	11,418,969	13,585,029	15,672,581	58.4%
International Passengers	31,009	15,821	2,980	559	233	107	-99.7%
Total Passengers	9,922,216	9,812,859	9,829,151	11,419,528	13,585,262	15,672,688	58.0%
Average Operations Per Day	705	701	728	764	814	817	15.9%

Source: Chicago Convention and Tourism Bureau, Chicago Department of Aviation

As shown in the table above, total flights in and out of Midway have grown by almost 16% since 1995, while the total number of passengers leaped 58%. The jump in total passengers shows that fewer small commuter planes are flying in and out of Midway, replaced by larger passenger jets.

Also to note, international travel at Midway has diminished to almost nothing. Most international travel at Midway was to Canada and charted flights to Mexico and the Caribbean. This trend coincides with the large increase in international travel at O'Hare.

A proposed third airport in the Chicago area has been under discussion since 1984, when it was decided that O'Hare and Midway could not meet the long-term aviation demands of Chicago. The third airport once considered a location in Kankakee, Illinois, but ultimately decided on Peotone, Illinois, which is about 15 northeast of Kankakee. The initiative got as far as setting up an office in Matteson to begin acquiring land for the development site in early 2001. However, in mid-2001 the FAA stepped in and questioned whether this airport would alleviate the national air traffic congestion. Chicago's Mayor Daley then proposed a redevelopment and re-organization of O'Hare that would include new runways and terminals. This proposal is under review by the state and FAA. It appears that a third airport is many years away, if viable at all. This market analysis will not assume a third airport just north of the State Park as part of its analysis. However, ERA understands that if this airport is approved and built, it will provide a great boost to the Kankakee County and surrounding economy.

The Greater Kankakee Airport is a small regional airport located just two miles south of Kankakee, off of I-57. This airport does not have nearly the capacity of Midway or O'Hare, but does have two runways, and serves the south suburban Chicago market. The airport's traffic mostly consists of small, single engine planes and corporate jets.

Interstate Roadways

Interstate roadways are an important part of rural development all across the United States, and are essential to transportation into and out of Kankakee County, Illinois. The Kankakee River State Park is located between Interstate 55 and Interstate 57, about 60 miles south of downtown Chicago. The town of Kankakee is located just off I-57, and

Local Hotel and Meeting Facility Supply

In order to determine the local supply in the area, ERA examined three factors: first, the local hotels in Kankakee County, second, other state parks located within and surrounding Illinois, and finally, the local meeting and banquet facilities.

Hotels in Kankakee County

Within Kankakee County, there are a total of 900 rooms, located at twelve properties. Unfortunately, only seven of these twelve properties report to Smith Travel, therefore, ADR and occupancy data are only available for these seven. The twelve properties, their locations, and number of rooms are listed below. The asterisk indicates that they report to Smith Travel and their data are available.

Selected Kankakee County Hotels

Hotel	Town	# of Rooms
Knights Inn Kankakee*	Kankakee	60
Fairview Motel	Kankakee	34
Days Inn Kankakee*	Kankakee	98
Avis Hotel	Kankakee	48
Motel 6 Kankakee*	Bourbonais	96
Lee's Inn of America	Bourbonais	119
Fairfield Inn*	Bradley	57
Holiday Inn Express & Suites*	Bradley	73
Super 8 Motel	Bourbonais	41
Hampton Inn*	Bradley	59
The Bradley Inn Conv. Center	Bradley	158
Comfort Inn*	Manteno	57
Total		900

Source: Smith Travel Research

* Reports ADR and Occupancy to Smith Travel

In a county of just over 100,000 people, 900 guestrooms are most likely adequate for the local demand. However, given the Chicago CMSA, which includes Kankakee County, is about 9 million people, ERA believes that there is room for new supply in Kankakee County.

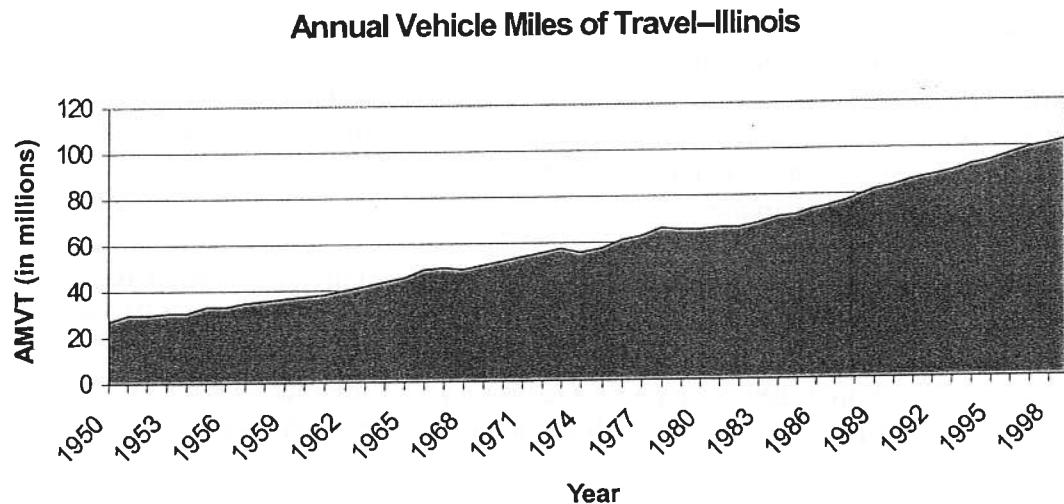
Comparable State Park Lodges

A complete listing of the comparable State Park lodges, their amenities, and to the extent that ADR and occupancy information was available, is presented in the Appendix of this report.

The table on the following page represents four selected state park lodges in Illinois and their performance in 2000. These four properties were chosen because they will most likely be the most comparable to the lodge at Kankakee River State Park.

the Kankakee River State Park is just west of the town. Illinois highway 102 runs from I-57 west through Kankakee, Bourbonnais and the State Park, continuing west linking the whole area to I-55.

The graph below shows the increase in vehicular traffic in Illinois over the past fifty years. In the year 2000 the total annual vehicular miles traveled in the state will top 100 million.



Source: Illinois Department of Transportation

This increase in travel is partly due to the fact that Illinois and Chicago are so centrally located in the US. For instance, I-57 and I-55 are part of the United States Interstate Highway System linking to all major markets in the US. I-55 runs from Chicago to St. Louis and south to New Orleans, LA, while I-57 begins in Chicago and runs to downstate Illinois. I-57 also connects Kankakee County with I-80, about 25 miles north, I-90/94, about 35 miles north. These interstates provide direct access to many major metropolitan areas in the US. I-80 stretches from Cleveland, OH, through Chicago and on to San Francisco, CA. I-94 begins in Detroit, MI, runs west to Chicago, then north to Minneapolis, MN, before linking again with I-90 to Seattle, WA. I-90 begins in New York City and stretches from coast to coast to Seattle WA. In all, travel on the roadways into and out of Kankakee County and the State Park area is above average; the roads more than adequately support the traffic in the area.

Regional Rail Transit

Rail transit within Kankakee County is poor, at best. The Metra Rail Service, which serves all of Chicago, its suburbs, Northwest Indiana, and Southeast Wisconsin, does not reach as far south as Kankakee. However, Amtrak has a station in Kankakee, linking it with Chicago, downstate Illinois, and St. Louis, Missouri. Local bus service is available in the town of Kankakee, which more than adequately serves the needs within the town.

Selected State Park Lodges in Illinois

Year-end 2000	ADR	Occupancy	RevPAR
Illinois Beach Lodge and Conf Ctr.	\$101.86	31.2%	\$31.75
Starved Rock Lodge	\$76.00	84.0%	\$63.84
The Inn at Eagle Creek	\$92.04	41.6%	\$38.27
Pere Marquette Lodge and Conf. Ctr.	\$80.94	67.4%	\$54.57

Source: Illinois Department of Natural Resources

The Illinois Beach Lodge and Conference Center is located about 40 miles north of Chicago along Lake Michigan, which makes it more than 80 miles north of Kankakee River State Park. The facility has 92 guestrooms with meeting facilities that can hold up to 400 people. It has an 18-hole golf course nearby, but its main attraction is the beach. Its lack of a winter amenity severely hampers its operations in the winter, and therefore only achieves 31% year-round occupancy.

Starved Rock Lodge is the closest, and perhaps most comparable, state park to Kankakee River. Starved Rock is located just 55 miles west and slightly north of Kankakee River State Park, and is about 80 miles outside Chicago. Its facilities include 94 guestrooms and banquet facilities for up to 1,200 people. Starved rock performs much better in the winter due to the amount of meeting space, which accommodates enough group business to produce a year-round occupancy of 84%.

The Inn at Eagle Creek is located about 120 miles south of Kankakee along I-57, and less than 100 miles northeast of St. Louis, Missouri. The Inn has 138 guestrooms with limited banquet and meeting space, but does have access to an 18-hole golf course.

Pere Marquette Lodge and Conference Center is located about 200 miles southwest of Kankakee, and about 35 miles northwest of St. Louis. This facility draws more guests from St. Louis than Chicago and has 72 guestrooms and meeting space for up to 400 people.

For the most part, these four lodges performed well in ADR, while occupancy at Illinois Beach and Eagle Creek lagged the other two as well as the rest of the industry. One reason for the low occupancies may be the lack of winter activities at these properties, accentuating the argument for ample winter activities in the region of the US.

Meeting Facilities

Below is a table listing the local banquet facilities in Kankakee and surrounding towns. The total capacity is just under 10,000 seats, but only eight facilities have guestrooms. Only one of the facilities with guestrooms, the Bradley Inn, seats more than 150 people.

Selected Kankakee County Meeting Facilities

Venue	Town	Max. Capacity
Bennett Curtis House	Grant Park	300
Bradley American Legion	Bradley	180
Bradley Inn*	Bradley	800
Caps on Campus	Manteno	1,500
Comfort Inn*	Manteno	60
Day's Inn*	Kankakee	40
Fairfield Inn*	Bradley	20
Family house Restaurant	Bradley	100
Hampton Inn*	Bradley	35
Holiday Inn Express*	Bradley	35
Homestead Restaurant	Kankakee	100
Kankakee County Fair And Exp.	Kankakee	600
Kankakee Comm. College	Kankakee	240
Kankakee Valley Park District	Kankakee	190
Kankakee VFW Post 2857	Kankakee	300
Knight's Inn*	Kankakee	150
Knight's of Columbus	Kankakee	100
Kohl Center	Kankakee	700
Lee's Inn*	Bradley	50
Olivet Nazarene University	Bourbonnais	2,700
Old Country Buffet	Bourbonnais	58
PJ's Catering	Momence	25
River Oaks Banquets	Kankakee	300
Stone Barn	Kankakee	100
Sully's	Kankakee	500
Sully's at Elk Count Club	St. Anne	400

Source: Kankakee County Conv. & Visitors Bureau

* Facility has guestrooms available

Possible Additions to Supply

An October article in the Kankakee Daily Journal announce the possibility of developing a 100-room, \$5.5 million hotel with a 25,000 square foot, \$1.5 million conference center near I-57 and exit 308 in Kankakee. Developer Richard Lewis, a private developer out of Indianapolis, has teamed up with Cendant Corp. with plans to flag the new project a Wingate Inn. Lewis also mentioned that he expects a lot of interest from restaurants at the complex and expects a second and possibly a third hotel on the site.

Ground breaking on the site, which originally was looked at by another developer in 1994, was expected by November 1, 2001, however, the Kankakee County Planning department has received no applications for permits and has seen no drawings. This suggests, and Lewis admits, that work will most likely not begin until spring 2002.

Other rumors of development have surfaced, including at hotel at the campus of the Kankakee Community College, however, nothing could be confirmed. Again, sources at the Kankakee County Planning department know of no developments in the near future, and have received no applications for building permits.

From this, ERA draws the conclusion that the area near Kankakee River State Park needs a single facility that can accommodate a large banquet or catering function and provide on-site guestrooms. However with the possible additions to supply, a mid-size facility of 125 to 150 rooms is recommended over a large conference center of 250 rooms.

Local Hotel Demand

There are three primary sources of demand for a state park resort facility.

- First, resort complexes are utilized by corporate and association meetings, such as incentive trips, sales meetings, management meetings, training seminars, professional technical meetings, new product introductions, and stockholder meetings. Conventions are included in these figures. However, a resort lodge at a state park would only address one segment of convention market. Larger conventions, those with trade show type displays or thousands of delegates currently occur only at a large city convention center or regional fair grounds.
- A second source of demand stems from social, religious, and fraternal organizations. These organizations may be alumni groups, church retreats, class reunions, and bus tours. There is some overlap between these groups and the association meetings market, although many of these organizations are smaller and do not use professional meeting planners.
- The third primary source of demand is related to family vacation travel. This market segment is similar to the market that the parks currently draw from, but includes families who tend less toward "roughing it". Vacationers only rent portions of resort facilities, and would likely also utilize the vacation cabins and campgrounds

The Meetings Market

The meeting market is tracked by a semi-annual survey by Meetings and Conventions Magazine. Since this survey only addresses subscribers to the magazine, who are primarily meetings planners, it does not represent the entire market. However, it does provide an accurate characterization of the market and offer some extent of scale. Meetings are divided into three categories; corporate, association, and convention. Employees or boards of private corporations attend the corporate meetings, while members of professional or educational groups attend association meetings. This distinction results in minor differences in preferences and requirements of meeting participants. Conventions are larger, usually annual, meetings by associations that include exhibits and large number of delegates. Smaller conventions may be somewhat similar to association meetings.

Number of Corporate, Association, and Convention Meetings

	1989	1991	1993	1995	1997	1999
Corporate	866,800	806,200	801,300	797,100	783,900	835,700
Association	186,600	215,000	206,500	175,600	189,500	174,200
Convention	12,600	10,200	11,800	10,900	11,300	11,600
Total	1,066,000	1,031,400	1,019,600	983,600	984,700	1,021,500

Source: *Meetings and Convention Magazine's 2000 Study*

From the table on the preceding page, the total number of meetings in the US dipped below one million in the late 1990s, but recovered by 1999. The number of meetings is not expected to materially change in 2000, however, most analysis believe that as corporations cut their spending in 2001, and as the economy seems to creep further into a recession, large-scale corporate meetings and conventions will be negatively effected in 2001 and 2002.

Total Attendance at Corporate, Association, and Convention Meetings (in thousands)

	1989	1991	1993	1995	1997	1999
Corporate	58,400	49,600	55,100	49,300	49,900	51,000
Association	21,700	22,600	18,700	15,100	17,900	15,600
Convention	13,600	8,600	10,700	13,000	11,700	12,300
Total	93,700	80,800	84,500	77,400	79,500	78,900

Source: *Meetings and Convention Magazine's 2000 Study*

Attendance at meetings has seemed to be on a steady slide since 1989, as total number of attendees decreased almost 16% in the ten-year period from 1989 to 1999. However, as the table below displays the number of attendees per event, though down, only decreased 4.1% over the same period.

Average Number of Attendees Per Event

	1989	1991	1993	1995	1997	1999
Corporate	67	62	69	62	64	61
Association	116	105	91	86	94	90
Convention	1,079	843	907	1,193	1,035	1,060
Total	1,263	1,010	1,066	1,341	1,194	1,211

Source: *Meetings and Convention Magazine's 2000 Study*, Economics Research Association

It is also important to note the total expenditures invested into each event, which, as the table below shows, peaked in 1997, but still gained 1.5% in 1999 as compared to ten years earlier.

Total Expenditures (in millions)

	1989	1991	1993	1995	1997	1999
Corporate	\$9,700	8,700	10,600	8,600	10,800	10,200
Association	\$14,900	11,000	14,300	12,000	14,300	16,300
Convention	\$15,000	15,300	15,500	16,800	16,700	13,700
Total	\$39,600	35,000	40,400	37,400	41,800	40,200

Source: *Meetings and Convention Magazine's 2000 Study*

This results in total expenditures for each large meeting remaining relatively constant in 1999 as compared to 1989, at slightly under \$1.3 million per event. Total expenditures are important, in that, much of the money spent on large meetings and conventions is poured into the local economy of the hosting venue.

Examining the numbers further, one notices that while the total number of events have decreased, and the total expenditures slightly increased, the total expenditures per each attendee has dramatically increased. These data is displayed below.

Total Expenditures per Attendee

	1989	1991	1993	1995	1997	1999
Corporate	166	175	192	174	216	200
Association	687	487	765	795	799	1,045
Convention	1,103	1,779	1,449	1,292	1,427	1,114
Total	1,956	2,441	2,406	2,261	2,443	2,359

Source: *Meetings and Convention Magazine's 2000 Study*, Economic Research Associates

Conference organizers have had little difficulty spending money on each attendee, as this increase of nearly 21% from 1989 to 1999 shows. Though conference attendance may decrease in 2000-01 and the short-run, as the market regains attendees the total expenditures should increase markedly. Proving that the meetings market is strong and should continue into the future.

Factors Considered in Selection of Destination

Percent of Meeting Planers Indicating Factor is "Very Important"	Corporate Meetings	Group Incentives	Association Conventions	Association Meetings
Availability of Hotels or Meeting Facilities	72%	68%	80%	67%
Affordability of Destination	69%	72%	72%	68%
Safety/Security of Destination	66%	75%	62%	57%
Ease of Transporting Attendees	60%	66%	48%	43%
Distance Traveled by Attendees	53%	56%	40%	42%
Transportation Costs	50%	65%	41%	37%
Clean/Unspoiled Environment	44%	65%	37%	32%
Climate	40%	65%	30%	22%
Mandated by by-laws	36%	51%	20%	18%
Availability of Recreational Facilities	30%	65%	25%	16%
Sightseeing/Culture	25%	58%	23%	12%
Image of Location	21%	58%	14%	11%

Source: *Meetings and Convention Magazine's 2000 Study*

For each type of meeting factors such as availability, affordability and safety rank at the top of "very important" factors. ERA expects that safety, though currently a high factor, will grow in the near-term as a result of a heightened state of anxiety over terrorist attacks. Also, given that transportation issues ranked next on the above list, expect more businesses to conduct local meetings in order to try to avoid air travel.

Association Meetings

Douglas Publications, Inc. is a publisher of business-to-business media properties, which publishes *The Association Meeting Planners Database*, a guide to national association meeting planners and conference and convention directors. This directory lists more than 14,200 meeting planners for over 7,400 national associations.

According to Douglas Publications, there are 598 associations in Illinois, with 524 (88%) located in the Chicago Metropolitan Statistical Area (MSA) and 274 (46%) in the City of Chicago. These associations hold a minimum of 8,145 meetings a year, representing an average of 19.6 meetings a year per association.

The following table lists the number of attendees for meetings. This shows that the majority (42%) of meetings held consists of less than 50 attendees.

Number of Attendees for Meetings

Categories	Number of Meetings	Percentages
Under 50	262	42%
51 - 100	158	25%
101 - 200	111	18%
201 - 500	68	11%
501 - 1,000	18	3%
1,001 - 5,000	2	0.3%
Over 5,000	1	0.2%

Source: Douglas Publications

The Chicago MSA associations hold a minimum of 1,772 convention days a year, representing an average of 3.6 convention days a year per association. These associations hold 12.5% of their conventions in the Chicago MSA. The following table lists the number of attendees for conventions, showing that the majority of conventions (24%) held consist of 201 to 500 attendees.

Number of Attendees for Conventions

Categories	Number of Conventions	Percentages
Under 50	19	3%
51 - 100	49	8%
101 - 200	89	15%
201 - 500	143	24%
501 - 1,000	103	18%
1,001 - 5,000	114	19%
Over 5,000	69	12%

Source: Douglas Publications

The following table lists the type and frequency of facilities used for conventions in the Chicago MSA. The majority of conventions take place downtown (42%), followed by resorts (26%), convention centers (21%), and airports (12%).

Facilities Used for Conventions

Facilities	Conventions	Percentages
Downtown	403	42%
Airport	118	12%
Resort	250	26%
Convention Center	200	21%

Source: Douglas Publications

Meeting Market Conclusions

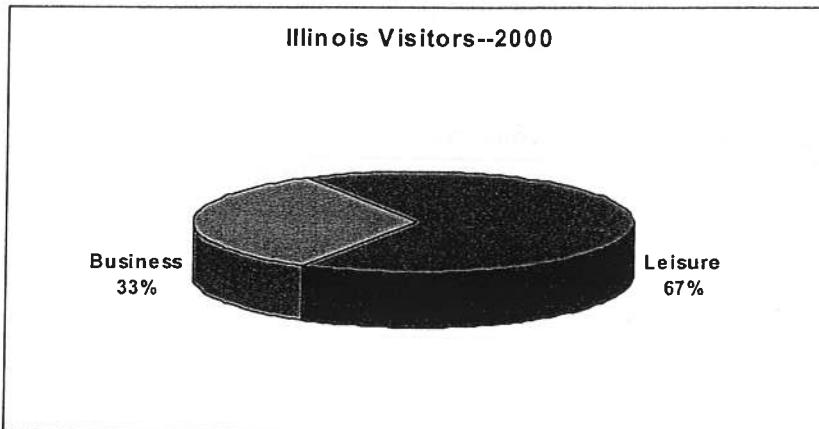
In general, the meetings market in the US is strong, but may be on the verge of a steep decline. Businesses trying to cut costs and save money, worries about the state of the US economy, and employers, as well as employees, concerned over security and safety issues in air travel, will all contribute to a decline in this market. In late 2001, economists are already seeing signs of a slowing lodging economy, and it appears that the worst may be yet to come.

However, in articles published 30+ days after the September 11th attacks on America, hotels and convention centers are reporting occupancies returning to normal. For example, an October 10th article in the *Milwaukee Journal Sentinel* in Chicago reported a steep decline in occupancies in late September 2001, down to less than 30%. Since October 1, 2001, however, Chicago hoteliers have seen a rebound in occupancies to over 50%. This news, which has stirred some optimism, is primarily due an October convention that decided not to cancel in the wake of the attacks, but is still way off their normal +80% occupancies.

Tourism Trends in Illinois

For the purposes of analyzing the demand characteristics for the Kankakee County Area, it is important to not only look at the meetings and group business market, but also the individual traveler and tourists.

Illinois visitors are measured in two types, business and leisure. As shown in the graph on the next page leisure travelers accounted for two-thirds of all visitors to Illinois in 2000. According to the independent research firm D. K. Shifflet & Associates, Ltd., in 2000 almost half the total leisure visitors to Illinois were visiting friends or family and their primary activity was dining.



Source: DK Shifflet & Associates Ltd.

Approximately 57% of all leisure travelers to Illinois visited the Chicago Metropolitan area. Within the Chicago Metropolitan area, the following hotel performance measures have been recorded over the past six years (Note: Data for 2001 is through May).

Chicago Metropolitan Area Hotel Statistics

	1995	1996	1997	1998	1999	2000	2001*
Occupancy	70.3%	71.7%	71.6%	69.9%	69.2%	70.6%	60.3%
ADR	\$ 83.84	\$ 93.61	\$ 101.55	\$ 107.04	\$ 111.30	\$ 116.42	\$ 110.58
RevPAR	\$ 58.94	\$ 67.12	\$ 72.71	\$ 74.82	\$ 77.02	\$ 82.19	\$ 66.68

*Through May 2001

Source: Chicago Convention and Visitors Bureau

As seen in the chart above, Chicago hotels have enjoyed a period of increasing revenue per available room (RevPAR). Excluding 2001 because it is an incomplete year, Chicago hotels have witnessed occupancy fluctuate somewhat, but remain around 70%, while their ADR increased markedly, from about \$84 to more than \$116, or an increase of almost 40%. This occurred in a period where downtown Chicago has seen a major influx of new hotel rooms added to their supply. Part of this increase in performance while new supply comes on-line may be due to greater number of tourist to the area.

From the seven reporting properties in Kankakee County, the following information is available through Smith Travel Research. The 2001 data only includes the first seven months of the year, and is being compared to the first seven months of 2000.

ADR and Occupancy Statistics for the Selected Kankakee County Properties

	2001	2000	# Change	% Change
Year-to-Date ADR	\$56.06	\$54.37	\$1.69	3.1%
Year-to-Date Occupancy	51.6%	53.8%	-220 bp	-4.1%
Year-to-Date RevPAR	\$28.93	\$29.25	-\$0.32	-1.1%
Room Demand	88,723	101,461	(12,738)	-12.6%
Room Supply	172,001	190,588	(18,587)	-9.8%
Room Revenue	\$4,973,785	\$5,443,177	(\$469,392)	-8.6%

Source: Smith Travel Research, Economic Research Associates

The performance statistics presented on the preceding page show most measures are down in 2001 as compared to the same months in 2000. ADR was able to gain about \$1.70 over the previous year, or a growth rate of 3.1%, however, the 4.1% decrease in occupancy created a RevPAR decline over 1.0%. Total rooms sold (room demand) and total rooms available (room supply) both declined 12.6% and 9.8% respectively, while room revenue was down sharply at slightly under \$500,000.

The performance of the local hotels in the Kankakee area is an indication that the slowdown in 2001 is being felt in the suburban areas as well as the big cities. With the slow winter season approaching in the Midwest, the market is not expected to improve itself this year. In addition, this performance is worse than Smith Travel's likely 2001 performance presented earlier, which suggests that 2001 will finish below most industry analysts' predictions.

Looking at the multi-year performance of the same competitive set, the Kankakee performance appears as follows:

Kankakee County Area Hotel Statistics

	1995	1996	1997	1998	1999	2000	2001*
Occupancy	47.5%	49.4%	48.0%	52.1%	53.9%	53.8%	51.6%
ADR	\$ 42.26	\$ 42.80	\$ 46.00	\$ 51.01	\$ 52.34	\$ 54.37	\$ 56.06
RevPAR	\$ 20.07	\$ 21.14	\$ 22.08	\$ 26.58	\$ 28.21	\$ 29.25	\$ 28.93

*Through July 2001

Source: Chicago Convention and Visitors Bureau

Compared to the Chicago Area Statistics, the Kankakee market, though well below the levels of Chicago, shows better performance with increasing ADR and occupancy. From 1995 to 2000 occupancy grew 6.3 points, or 13.3%, while ADR grew more than twelve dollars, or 28.7%. This resulted in a RevPAR increase over that same period of more than 45%.

The following chart shows the trends in tourism in the state of Illinois over the past seven years. The information shows the total number of visitors to the state and the total visit days. For instance, if one person visits Illinois for three days, that is counted as one visitor, but three visit days.

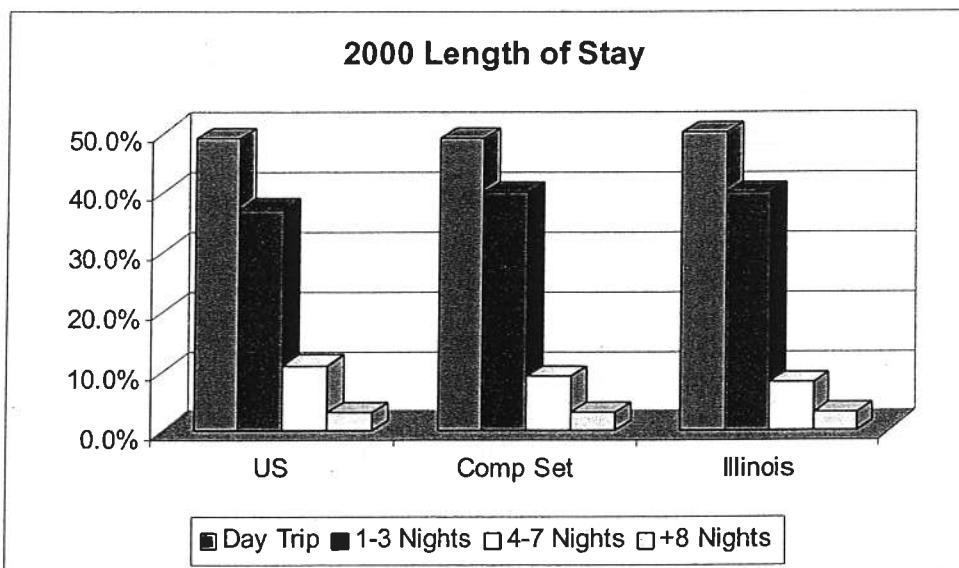
Tourism Facts for the State of Illinois (in millions)

	1994	1995	1996	1997	1998	1999	2000
Total Visitors	69.6	72.9	68.4	76.3	76.3	76.5	80.1
% Change from Previous Year	N/A	4.7%	-6.2%	11.5%	0.0%	0.3%	4.7%
Total Visit Days	141.35	142.3	145.1	155.1	154.1	157.9	166.2
% Change from Previous Year	N/A	0.7%	2.0%	6.9%	-0.6%	2.5%	5.3%

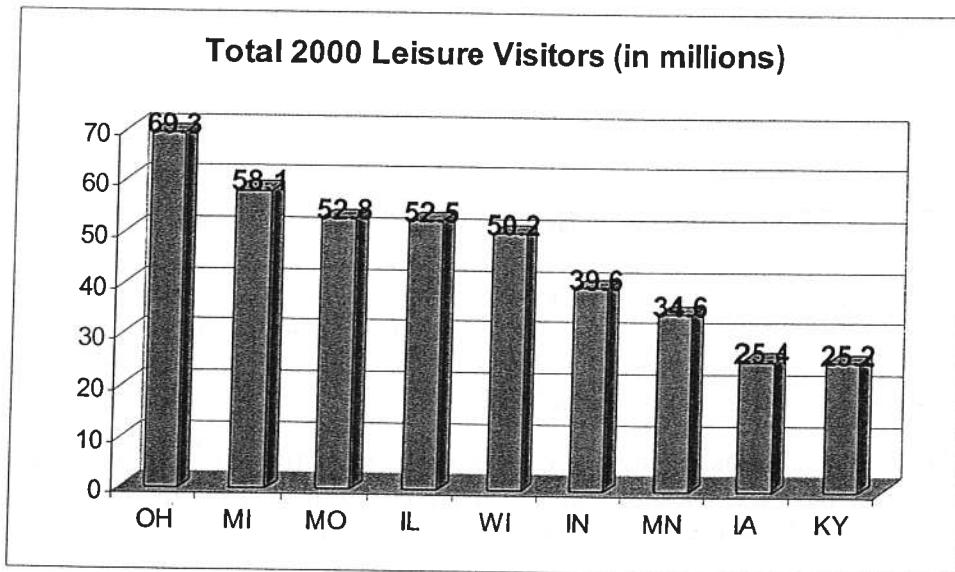
Source: DK Shifflet & Associates, Ltd., Economics Research Associates

As shown in the data above, Illinois achieved increases in its tourism every year, with the exception of 1996, in the past six, with an almost 5.0% increase from 1999 to 2000. In addition, the number of total visit days increased more than 5.0% in 2000. This may suggest that the length of stay for visitors is on the rise.

Length of stay to Illinois is relatively consistent with the competitive set and the entire US industry. Therefore the conclusion can be drawn that the length of stay increase in Illinois is not only a state trend, but also an industry trend.



The competitive set referred to above is comprised of the surrounding states of Illinois: Ohio, Michigan, Missouri, Wisconsin, Indiana, Minnesota, Iowa and Kentucky. The graph on the next page shows that Illinois ranks fifth among its closest competitors in terms of total leisure visitors.



Illinois took over the fifth spot from Wisconsin in 2000 as it experienced a surge in visitors from 1999. From the chart below, one will notice that after two straight years of declining visitors to Illinois, in 2000 Illinois, along with Minnesota saw a double-digit increase to their states.

Illinois and Competitors
Total Visitors Volume Changes from Previous Year

Year	1997	1998	1999	2000
Michigan	5.0%	-8.0%	15.0%	-4.0%
Ohio	7.0%	-11.0%	-3.0%	8.0%
Missouri	8.0%	3.0%	7.0%	5.0%
Wisconsin	8.0%	-2.0%	5.0%	1.0%
Illinois	13.0%	-1.0%	-3.0%	15.0%
Minnesota	3.0%	1.0%	1.0%	20.0%
Indiana	0.0%	-3.0%	15.0%	-3.0%
Kentucky	6.0%	8.0%	-8.0%	8.0%
Iowa	20.0%	-8.0%	0.0%	4.0%

Source: DK Shifflet & Associates, Ltd.

It appears that there is no recognizable trend in the region, as some states are up some years while others are down. It may be concluded, then, that the total number of visitors to the region remains fairly constant, while visitors just alternate their visits between states.

Visitor Spending

The amount of money spent by visitors during a visit is also an important factor to examine while measuring demand. According to D.K. Shifflet & Associates, Illinois' expenditures in 2000 were strong, even though business travel expenditures decreased. A strong increase in overnight leisure spending aided to the increase in direct spending.

The consulting firm also opines that close to 70% of Illinois' expenditures in 2000 were generated in the Chicago Metro area, but Chicago's daily expenditures decreased \$3.00. The following chart shows the direct spending trend in Illinois since 1996 (please note that these figures include transportation expenses.)

Direct Spending from Travel and Tourism--Illinois

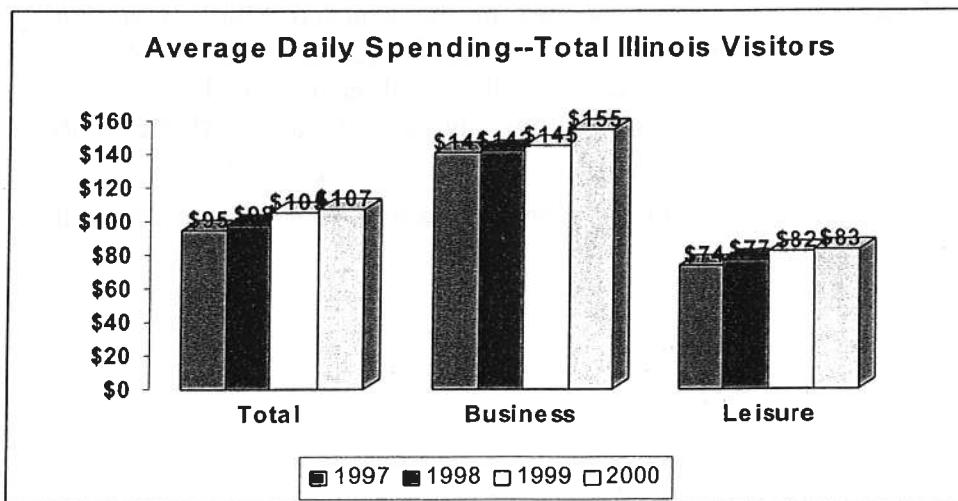
	Total Visit Days (millions)	Average Daily Expend. (dollars)	Direct Spending (billions)
2000	166.2	\$107	\$17.8
1999	157.9	\$108	\$17.1
1998	154.1	\$100	\$15.4
1997	155.1	\$97	\$15.0
1996	145.1	\$99	\$14.4

Note: Direct Spending=Visit Days x Ave. Daily Exp. (including transportation)

Source: DK Shifflet & Associates, Ltd.

Total number of visits increased from 1996 to 2000 by 14.5%, while the average daily expenditures increased 8.0% over the same period. This resulted in a surge in direct spending in the state by 23.6%.

The graph below shows the individual trends in average daily spending by business and leisure travelers, which led to the 8.0% increase.



Other Demand Factors

The Chicago Bears recently announced that beginning in the summer of 2002 they would move their training camp facilities from Wisconsin to Bourbonais, Illinois. This should provide a boost to the local economy, as the Bears are a fairly large tourism draw. It is expected that many fans will drive from Chicago to south suburban Bourbonais for day trips, as well as weekend or multiple day stays.

Not only will the local economy receive a boost from new tourism revenue to the area; some jobs are to be created due to this move, as well as increased tax revenue.

As far as the impact on the Kankakee River State Park, ERA expects that visits to the park should increase during the months of the Bears training camp. In addition, a future lodge should be able to package a trip to the camp with a stay at the Lodge. The Bears organization also provides an additional source for potential group business meetings at the property.

Visitor Demand Conclusions and Observations

- After three years of flat growth in visitation, the state experienced a five percent increase, which was primarily driven by a 13% increase in leisure travel. Over night leisure travel in particular was quite strong, increasing eight percent. In contrast to 1999, business travel dropped eight percent, which negated the strong leisure increase. Non-resident leisure travel was up 16%, while non-resident business travel was down 10%.
- Illinois was tenth in total US travel market share, however, the state was sixth in share of business travel driven by the strength of Chicago. Illinois also had the largest increase in visitor volume among its competitors, which was double the national average.
- Expenditures were still strong despite a drop in business travel expenditures, however, with strong increase in overnight leisure, the state's business revenues would grow by \$166 million if average daily leisure expenditures only crept up a \$1.00.
- Close to 70% of expenditures were generated in the Chicago Metro area, but Chicago's daily expenditures decreased \$3.00. Visiting friends and relatives coupled with special event trip purposes make up close to 70% of all leisure travel to the state of Illinois. Cultural, nightlife, and visiting historic sites are all strong activities with respect to competitors.
- Leisure travel length of stay is up from last year, but business travel length declined slightly.

Facility Recommendations

Several factors must be considered before recommending any type of development in Kankakee County area. Previously in this report, ERA examined the state of the national hotel market, explored the ideal type of conference center, looked at the demographics and infrastructure in the area, and considered the conditions of the local supply and demand generators in the area.

The general state of the US economy is extremely unsteady. Since the beginning of 2001 many US businesses have tightened their spending, resulting in cuts in travel as well as layoffs in most industries. The hotel market began to feel the spending crunch in early spring as Smith Travel began to see demand for rooms diminish and rate cuts by operators in the summer months. The terrorist attacks on the US in September 2001 have fueled the uncertainty of the US economy and severely hampered the airline industry. Most investors and analyst believe that this will force the economy into a recession. Given these fears, and the empirical evidence that the hotel industry began to slow down before the disasters in New York and Washington, a new hotel development is deemed risky. However, if a development in this area moves forward despite the economy, ERA makes the following recommendations.

The Facility. The ideal facility for this location is a facility focused on group business. The location is ideal for corporate or executive getaways, and the Chicago Metropolitan Area provides a virtually unlimited amount of potential business. As shown earlier in this report, a conference center is able to take advantages of economies of scale, achieving greater profitability and yield management opportunities. Greater profitability and yield management opportunities exist both in the rooms department and food and beverage.

Though it is typically the smallest of all conference center types, ERA recommends an executive conference center. Executive conference centers are the most versatile in that they can cater to executive meetings, as well as social meetings and tour & leisure guests. They also have ample banquet and meeting space to host all types of corporate or social functions.

Executive conference centers, which need to provide amenities, do not necessarily have to have all the amenities of a resort hotel or conference center. This will aid to keep construction and development costs low.

It was shown that executive conference centers typically achieve the highest rate of all conference center types. However, given the ADR of the Kankakee area, which is well below the national average, ERA believes that the state park lodge will achieve an ADR below the national average for executive conference centers.

Size. As shown in a previous section, executive conference centers are typically around 150 rooms, with a 250-seat restaurant and about 25 meeting rooms. ERA suggests adhering closely to this formula with some modifications. A 125-room hotel with one 250-seat food and beverage outlet, including a 50-seat lounge/bar was determined to have a strong market demand penetrating occupancy needed for financial success. Meeting space should include one large ballroom that can seat 500 to 750. The large ballroom

would typically have the ability to be divisible into smaller rooms, usually around 8 to 12 sections that can be configured several ways.

Executive meetings require some breakout rooms that are used for smaller group meetings or discussion panels. Eight of these rooms should be sufficient, though any conference manager will admit that they could never have enough. Finally, a true executive conference center will include about three boardrooms, or executive meeting rooms, which typically look like any corporate boardroom and are used for executive board meetings. This would bring the total meeting rooms in the range of 19 to 23 rooms, which is close to the national average, and considered sufficient. In all, ERA suggests about 8,000 square feet of total meeting space.

Amenities. An executive conference center does not require the amenities of a resort hotel or conference center, but does require some amenities in order to attract groups. Though a conference center focuses on business groups, amenities are also important to attract the needed tour and leisure business.

All hotels and conference centers include a fitness center. The best fitness centers usually include a locker room with showers, while top-notch centers include a full-service spa. A spa is an attractive amenity that was well received in the mid- to late-1990s, but is not considered essential to survival anymore.

Given the location of the Kankakee River State Park, an indoor pool is suggested in order to add a winter amenity. This, coupled with the amenities already offered at the park, (hunting, fishing, canoeing, camping, biking, picnicking, hiking, horseback riding, and cross-country skiing), should be more than adequate to operate an executive conference center.

As most conference center operators will admit, technology is also important to the success of an executive conference center. ERA believes that it is not only wise to invest in technology, but almost essential in order to survive in today's market. Technology upgrades should include; work desks in all guestrooms, including ergonomic chairs and desks, extra power outlets, and accessible phone cord outlets. High-speed Internet access is also key in the guestrooms as well as meeting rooms, while meeting rooms will require audio/visual capabilities and LCD projectors for Power Point presentations.

ERA understands that technological investments are difficult to rationalize because technology changes so rapidly, but recommend these investments regardless because they are so crucial in order to be able to compete.

Financial Conclusions

The following pages show financial performance of a 125-room hotel with and \$85 ADR. This analysis was performed at a \$12.5 million development cost. The two scenarios show the contrasts of private market financing and public financing with interest rate below private market rates. The following is apparent from this analysis:

- With the straight market deal (at interests rates higher than financing at public sector interest rates), it is very unlikely that a private investor / operator would be attracted to the deal. A 7.8% return is not viewed positively. ERA would expect that a return in excess of 15% would be needed to ensure that developers would be willing to take related risks. If DNR were to be involved in the project – for example, in site development or by providing recreational amenities and thus cut down on the project's total costs -- this would increase the return on investment and make the deal more attractive;
- Development costs contained 5 – 10% lower than the \$100,000 per room shown in the analysis would also enhance returns on investment, and thus investor interest. ERA believes this is achievable with good planning and an effort to keep costs in line with the quality of rooms implied by the ADR.

These financial returns will only occur with a strong market effort by an operator that can meet expectations of the meetings market.

Kankakee River State Park Lodge Financial Analysis

			Stabilized Year Net Present Value									
			Year	Net Operating Income	Cap Rate	Discount Factor	Net Present Value					
							13.5%					
Total	Cost per Room	Total Costs										
125	\$100,000	\$12,500,000										
			1	\$862,525	X	1.0000	=\$862,525					
			2	\$1,023,283	X	1.0000	=\$1,023,283					
			3	\$1,224,851	X	0.8811	=\$1,079,164					
			4	\$1,267,720	X	0.7763	=\$984,083					
			5	\$1,312,091	X	0.6839	=\$897,380					
			6	\$1,358,014	X	0.6026	=\$818,315					
			7	\$1,405,544	X	0.5309	=\$746,217					
			8	\$1,454,738	X	0.4678	=\$680,471					
			9	\$1,505,654	X	0.4121	=\$620,518					
			10	\$1,558,352	X	0.3631	=\$565,847					
			11	\$1,612,894	X	0.3199	=\$515,992					
			12	\$1,669,346	X	0.2819	=\$470,530					
Subtotal Cash Flows												
Reversion			\$1,727,773									
Net Present Value : Discounted Cash Flow												
			\$7,378,517									
			\$3,900,672									
			\$11,279,189									
			Net Present Value: Direct Capitalization									
			\$1,224,851									
			11.0% X									
			0.2483									
			1.0000									
			= \$11,135,006									
Return Calculations			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Year												
Income Before Debt Service			\$862,525	\$1,023,283	\$1,224,851	\$1,267,720	\$1,312,091	\$1,358,014	\$1,405,544	\$1,454,738	\$1,505,654	\$1,558,352
Private Debt Service			\$825,485	\$825,485	\$825,485	\$825,485	\$825,485	\$825,485	\$825,485	\$825,485	\$825,485	\$825,485
Equity Investment			\$ 3,125,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cash Flow			(\$3,087,960)	\$197,798	\$399,365	\$442,235	\$486,605	\$532,529	\$580,059	\$629,253	\$680,169	\$732,867
Cash-on-cash Return			-98.8%	6.3%	12.8%	14.2%	15.6%	17.0%	18.6%	20.1%	21.8%	23.5%
IRR			7.8%									
Public Debt Service			\$674,494	\$674,494	\$674,494	\$674,494	\$674,494	\$674,494	\$674,494	\$674,494	\$674,494	\$674,494
Equity Investment			\$ 3,125,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cash Flow			(\$2,936,969)	\$348,799	\$550,356	\$593,226	\$637,596	\$683,519	\$731,050	\$780,244	\$831,160	\$883,858
Cash-on-cash Return			-94.0%	11.2%	17.6%	19.0%	20.4%	21.9%	23.4%	25.0%	26.6%	28.3%
IRR			15.1%									
DNR: #2-01-001												

Source: Economic Research Associates

Appendix

Selected State Parks with Lodge Facilities

Park	Resort Lodge	City	State	Lodge		Cabins/ Cottages		Camp		Park		Lodge/Fire-Dbl Occ		Cabin Fees		Lodge Occupancy	
				Rooms	State	Cottages	Sites	Attendance	Low	High	Low	High	Season	Off-Season	Annual		
Cave-In-Rock State Park	Cave-In-Rock Rest. & Lodge	Cave-In-Rock	IL	8	4	0	527,382	\$64	\$124	\$204	95%	6%	60%	60%	60%	60%	
Giant City State Park	Giant City Lodge	Makanda	IL	18	16	0	1,216,071	\$55	\$95	\$95	92%	29%	29%	29%	29%	29%	69%
White Pines State Park	White Pines	Mt Morris	IL	25	0	342,836	0	86%	86%	26%	26%	62%	62%	62%	62%	62%	62%
Pere Marquette State Park	Pete Marquette Lodge and Conference Center	Grafton	IL	50	22	0	1,319,159	\$49	\$85	\$79	\$99	50%	48%	48%	48%	48%	48%
Starved Rock State Park	Starved Rock Lodge	Starved Rock	IL	72	22	0	1,665,106	\$90	\$100	\$80	\$100	95%	61%	84%	84%	84%	84%
Wayne Fitzgerrel State Park	Rend Lake Resort	Whittington	IL	90	0	313,508	\$73	\$83	\$88	\$92	87%	22%	57%	57%	57%	57%	
Eagle Creek State Park	Inn at Eagle Creek, Eagles Nest Conference Center	Findlay	IL	128	10	-	327,838	\$59	\$150	\$80	\$169	73%	18%	42%	42%	42%	42%
Illinois Beach State Park	Illinois Beach Resort & Conference Center	Zion	IL	92	0	0	2,823,566	\$59	\$99	\$99	\$150	50%	22%	31%	31%	31%	31%
Fort Harrison	Harrison House	Indianapolis	IN	10	3	-	-	\$49	\$49	\$219	\$219	219	219	219	219	219	219
McCormick's Creek	Canyon Inn	Spencer	IN	76	15	-	-	\$49	\$49	\$219	\$219	219	219	219	219	219	219
Brown County	Abe Martin Lodge	Nashville	IN	160	20	633	-	\$47	\$109	\$89	\$89	89	89	89	89	89	89
Clifty Falls	Clifty Inn	Madison	IN	71	-	165	-	\$49	\$79	-	-	-	-	-	-	-	-
Pokagon	Potawatomi Inn	Angola	IN	142	-	310	-	\$47	\$119	-	-	-	-	-	-	-	-
Spring Mill	Spring Mill Inn	Mitchell	IN	74	-	223	-	\$49	\$89	-	-	-	-	-	-	-	-
Turkey Run	Turkey Run Inn	Marshall	IN	81	-	253	-	\$49	\$159	-	-	-	-	-	-	-	-
Kentucky Dam Village	Village Inn Lodge	Calvert City	KY	72	72	929,539	\$52	\$74	\$74	\$195	79%	20%	62%	62%	62%	62%	62%
Pine Mountain	Green Inn	Pineville	KY	14	20	36	134,961	\$52	\$78	\$74	\$120	91%	20%	63%	63%	63%	63%
Pennyville Forest	Evans Lodge	Dawson Springs	KY	24	13	68	126,014	\$68	\$52	\$74	\$110	87%	22%	56%	56%	56%	56%
Carter Caves	Pennyville Lodge	Carter	KY	28	15	89	338,625	\$52	\$71	\$65	\$105	92%	10%	51%	51%	51%	51%
General Butler	Cleveland Lodge	Carrollton	KY	53	23	111	414,992	\$52	\$71	\$155	\$83	83%	23%	60%	60%	60%	60%
Barren River Lake	Butler Lodge	Gaiscow	KY	51	22	99	331,711	\$52	\$76	\$109	\$175	85%	25%	65%	65%	65%	65%
Rough River Dam	Louie B. Nunn	Leitchfield	KY	40	15	66	286,017	\$52	\$70	\$84	\$110	89%	27%	61%	61%	61%	61%
Natural Bridge	Rough River Dam Lodge	Stanton	KY	35	10	82	326,169	\$52	\$62	\$69	\$110	98%	47%	80%	80%	80%	80%
Lake Cumberland	Lure Lodge,	Pumpkin	KY	63	10	147	492,232	\$54	\$76	\$74	\$120	88%	28%	67%	67%	67%	67%
Creek Lodge	Creek Lodge	Candiz	KY	13	13	78	511,535	\$52	\$76	\$112	\$150	87%	13%	61%	61%	61%	61%
Lake Barkley	Barkley Lodge	Buckhorn	KY	36	3	127,541	\$52	\$68	\$135	\$160	81%	13%	51%	51%	51%	51%	51%
Buckhorn Lake	Blue Licks Battlefield	Mt. Olivet	KY	32	2	51	n/a	\$52	\$68	\$89	\$100	n/a	n/a	n/a	n/a	n/a	n/a
Blue Licks	Dale Hollow	Albany	KY	30	-	144	76,153	\$52	\$72	-	-	95%	26%	71%	71%	71%	71%
Greenbrier Lake	Jesse Stuart Lodge	Greenup	KY	36	-	63	184,318	\$52	\$68	-	-	81%	23%	56%	56%	56%	56%
Cumberland Falls	Dupont Lodge	Honeybee	KY	52	Yes	50	448,881	\$50	\$70	\$60	\$145	93%	30%	68%	68%	68%	68%
Jenny Wiley	May Lodge	Prestonburg	KY	49	Yes	117	244,586	\$52	\$71	\$74	\$107	89%	38%	63%	63%	63%	63%
Kenlake	Kenlake	Aurora	KY	48	Yes	90	232,346	\$52	\$70	\$74	\$134	85%	22%	57%	57%	57%	57%
Punderson SP	Punderson Resort Lodge	Newbury	OH	31	26	201	599	\$155	\$130	\$135	\$135	88%	0%	47%	47%	47%	47%
Heiston Woods SP	Heiston Woods Lodge	College Corner	OH	94	59	491	-	\$100	\$93	\$91	\$91	89%	25%	60%	60%	60%	60%
Burr Oak SP	Burr Oak Lodge	Gloster	OH	60	30	90	586	\$99	\$125	\$62	\$125	62%	18%	47%	47%	47%	47%
Shawnee SP	Shawnee Lodge	Portsmouth	OH	50	25	107	595	\$110	\$115	\$150	\$150	73%	29%	46%	46%	46%	46%
Salt Fork SP	Salt Fork Lodge	Lore City	OH	148	63	212	5107	\$130	\$175	\$175	\$175	83%	19%	51%	51%	51%	51%
Mohican SP	Mohican Lodge	Loudonville	OH	96	25	177	504	\$100	\$100	\$100	\$100	94%	31%	60%	60%	60%	60%
Deer Creek SP	Deer Creek Lodge	Mt. Sterling	OH	110	25	232	5109	\$130	\$130	\$130	\$130	80%	41%	61%	61%	61%	61%
Maumee Bay SP	Quilter Lodge	Oregon	OH	120	16	127	5185	\$240	\$185	\$185	\$185	94%	34%	64%	64%	64%	64%

Source: Selected State Park Systems

LODGE DESCRIPTION, SPACE AND PROBABLE COST ANALYSIS

This section reviews a conceptual lodge facility program and outlines the following information:

- Lodge Description
- Facility Space Analysis
- Parking Analysis
- Preliminary Statement of Probable Cost

Lodge Description:

Executive conference centers, which need to provide amenities, do not necessarily require all the amenities of a resort hotel or conference center. In this particular case the Kankakee River State Park will provide considerable amenities and will aid in keeping construction and development costs low.

The size of executive conference centers is typically around 150 rooms, with a 250-seat restaurant and about 25 meeting rooms. The *Market Analysis* identifies that a facility of this type would succeed and recommends adhering closely to this formula with some modifications. A base configuration or facility program for an "Executive Conference Center" hotel/conference center lodge would include:

- 1) A 125-room hotel with one 250-seat food and beverage outlet, including a 50-seat lounge/bar is ideal.
- 2) Meeting space should include one large ballroom that can seat 500 to 750. The large ballroom would typically have the ability to be divisible into smaller rooms, usually around 8 to 12 sections that can be configured several ways.
- 3) 8 breakout rooms that are used for smaller group meetings or discussion panels. Eight of these rooms should be sufficient, though any conference manager will admit that they could never have enough.
- 4) Three (3) boardrooms, or executive meeting rooms, which typically look like any corporate boardroom and are used for executive board meetings. This would bring the total meeting rooms in the range of 19 to 23 rooms, which is close to the national average, and considered sufficient. In all, the Market Analysis suggests about 8,000 square feet of total meeting space. However, a 500 seat meeting/banquet room requires approximately 9,000 SF (500 seats @ 18SF/seat).

LODGE DESCRIPTION, SPACE AND PROBABLE COST ANALYSIS

5) Amenities.

- a) Fitness centers including a locker room with showers at a minimum, while top-notch centers include a full-service spa. A spa is an attractive amenity that was well received in the mid- to late-1990s, but is presently not considered essential to survival.
- b) Given the location of the Kankakee River State Park, an indoor pool is suggested in order to add a winter amenity. This, coupled with two tennis courts and the amenities already offered at the park, (hunting, fishing, canoeing, camping, biking, picnicking, hiking, horseback riding, and cross-country skiing), should be more than adequate to operate an executive conference center.
- c) As most conference center operators will admit, technology is also important to the success of an executive conference center. Technology issues/upgrades should include; work desks in all guestrooms, including ergonomic chairs and desks, extra power outlets, and accessible phone cord outlets. High-speed Internet access is also key in the guestrooms as well as meeting rooms, while meeting rooms will require audio/visual capabilities and LCD projectors for Power Point presentations.

The following represents a preliminary space analysis of this lodge program:

Preliminary Space Analysis	<u>Square Feet (SF)</u>
1) Guest Rooms	
a) Rooms	125 @ 350 SF
b) Circulation	<u>10,000</u>
Subtotal	53,750
2) Public Area	
a) Lobby	
i) Main Lobby	1,150
ii) Seating	200
iii) Front Desk	450
iv) Storage and Bags	150
v) Restrooms	250
vi) Gift Shop	<u>400</u>
Subtotal	2,600
3) Offices, Restaurant, Meeting/Banquet, Lounge and Food Service Area	
a) Lodge Administration - Offices	1,400
b) Restaurant	250 seat @ 22 SF
	5,500

LODGE DESCRIPTION, SPACE AND PROBABLE COST ANALYSIS

c)	Meeting/Banquet Room	500 seat@18 SF	9,000
d)	Pre-function area	5,500@ 0.3	1,700
e)	Lounge	50 seats@ 20 SF	<u>1,000</u>
	Subtotal		18,600
f)	Food Preparation Area		
i)	Restaurant	800	
ii)	Banquet	425	
iii)	Room Service	240	
iv)	Storage	1,425	
v)	Office	80	
vi)	Service Dock	180	
vii)	Employee area - locker rooms (375), lounge (250)	630	
viii)	Restrooms	250	
ix)	Storage/Coats	<u>120</u>	
	Subtotal		4,150
g)	House Keeping		
i)	Laundry	475	
ii)	Linen	250	
iii)	Uniforms	<u>175</u>	
	Subtotal		900
h)	Storage and Maintenance		
i)	General Storage	750	
ii)	Banquet Storage	450	
iii)	Misc. Storage	150	
iv)	Telephone	225	
v)	Mechanical	1170	
vi)	Shop	475	
vii)	Security	<u>80</u>	
	Subtotal		3300
viii)			
i)	Pool and Fitness Center		
ii)	Swimming Pool	2,200	
ii)	Fitness Center (Physical work out and sauna area)	650	
iii)	Restrooms	<u>250</u>	
	Subtotal		3,100
j)	Circulation		<u>1,200</u>
	Total: Public Area, Food Service and Support Facilities		33,850

LODGE DESCRIPTION, SPACE AND PROBABLE COST ANALYSIS

LODGE/EXECUTIVE CONFERENCE CENTER

TOTAL ESTIMATED SQUARE FOOTAGE: 87,600 SF

APPROXIMATE FIRST FLOOR/GROUND FLOOR AREA: 52,000 SF

Auto and Bus Parking Analysis

1) Guest Rooms:		
1 Space per Room		125 spaces
2) Bus Parking*		4 spaces
3) Employees:		
1 Space per 3 Employees (assume 96 employees)		32 spaces
3) Meeting Rooms:		
1 Spaced per 3 Persons (assume 500 people)		167 spaces
4) Restaurant and Lounge:		
Count 50% of required spaces		
12 spaces / 1,000 gross SF X 6,500 SF = 78		40 spaces
5) Delivery/Service Dock		<u>3 spaces</u>
Total Lodge Parking		372 spaces

Total includes ADA required spaces

Typical Auto Parking Space: 9'x18' min. w/26' drive aisle or 62' bay

*Bus Parking Space: 12'x50' min.

LODGE DESCRIPTION, SPACE AND PROBABLE COST ANALYSIS

Preliminary Statement of Probable Cost

Probable development cost of a Lodge facility with associated amenities range from **\$9 to 13 million dollars** including site development cost and infrastructure. This range represents variations in final facility program and site selection, planning and development cost.

The "Site Selection Matrix" presented in Section Six objectively compares all sites for development. As shown, Sites One is nearest available infrastructure but, subject to final site planning, will likely require additional earthwork cost when compared to Site Two. However, the additional earthwork cost is deemed to be far less a cost than the necessary construction of a water line to serve Site Two. Site Three and Site Four was found to have significant archaeological, historic and other environmentally sensitive issues. When compared to Site One and Site Two, costs associated with mitigation of these issues exceed acceptable development cost of a lodge on either of these two sites.

Power, gas and communication are available to or near each of the four sites.

SEWER: A sanitary sewer is planned and budgeted for the area and is presently nearing the completion of engineering design. The line will serve areas north of Bourbonnais along Illinois 102. When complete, this sanitary line will be available to Site One, Site Two and Site Three. Site Four will require a line from the site to Deselm Road, then to Route 102 to reach the new sanitary line.

WATER: A 12" water main extends from the Bourbonnais service area and ends at Illinois 102 and County Road 3000W according to the Consumers Illinois Water Company. Presently, domestic water availability beyond this point is by well.

The 12" main serves the south portion of the Kankakee River State Park near or adjacent to Site One. Anticipated probable cost to extend necessary water service to each of the four sites are presented as follows:

	Approximate Cost
Site One:	+/- 500 LF @ \$40/ft. = \$ 20,000
Site Two:	+/- 14,000 LF @ \$40/ft = \$ 560,000
Site Three:	+/- 18,000 LF @ \$40/ft = \$ 720,000
Site Four:	+/- 19,000 LF @ \$40/ft = \$ 760,000

KANKAKEE RIVER STATE PARK

Proposed Timetable

DNR has established the following timetable for this project:

Issue RFP	October 22 nd
Informational Meeting	November 7 th
Proposals Due	December 18 th
Oral Presentations	late December
Select Developer/Operator*	early January

*Requires approval of Governor's Office.

Sign Option Agreement**

January 10th**

**There are only fourteen scheduled working days between December 18th (proposals due) and January 10th (sign option agreement).

Upon selection, the Developer/Operator will be required to sign an Option Agreement with DNR. The Option Agreement will commit the Developer/Operator to meet an agreed-upon schedule for the following:

- a. Preparing and submitting final plans and specifications.
- b. Submitting a firm financial commitment letter.
- c. Secure a performance bond in an amount sufficient to successfully complete proposed project.
- d. Negotiating the final terms and conditions of the lease.
- e. Signing the lease.
- f. Initiation of construction; and
- g. Completion of project.

Note: Items a-f will require approximately 6-8 months to accomplish. At best, it is estimated that the project could be under construction in late 2003.

The above schedule provides a relatively short period of time for the RFP process to attract the interest of qualified parties and for developers to fully assess the development potential of the public offering and respond in a qualitative manner.

SITE 1 - DAVIS CREEK SITE

The Davis Creek Site is located in the southeastern portion of the Kankakee River State Park along the north shore of the Kankakee River and west of Davis Creek as shown on the Potential Lodge Sites Map. This map identifies a primary and alternative site location near the Kankakee River as provided by DNR. The map shows an "alternative" site location south of the primary site.

The Davis Creek Site is approximately 1.5 miles from Illinois 102. This major State highway connects to other nearby regional and interstate highways that link the site to potential lodge visitors.

Local roadways will handle potential traffic with no anticipated roadway improvement based on current anticipated traffic volumes generated by a lodge. Possible curb cut improvements may be necessary at the point of entry to the site from Shell Pipeline Road (County 2250W). The State and local D.O.T. will determine the extent of any necessary improvements when a facility is more clearly defined.

Infrastructure improvements are required to accommodate a lodge facility. Domestic water, fire protection, sanitary sewer, gas, electricity, and telecommunications will all need to be extended to the site.

Based on current data, these services and needed capacities are available at or near the intersection of County Road 3000W and County Road 3100W. Additional investigation is required to verify utility service once the Lodge programming is complete. These services need to be extended approximately 3000 L.F. to the Davis Creek Site.

Utility markers identifying the location of an active underground gas pipeline were observed on the site. The size, capacity and easement of the line need to be verified with an ALTA survey. It appears the location of the gas line may interfere with potential construction or grading activities.

The Davis Creek Site is presently used for youth group activities. The site consists primarily of gently rolling terrain with multiple terraces. A large portion of the site is open field surrounded by heavy mature forest and underbrush vegetation to the east with excellent views and proximity to the Kankakee River to the south. Privately owned property is located directly across the river. Views from the site are to this private land holding which appear to be presently in residential use.

The Davis creek site is not visible from State Highway 102. Large deciduous trees line the existing access road leading to the site creating an "Avenue" effect that leads directly into the potential site.

The site is somewhat isolated from other Park use areas. Bike paths and pedestrian trails connect this site with other park amenities. It will be necessary for vehicular traffic to leave the site, then travel approximately 2

SITE 1 - DAVIS CREEK SITE

miles via County roads and Illinois 102 to access other park use areas.

The Davis Creek Site has minimal direct impact on endangered or threatened species or any INAI Site. Construction of a Lodge in this location may impact small portions of mature indigenous hardwood forest. Proper planning and prudent land disturbance practices can minimize these impacts. Land disturbance will impact wildlife and vegetation. Uses of the area for a lodge in conjunction with current adjoining land use will limit overall short and long term impacts to other sensitive park areas.

Three specific archeological sites appear to be located in adjacent woods at the eastern portion of the proposed site. Proper location of the lodge and proven environmental and land planning techniques can limit negative impacts to these sites. Exact location and extent of the archeological sites need to be confirmed to avoid any disturbance or adverse impacts.

It appears, based on site visit, meetings and review and analysis of the data provided, there are no conditions that would prohibit the subject property from development for the intended use. There are however, items, which need to be resolved prior to development. These include but are not limited to identifying easements and constraints associated with the existing underground pipeline, a complete ALTA survey of the subject property, confirmation of archeological and historical data, and extension of all required utilities and infrastructure to the site.

According to all findings during the Site Selection Process, it appears this site is suitable for the proposed Lodge facility. ✓

SITE 1 - DAVIS CREEK SITE

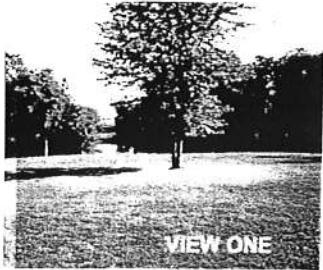
ADVANTAGES

1. Views, Vistas, and Access to the Kankakee River.
2. Availability of utilities including Fire Protection, Water, sewer, electricity, Gas, Telecommunications.
3. Existing "Avenue" entry into the site.
4. Private and/or secluded location within the park.
5. Minimal impact to Environmentally Sensitive Areas within the Park.
6. Minimal Site Development Costs.
7. Southern terminal point connection to Park bike/trail system.
8. Potential for expansion of Park trail system into the City of Bradley.
9. Isolation to other Park components.

DISADVANTAGES

1. No internal vehicular connection with other park areas or facilities.
2. No visibility from Illinois Highway 102.
3. Likely relocation of Youth Group Activities required.
4. Isolation to other park components.
5. Limited control of surrounding future land use.
6. Potential impacts to surrounding land use and /or conflicts with expanding residential areas.

SITE 1 - DAVIS CREEK SITE



VIEW ONE



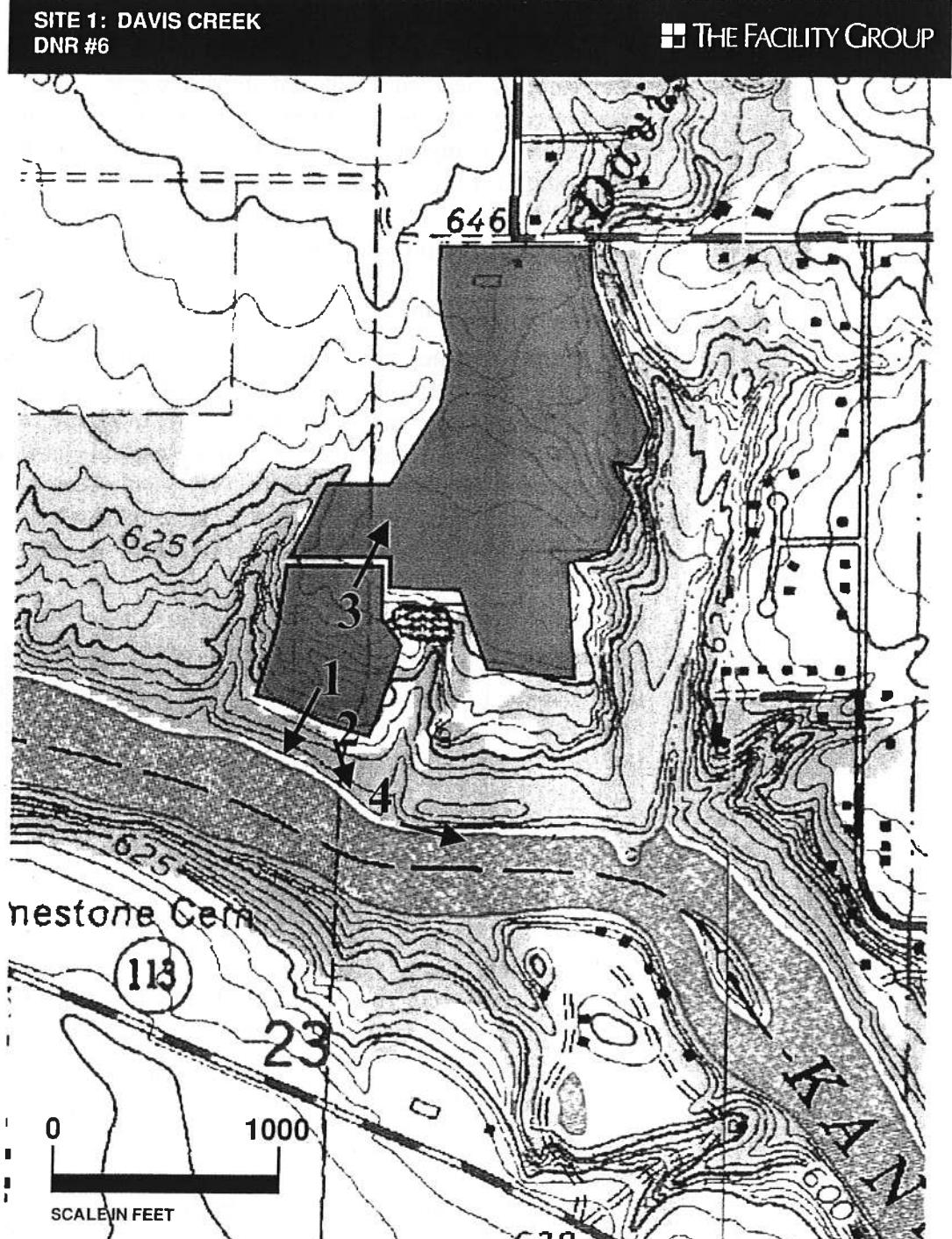
VIEW TWO



VIEW THREE



VIEW FOUR



SITE 2 – RIVER VIEW DAY USE AREA

The proposed site is centrally located within the park east of the Kankakee River, east of the Visitor Center and west of the campground area. Access to the site is directly from Illinois 102.

The existing road will handle potential traffic with no road improvements necessary. A new curb cut and improvements will be necessary at the point of entry into the site from Highway 102. The state and local D.O.T. will determine any necessary improvements. Infrastructure improvements are required to accommodate a lodge facility. Domestic water, fire protection, sanitary sewer, gas, electricity, and telecommunications need to be extended approximately 3.2 miles to the Day Use Area Site. The existing office and the visitor center are currently serviced by an on-site well and septic system.

The Riverview Site is currently used as a day use area, including picnic users etc. This site is the most heavily used portion of the park. Existing automobile parking and bus parking are available in this area. These existing vehicular areas are at maximum capacity during most weekends and holidays. The site consists of very gently sloping terrain and large open areas that are used currently by day users. An existing vehicular road and parking lot is located between the proposed site and the Kankakee River. Park management and maintenance indicate this area is overused and at maximum capacity to date.

The Riverview site is highly visible from the highway. This site is easily identified and associated as part of the park. Large natural fields exist along the highway. Closer to the river and north of the internal access road and parking, a large maintained grass field with few mature pines and hardwoods exist. The site is located directly in the high use area of the park. Bike paths, pedestrian trails, and vehicular provide internal access to other areas of the park. The Kankakee River is directly visible and available from this site. Camping, the Visitor center, Concessions and the river are all within very close proximity of this site.

The Riverview Site has no direct impact on any endangered or threatened species or any INAI Site. Compared with the other sites as part of this evaluation, this site has the least impact on native vegetation and wildlife.

Two specific archeological sites are located in close proximity to the proposed lodge site. Archeological investigations to determine National Register eligibility. Proper placement of the lodge and land planning can avoid negative impacts to these sites. It is recommended the exact location and extent of the archeological sites be confirmed to avoid any disturbance or adverse impacts.

Based on our site visit, meetings and review of the data provided, it

SITE 2 – RIVER VIEW DAY USE AREA

appears there are no conditions, which would prohibit the subject property from being developed for the intended use. There are however, a few items, which need to be resolved prior to development of the property. This includes Identifying easements and constraints associated with the existing underground pipeline, a complete ALTA survey of the subject property, confirmation of archeological sites and extension of all required utilities and infrastructure to the site.

According to all findings during the Site Selection Process, it appears this site is suitable for the proposed Lodge project.

SITE 2 – RIVER VIEW DAY USE AREA

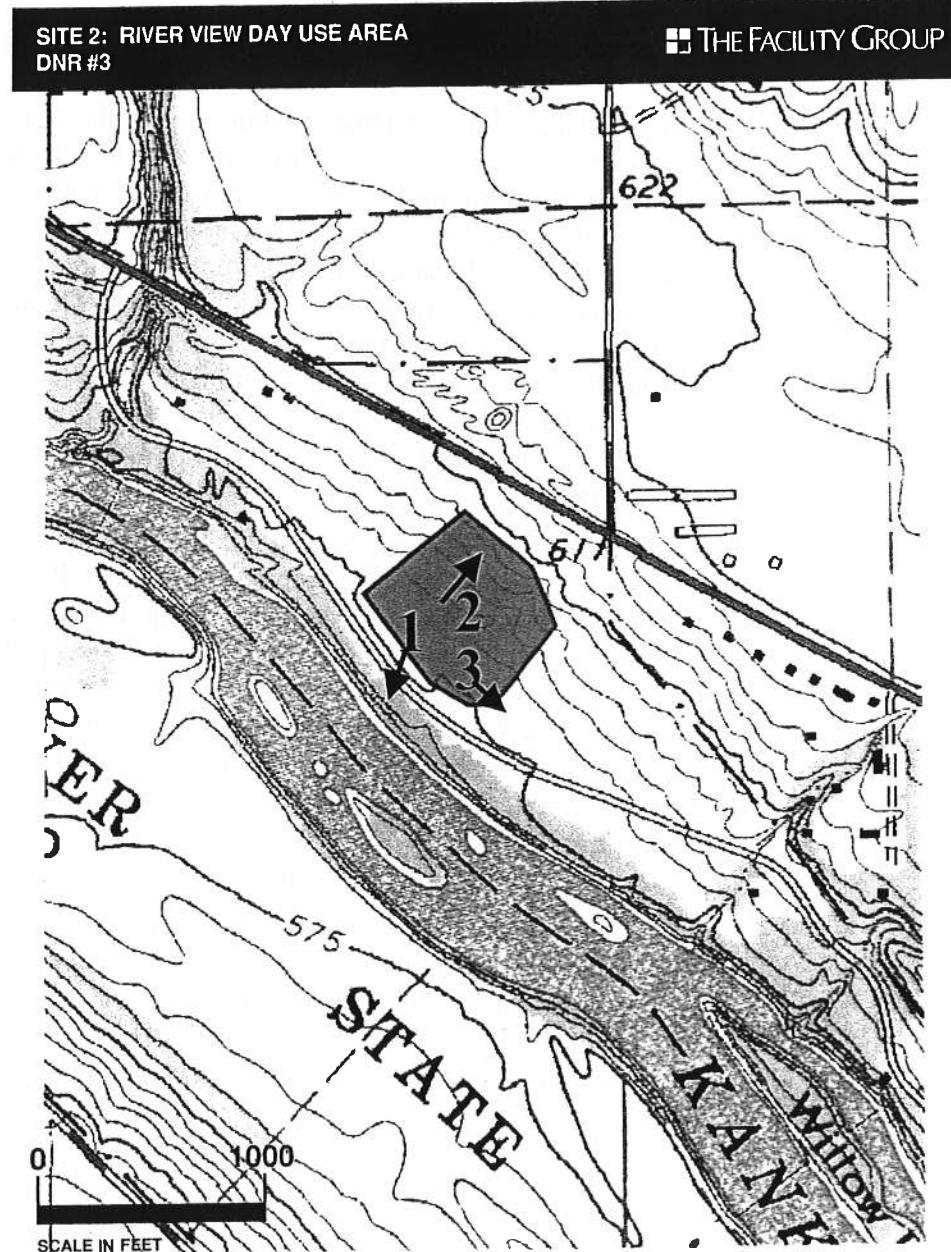
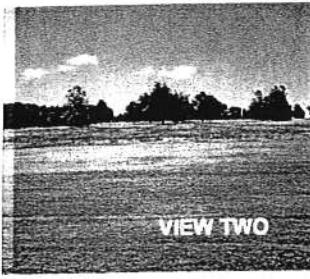
ADVANTAGES

1. Views, Vistas, and Access to the Kankakee River.
2. Internal vehicular and pedestrian connection with other portions of the park.
3. Visibility from Illinois Highway 102.
4. Centrally located within the park.
5. Minimal Impact to Environmentally Sensitive Areas.
6. Minimal Site Development Costs excluding utility requirements.

DISADVANTAGES

1. Negative environmental impacts associated with increasing present overuse of area.
2. Significant negative impact to the quality of views, vistas and access to the Kankakee River. Site 2 spatial volume between Hwy. 102 and Kankakee River is approximately 400 to 500 feet in depth. Lodge facility would decrease this volume which could potentially creating a dominant and possible negative feature within the space. resulting in a negative impact to the present quality of spatial value. Impact to present Park character, quality of views and present site character in this area of the park.
3. Significant cost associated with providing necessary infrastructure to the site.
4. Displacement/relocation of high use and high density Day use activities including impacts to existing parking and park character.
5. Minimal or limited separation between Park and lodge.
6. Potential liability issue with pedestrian and vehicular conflicts with site and lodge facility adjacent to Hwy. 102.
7. Potential Main Entry relocation and realignment of Park roadway.

SITE 2 – RIVER VIEW DAY USE AREA



SITE 3 – ROCKVILLE VILLAGE AREA

The proposed site is located just west of the bridge that crosses Rock Creek along Illinois Highway 102, between the Highway 102 and the Kankakee River. Site access is directly off of Illinois 102. Highway 102 establishes the north boundary. The Kankakee River establishes the south and west boundary and Rock Creek to the east.

The site distance and vehicular visibility into the site is limited. The proximity of the highway bridge crossing Rock Creek as well as vertical and horizontal road alignment provides potentially hazardous condition for vehicular and pedestrian traffic along Highway 102. Road improvements including excel/decel lanes and significant changes in elevation are required to provide potential vehicular access into the site. The state and local D.O.T. will determine any necessary improvements. Infrastructure improvements are required to accommodate a potential lodge facility. Domestic water, fire protection, sanitary sewer, gas, electricity, and telecommunications need to be extended approximately 3.5 miles to the Rockville Site.

The Rockville Village Area Site is the location of a historic town. A marker on site depicts the location of the original Post Office. The site consists of moderately sloping terrain that drains toward the Kankakee River. Extremely steep eroded slopes, cliffs, uniquely eroded stone profiles, and a pedestrian bridge exist at the eastern edge of the site adjacent to Rock Creek. The site consists of heavy mature forest with large specimen oak and hickory species. Tremendous views of Rock Creek are available from the pedestrian bridge. The Kankakee River is not visible from the site due to the extensive vegetation. The property directly across the river is part of the park and used primarily for hunting.

The Rockville Site is visible from the highway. The site is centrally located and within close proximity to the high use areas of the park. Bike paths and pedestrian trails connect this site with the rest of the park. Automobile traffic must leave the park, travel back to Illinois 102 and then travel a short distance east to access other portions of the park including the visitor center.

Rock Creek Canyon is an INIA site and contains a threatened plant species. The Rockville Village Site has no direct impact on any endangered or threatened species or any INAI Site. However, additional land use in this area may degrade the area and potentially impact the threatened plant. Major portions of this site are identified as Sensitive Areas per the Kankakee River State Park Master Management Plan.

Archeological site Ka-214 appears to be located within the proposed site limits. Impacts to this archeological site due to construction require a

SITE 3 – ROCKVILLE VILLAGE AREA

National Register evaluation. If eligible for the National Register, “intensive excavations would be necessary to mitigate the adverse effect of construction.” It is believed that a large quantity of diverse historical artifacts is located on the proposed site and that area directly west of the proposed site. Potential remains from the town of Rockwell are likely present.

Based on site visits, meetings and review of the data provided, sensitive environmental conditions exist which limit this site suitability for development of the intended use.

SITE 3 – ROCKVILLE VILLAGE AREA

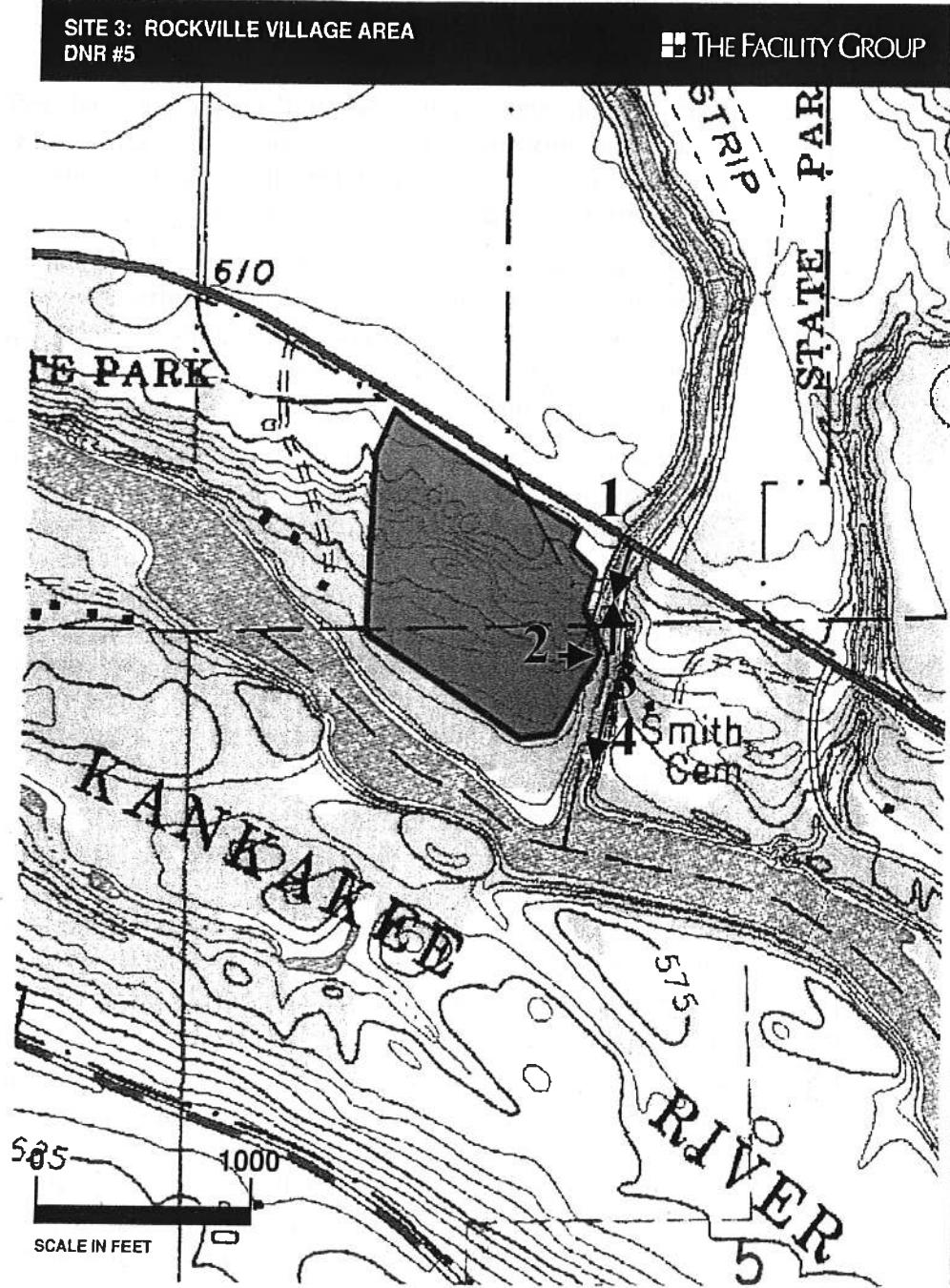
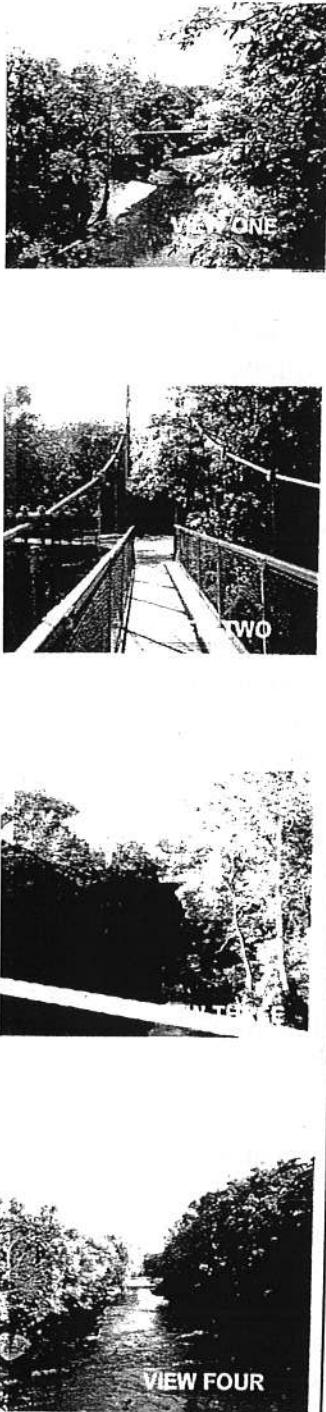
ADVANTAGES

1. Visibility along Illinois Highway 102.
2. Proximity to Visitor Center and other high use areas.
3. Tremendous views from Pedestrian Bridge.
4. Adjacencies to Rock creek, Kankakee River, and mature vegetation.

DISADVANTAGES

1. Intensive archeological excavation.
2. National Register of Historic Places involvement.
3. Significant expense to required establishing infrastructure.
4. Potential hazardous vehicular access into the site from Highway 102.
5. Requires removal of mature forest and negative impacts to native vegetation and wildlife.
6. Significant negative impacts to Environmentally Sensitive Historic and Archaeological Areas.
7. Negative impacts to significant cultural and historical values and entities of the park.

SITE 3 – ROCKVILLE VILLAGE AREA



SITE 4 – THE STABLES SITE

The proposed site is located north of Highway 102, west of Deselm Road and north of the Kankakee River State Park Horse Stables. Rock Creek and a former aircraft landing strip, which has been reforested, border the site to the west. Hiking trails and Rock Creek border the site to the north. The main site vehicular access is from Deselm Road approximately 1.2 miles north of State Highway 102.

Existing state and county roads will handle potential traffic with limited roadway improvements needed. Possible curb cut improvements may be necessary at the site entry from Deselm Road. The State and local I.D.O.T. will determine any necessary improvements.

To provide infrastructure requirements to the Stable Site, approximately 5 miles of extension and improvements of infrastructure are required to accommodate a lodge facility. These improvements include domestic water, fire protection, sanitary sewer, gas, electricity, and telecommunications.

The Stables Site and its surrounding area is presently used for horse trails and hiking trails. Bike paths are not available to this portion of the site. The site consists of gentle to moderately sloping terrain with slopes and surface water runoff flowing toward Rock Creek. The site contains heavy forest and underbrush vegetation combined with a mature forest canopy of oak and hickory trees. The land closer to Deselm Road consists of agricultural fields. A 4H Youth campground is located west of Rock Creek near the proposed site while land along the eastern section of Deselm Road is privately owned and consists of single-family homes and agricultural fields.

The Stable Site is not visible from Highway 102 but is visible from Deselm Road. Except for the horse stables, the Site is relatively isolated from other Park use areas. Rock Creek is not visible from the site. The Horseback riding facility is directly adjacent to the site. Automobile traffic must leave the park, travel south on Deselm Road 1.2 miles back to Illinois 102 and to access other portions of the park.

The Stable Site has no direct impact on any endangered or threatened species or any Illinois Nature Areas Inventory (INAI) Site(s). However, additional land use in this area may degrade the area and potentially impact nearby sensitive areas. Major portions of this site are identified as Sensitive Areas per the Kankakee River State Park Master Management Plan. These sensitive areas are primarily located at and near the Rock Creek area and include steep slopes, rock cliffs, a waterfall, and wildlife. Park visitors can only access the sensitive areas near this site by foot. No

SITE 4 – THE STABLES SITE

other access is allowed. Development on this site will have direct and indirect impacts on native vegetation and wildlife.

Two known archeological sites exist within close proximity to the proposed Stable site. Archeological site Ka-61 appears to be located within the proposed site limits. Impacts to this archeological site due to construction require a National Register evaluation. If eligible for the National Register, “intensive excavations would be necessary to mitigate the adverse effect of construction.” Secondary impacts from increased pedestrian traffic may potentially require additional excavation of archeological site Ka-230, located between the proposed lodge site and Rock Creek.

Based on review of available data, work sessions, meetings and site visits, numerous environmentally sensitive conditions are present within and adjacent to the site. These conditions and issues make the site unsuitable for development of the intended use at the present time.

SITE 4 – THE STABLES SITE

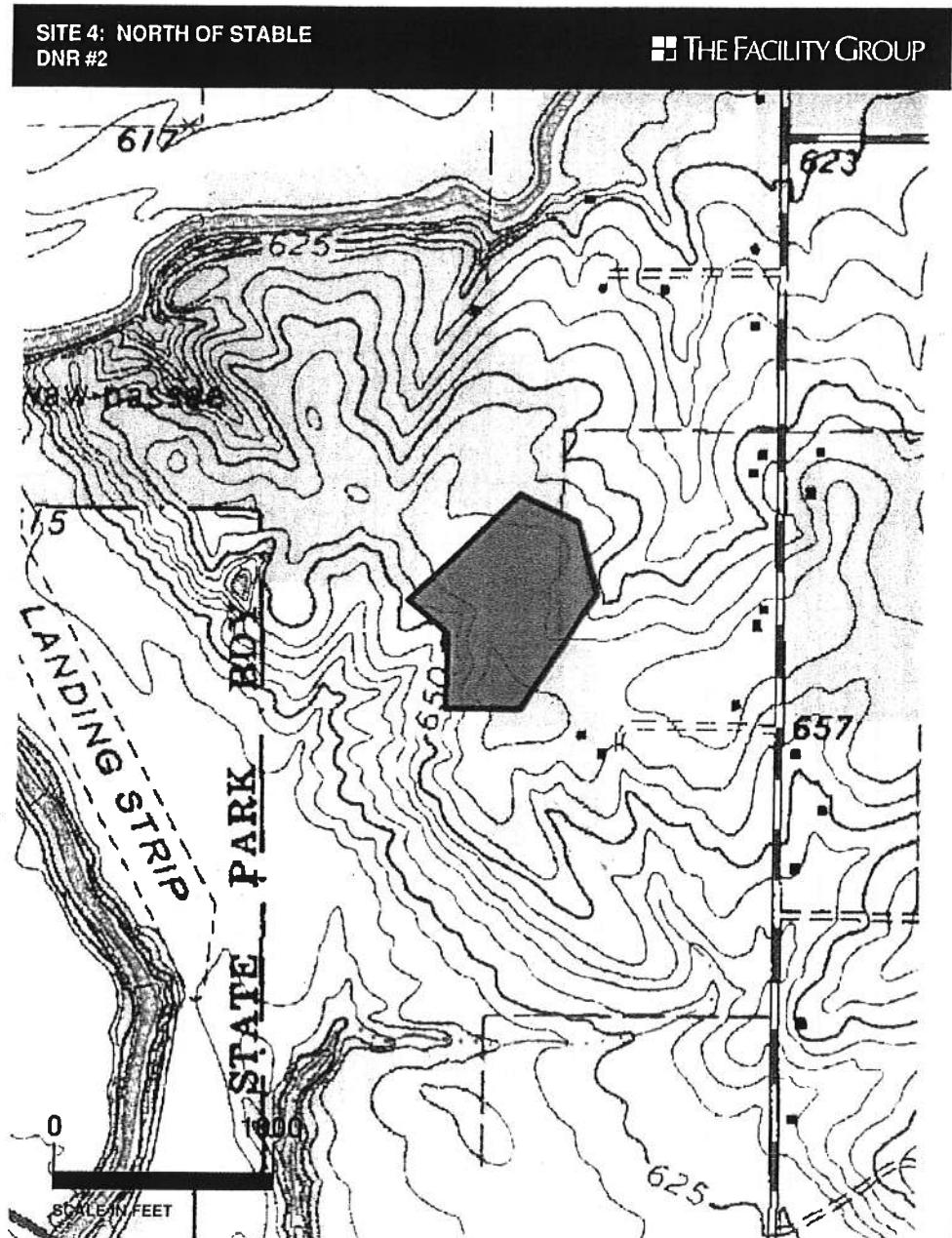
ADVANTAGES

1. Close proximity to Visitor Center and other Park areas and amenities.
2. Remote location within the Park.
3. Visibility along Deselm Road.
4. Adjacent to horse riding facility and trails.
5. Excluding infrastructure, minimal site development costs.

DISADVANTAGES

1. Lodge location within this site area will likely require intensive archeological excavation and extensive impact to sensitive archaeological and historical areas.
2. Requires National Register of Historic Places involvement.
3. Site location competes with 4-H Camp.
4. Short and long term negative environmental impact to area vegetation and wildlife. Long term plans include reforesting open fields.
5. Lodge in this site area would displace significant wooded area.
6. Potential negative impacts to significant natural Environmentally Sensitive Areas including Rock Creek Canyon, Waterfall and Threatened Plant species.
7. No direct views to Kankakee River or Rock Creek.
8. Cost to provide required infrastructure significant.
9. No visibility to or from Illinois Highway 102.

SITE 4 – STABLE AREA



SITE EVALUATION MATRIX
Kankakee Lodge Study
Kankakee River State Park

				SITES			
				Site 1: Davis Creek DNR #6		Site 3: Rockville Village Area DNR #5	
				Site 2: River View Day Use Area DNR #3		Site 4: Stable Site DNR #2	
Evaluation Criteria	Criterion Weight			Site Scoring Range		Site Scoring	
		Marginal	Optimal	1	2	3	4
General Site Character							
Suitable Acreage	20	30%+ Constrained	<10% Constrained	9.0	8.0	1.9	3.7
Site Constraints	20	Major Short and Long Term Environmental Impacts	Limited Short and Long Term Environmental Impacts	8.5	7.0	1.4	2.6
Facility / Site Fit	18	Limited Expansion Opportunities	Expansion Opportunities	8.5	7.0	0.4	- 1.6
Community Attitude	15	Discourage Development	Pro Development	8.0	7.0	2.4	3.0
Location	12	Adjacent to other Park Facilities	Secluded to Park Facilities	8.0	6.8	6.5	7.0
Orientation to Park	15	Adjacent to other Park Facilities	Secluded to Park Facilities	7.1	6.0	5.2	4.7
Visibility to Public	10	Isolated Site	Visible from State Highway	5.0	9.5	8.5	4.5
Recreation Use Impacts	15	Major Impacts	Limited Impacts	6.5	5.0	5.8	6.0
Environmental Character							
Topography	12	Steep Slopes 30% of Total	Steep Slopes < 10% of Total	8.2	9.2	4.0	7.2
Grading and Drainage	10	1	10	6.5	8.0	3.5	7.0
Soil Profile	8	Soil Constraints over 25%	None	7.5	5.5	1.0	2.0
Flood Plain	15	> 20% of Total	None	6.2	6.8	8.8	9.5
Potential Wetlands	18	> 20% of Total	None	7.2	8.0	7.6	9.2
Archaeologic/Historic	20	Major Short and Long Term Environmental Impacts	Minor Short and Long Term Environmental Impacts	8.0	7.6	1.2	2.6
Wildlife/Vegetation	20	Major Short and Long Term Environmental Impacts	Minor Short and Long Term Environmental Impacts	6.8	9.5	3.8	1.4
Potential Impacts - INA Sites	20	Major Short and Long Term Environmental Impacts	Minor Short and Long Term Environmental Impacts	9.1	8.4	1.7	1.5
Fisheries Prog. Impacts	20	Major Short and Long Term Environmental Impacts	Minor Short and Long Term Environmental Impacts	6.2	8.2	5.0	6.3
Wildlife Program Impacts	20	Major Short and Long Term Environmental Impacts	Minor Short and Long Term Environmental Impacts	5.8	8.0	5.3	3.0
T&E Species Impacts	20	Major Short and Long Term Environmental Impacts	Minor Short and Long Term Environmental Impacts	9.0	8.3	2.0	2.5
Access: Vehicular/Pedestrian							
Highway Accessibility	10	Limited Highway Access	Unlimited Highway Access	7.3	9.3	4.6	5.3
Site Access	12	Restricted Site Access	Unrestricted Site Access	7.0	9.4	4.1	4.5
Internal Park Access	12	Limited Internal Park Access	Unlimited Internal Park Access	5.6	9.4	4.3	3.0

SITE EVALUATION MATRIX
Kankakee Lodge Study
Kankakee River State Park

Evaluation Scoring Range:	0 = least suitable to 10 = most suitable
Criteria Weighting Range:	1 = least significant..... 20 = most significant

Evaluation Criteria	Criterion Weight	Site Scoring Range		Optimal	Site Scoring			
		Marginal	Available		1	2	3	4
Services								
Water Service: Fire/Domestic	20	Not Available	Available	8.0	4.0	3.5	3.0	
Sanitary Sewer	20	On Site Sanitary Package System	Sanitary System Available to Site	8.0	7.5	7.5	7.0	
Natural Gas	20	Not Available	Available	8.0	8.0	8.0	7.0	
Electricity	20	Not Available	Available	9.0	9.0	8.5	8.0	
Telecommunications	12	Analog Service Only Available to Site	Fiber Optics Line Near Site; Digital Service Available	7.0	7.0	7.0	6.5	

Capital Improvement Costs								
Off-Site Improvements	20	Most Expensive	Least Expensive	8.5	4.0	4.0	3.5	
On-Site Improvements	10	Most Expensive	Least Expensive	7.0	8.5	2.0	4.0	
Site Size: Acres	15	4-6 Acres	7-12 Acres	9.0	6.0	2.5	5.8	
Total Estimated Developed \$	20	Most Expensive	Least Expensive	9.0	5.0	2.0	4.5	

Total Score - Unweighted	234.5	230.9	134.0	147.4
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Total Score - Weighted	3831.7	3676.0	2125.8	2314.8
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Site Ranking - Weighted	1	2	4	3
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Final Ranking - Top Three Sites	1	2	3	3
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August 30, 2001
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Illinois Department of Natural Resources

Comprehensive Environmental Review Process

Project Code KAR-01-03
Project Title – Lodge Site 3 – Riverview Day Use Area
Project Title – Lodge Site 5 – Rockville Village Area
Project Title – Lodge Site 2 – North of Stable
Project Title – Lodge Site 6 – Davis Creek Day Use Area

Consumers Illinois
Water Company
1000 S. Schuyler Avenue
Kankakee, IL 60901

