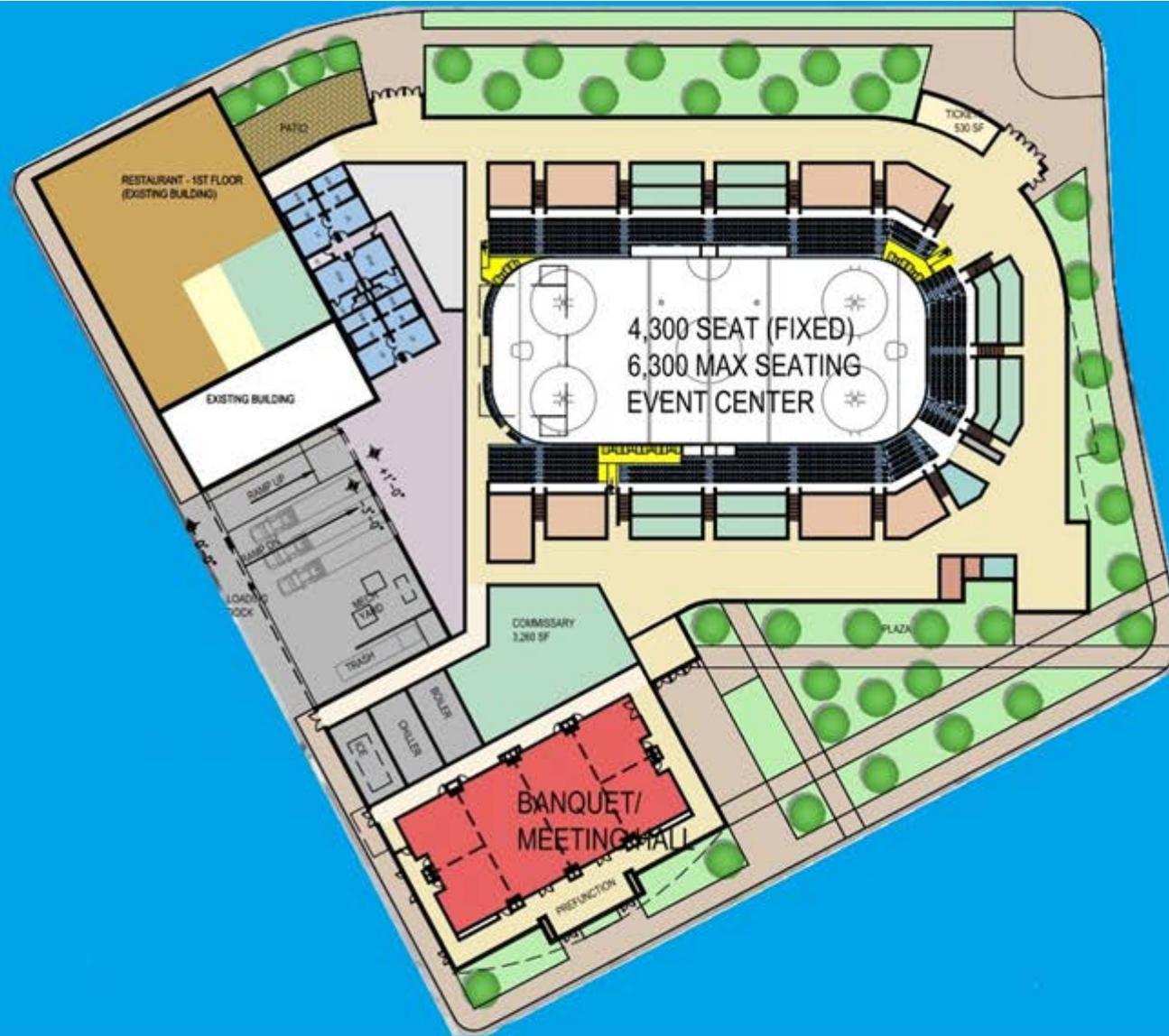


# Event Center Market/ Feasibility Study

Presented to:  
The City of Rocky Mount

December 9, 2013



# AECOM Economics Overview



Cumberland County Civic Center

Portland, ME



Heartland Events Center

Grand Island, NE

- **Completed more than 18,000 feasibility studies for:**
  - Governments
  - Private and Public Companies
  - Financial Institutions
  - Land Owners
- **Specialties in:**
  - Arenas/Event Centers and Stadiums
  - Convention/Conference Centers
  - Tourism
  - Museums and Other Attractions
  - Hotels
  - Commercial/Entertainment Retail
  - Urban Mixed-Use
  - Downtown/District Planning

# Sink Combs Dethlefs Overview



Independence Events Center

Independence, MO



Santa Ana Star Center

Rio Rancho, NM

- **Leading designer of multipurpose sports/entertainment facilities**
  - Expertise in smaller/mid-sized arenas
  - Multiple studies with AECOM
  - 5,000+/- seat event centers include:
    - Cross Insurance Center, Bangor, ME
    - Independence (MO) Events Center
    - Cedar Park (TX) Center
    - United Wireless Center, Dodge City, KS
    - Allen (TX) Event Center
    - Santa Ana Star Center, Rio Rancho, NM
    - Tim's Toyota Center, Prescott Valley, AZ
    - Town Toyota Center, Wenatchee, WA
    - 1<sup>st</sup> Bank Arena, Broomfield, CO

# Feasibility Study Summary

- **Local Market Analysis**
- Facility and Events Industry
- Market Conclusions/Facility Recommendations
- Projected Usage/Operating Economics and Impacts
- Costs and Funding

# Local Market Analysis

- Population and other demographic characteristics compare favorably to those of other markets with small and mid-sized events centers.
- Downtown improvements are obviously occurring. However, downtown is currently not developed to the level of many other cities' downtown cores.
- Other analyses have called for tourism improvements via hotel development, a further improved downtown, and increased sports and meetings/convention tourism.

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# Facility and Events Industry

- Existing public-assembly facilities include:
  - The Imperial Centre (300 seats)
  - The Dunn Center (1,182 seats)
  - The Brown Auditorium at Nash CC (1,200 people/12,250 SF)
  - The Keihn Auditorium at Edgecombe CC (1,029 seats)
  - Local hotels (no more than 10,000 SF of event space)
- Rocky Mount Sports Complex:
  - Tournaments most weekends from March through November
  - Approximately 70,000 visitors
  - A great success story for outdoor sports events

# Facility and Events Industry

- Regional Facilities include:

Facility	City	Miles from Rocky Mount	Seating Capacity / Event SF	Comments
<b>Arenas/Event Centers</b>				
Williams Arena at Minges Coliseum	Greenville, NC	38	8,000	Home of ECU basketball and volleyball
Sen. B. Martin Eastern Ag. Center	Williamston, NC	46	2,286	Primarily agricultural use
Dorton Arena	Raleigh, NC	59	7,610	Little non-State Fair entertainment use
Crown Arena	Fayetteville, NC	92	4,500	
Special Events Center, East Wing	Greensboro, NC	135	5,100	Home of Greensboro College basketball
Joel Coliseum Theatre/LJVMC	Winston-Salem, NC	161	5,839 / 14,407	Home of Wake Forest basketball (full configuration)
Cabarrus Arena & Events Center	Concord, NC	177	5,000	
Salem Civic Center	Salem, VA	214	6,820	
<b>Meetings/Flat-Floor Event Facilities</b>				
Greenville Convention Center	Greenville, NC	38	42,000	
Crown Coliseum Expo Center & Ballroom	Fayetteville, NC	92	68,000 / 7,800	

Source: AECOM, individual facilities

– Very little arena/event center availability east of Raleigh

# Facility and Events Industry

- Stakeholder feedback from interviews included:
  - Many events can't be accommodated in or are outgrowing local facilities
    - High school basketball,
    - Dance competitions,
    - Chamber business expo,
    - Graduations
  - New events could be attracted to Rocky Mount with a larger facility
    - High school playoffs,
    - Concerts,
    - College tournaments,
    - Church-related events,
    - Social events/reunions
  - The Sports Complex has had to turn down indoor events

# Facility and Events Industry

- Local business survey:
  - Events include meetings/conferences, social events, training, and holiday parties
  - Nearly 80% said that existing facilities are sufficient
  - Deficiencies include lack of space, seating, and parking, and facility quality (these are also reasons for events to have been held outside of Rocky Mount)
  - A new, improved facility is expected to bring events back to Rocky Mount
  - Most events do not need a nearby or adjacent hotel
- NC State Association survey:
  - Most have not held events in Rocky Mount
  - Most common reasons for not holding an event in Rocky Mount: location, facility elements, size, or quality, and lack of attractions/entertainment
  - More than 50% of respondents require an adjacent/nearby hotel
  - Rocky Mount is not generally seen as a highly desirable event destination

# Facility and Events Industry

- Comparable national facilities:

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Facility	City	City Population	Main Facilities
Florence Civic Center	Florence, SC	37,000	7,500 seats + ~20,000 SF
U.S. Cellular Center	Asheville, NC	83,000	7,700 seats + ~30,000 SF + auditorium
Heartland Events Center	Grand Island, NE	50,000	6,000 seats + 8,000 SF
Cumberland County Civic Center	Portland, ME	65,000	6,700 seats
Swiftel Center	Brookings, SD	22,000	3,300 seats + 13,000 SF

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# Facility and Events Industry

- Comparable national facilities – Recent operating results:

	Florence Civic Center	U.S. Cellular Center	Heartland Events Center	Cumberland County Civic Center	Swiftel Center
<b>Events and Attendance</b>					
Sports Tenant	0	0	8	41	0
Other Sports	21	7	16	12	77
Concerts	12	20	16	10	12
Family Shows	18	0	8	33	2
Convention/Trade Show	0	0	10	31	2
Consumer Show	22	11	0	0	10
Community Events	0	12	13	0	22
Meeting/Conference	33	32	64	0	65
Social	47	5	0	0	46
Other	181	14	0	3	5
<b>Total</b>	<b>334</b>	<b>101</b>	<b>135</b>	<b>130</b>	<b>241</b>
<b>Total Attendance</b>	<b>n/a</b>	<b>189,000</b>	<b>n/a</b>	<b>371,000</b>	<b>123,000</b>
<b>Financial</b>					
Operating Revenues	\$2,100,000	\$2,000,000	\$2,820,000	\$1,041,000	\$1,620,000
Operating Expenses	\$2,800,000	\$2,180,000	\$2,755,000	\$1,172,000	\$1,929,000
<b>Operating Income/Deficit</b>	<b>(\$700,000)</b>	<b>(\$180,000)</b>	<b>\$65,000</b>	<b>(\$131,000)</b>	<b>(\$309,000)</b>

- These facilities, and others, can help spur broader economic development and generate economic impacts

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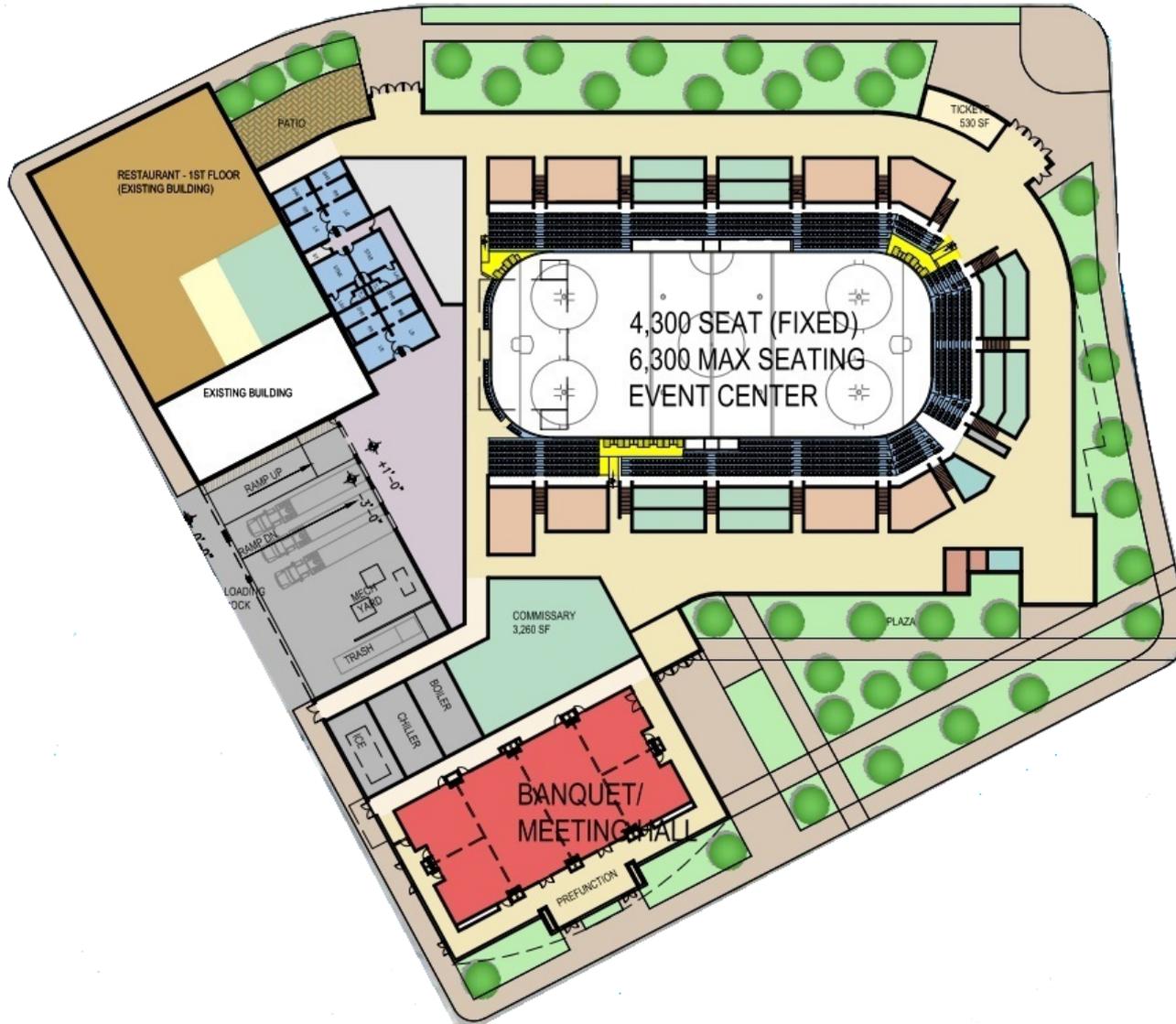
# Market Conclusions

- No “red flags”
- Market size/characteristics are favorable
- Existing facilities are limited in size and are not sufficient for many events
- Rocky Mount is well-positioned geographically
- Strongest need appears to be for a sports/entertainment facility (greater than for meetings)

# Facility Recommendations

- Approximately 4,200 fixed seats (maximum capacity of 6,200)
- Limited premium seating (10 suites assumed)
- A limited amount of other event space (approximately 15,000 SF gross/ 7,200 SF net) – which can generate significant economic impacts
- Parking – up to 2,000 spaces
- Estimated cost of approximately \$37 million, including parking allowance

# Facility Recommendations



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# Projected Usage/Economics and Impacts

- Events and Attendance

	2016			2020		
	# of Events	Avg. Atten.	Total Atten.	# of Events	Avg. Atten.	Total Atten.
Sporting Events	10	3,500	35,000	15	3,500	52,500
Tournaments and Other Competitions	8	7,500	60,000	12	7,500	90,000
Concerts	10	3,000	30,000	12	3,000	36,000
Family Shows	5	1,500	7,500	6	1,500	9,000
Conventions and Trade Shows	5	500	2,500	8	500	4,000
Consumer Shows	8	2,000	16,000	10	2,000	20,000
Meetings and Conferences	25	125	3,125	30	125	3,750
Community Events	20	3,500	70,000	20	3,500	70,000
Social Events	25	250	6,250	25	250	6,250
<b>Total</b>	<b>116</b>		<b>230,375</b>	<b>138</b>		<b>291,500</b>

Source: AECOM

# Projected Usage/Economics and Impacts

- Operating Revenues and Expenses

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Operating Revenues</b>										
Space Rentals	\$433	\$444	\$515	\$528	\$613	\$628	\$644	\$660	\$677	\$693
Advertising/Sponsorships	135	138	141	145	149	152	156	160	164	168
Naming Rights	108	110	113	116	119	122	125	128	131	134
Facility Fee	141	141	170	170	198	198	198	198	198	198
Premium Seating	200	205	210	215	221	226	232	238	244	250
Merchandise	42	43	54	55	61	63	64	66	68	69
Food and Beverage	294	301	365	374	431	442	453	465	476	488
Parking	168	172	211	217	259	265	272	279	286	293
Other Revenues	22	22	23	23	24	24	25	26	26	27
<b>Total Operating Revenues</b>	<b>\$1,541</b>	<b>\$1,576</b>	<b>\$1,802</b>	<b>\$1,843</b>	<b>\$2,074</b>	<b>\$2,121</b>	<b>\$2,169</b>	<b>\$2,219</b>	<b>\$2,269</b>	<b>\$2,321</b>
<b>Operating Expenses</b>										
Salaries and Wages (Full-Time)	\$862	\$883	\$905	\$928	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076
Part-Time Staff	215	221	226	232	238	244	250	256	262	269
Benefits	269	276	283	290	297	305	312	320	328	336
General and Administrative	296	304	311	319	327	335	343	352	361	370
Utilities	188	193	198	203	208	213	219	224	230	235
Repairs & Maintenance	38	39	40	41	42	43	44	45	46	47
Management Fee	188	193	198	203	208	213	219	224	230	235
Insurance	54	55	57	58	59	61	62	64	66	67
Advertising	54	55	57	58	59	61	62	64	66	67
<b>Total Operating Expenses</b>	<b>\$2,165</b>	<b>\$2,219</b>	<b>\$2,274</b>	<b>\$2,331</b>	<b>\$2,389</b>	<b>\$2,449</b>	<b>\$2,510</b>	<b>\$2,573</b>	<b>\$2,637</b>	<b>\$2,703</b>
<b>Net Operating Income (Loss)</b>	<b>(\$623)</b>	<b>(\$642)</b>	<b>(\$472)</b>	<b>(\$488)</b>	<b>(\$315)</b>	<b>(\$328)</b>	<b>(\$341)</b>	<b>(\$354)</b>	<b>(\$368)</b>	<b>(\$382)</b>

Source: AECOM



# Projected Usage/Economics and Impacts

- Summary of Economic and Fiscal Impacts from Operations and Construction (2020)

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## Operations

Total Spending - Direct and Indirect	\$12,336,000
Total Jobs (Full-Time Equivalent)	89
Total Earnings	\$3,457,000
Room Nights	18,707
New Tax Revenues to the County	\$317,000

## Construction

Labor Expenditures	\$10,603,000
Sales of Materials and Services	\$12,041,000
Employment	199

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Source: AECOM

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- **Costs and Funding**

# Funding and Costs

- Annual funding needs after operating deficit and debt service:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Operating Income (Loss)	(\$623)	(\$642)	(\$472)	(\$488)	(\$315)	(\$328)	(\$341)	(\$354)	(\$368)	(\$382)
Debt Service	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)
<b>Annual Funding Needs</b>	<b>(\$3,360)</b>	<b>(\$3,379)</b>	<b>(\$3,209)</b>	<b>(\$3,225)</b>	<b>(\$3,052)</b>	<b>(\$3,065)</b>	<b>(\$3,078)</b>	<b>(\$3,091)</b>	<b>(\$3,105)</b>	<b>(\$3,119)</b>

Source: AECOM

# Funding and Costs

- Funding sources considered for Rocky Mount:
  - New Market Tax Credits – \$2.5M in project cost savings for every \$10M investment
  - Occupancy Tax Revenues – capacity to increase rate from 5% to 6%; 1% generates \$250,000/year in Nash County
  - Sales Tax Revenues – capacity to increase local rate by 0.25%.
    - This generates \$950,000 under current system (per-capita sharing)
    - This would generate \$2.4M based on point-of-sale sharing
    - This would generate \$3.8M based on capture of revenues from all qualifying sales
  - Food and Beverage Tax – if enacted, a 1% tax would generate \$1.7M
- Various combinations of these funding sources can be sufficient

# Q & A

