

Frequently Asked Questions
Downtown Community Facility
Based on Findings by Sports Facilities Advisory (SFA)

1. **What is the difference between AECOM's (Architecture, Engineering, Consulting, Operations, and Maintenance) market feasibility study and the recent pro forma/financial analysis completed by Sports Facilities Advisory (SFA)?** A market/feasibility study is an evaluation and economic impact analysis to determine if a market or demand exists for a project. In regards to the proposed Downtown Community Facility, the study by AECOM determined whether having a Community Facility in Rocky Mount's Downtown area would be practical, beneficial and utilized.

SFA's pro forma provided more refined insight into the operation of the proposed project, including an extensive market study, competition study, drive time analysis, an institutional grade operating pro forma and a review of the overall regional opportunities to create and host youth/amateur level sporting events.

2. **Why does the City of Rocky Mount think it's necessary to build a Downtown Community Facility now?**

The idea of a Civic Center/Community Facility first originated with Rocky Mount City Council members in the 1940s. It was then discussed in 1974 and the late 1990s.

In the 1974 report, a Civic Center was to be used as a multipurpose venue for recreational events, business trade shows, consumer trade shows, conventions, meetings, cultural events like variety shows and stage productions, civic, social and religious events, as well as expositional events involving product displays and meetings.

Also, in 2012, the idea of a Downtown Community Facility reemerged when the city was named host for the 2013 and 2014 USA South Spring Sports Festival. Teams from the member institutions, along with their families, attended sporting tournaments for baseball, softball, golf, tennis and lacrosse. According to Nash County's Travel & Tourism Bureau, the economic impact from the 2013 festival was approximately \$500,000.

The USA South Conference expressed a desire for Rocky Mount to host their basketball conference games. These games required an arena with a seating capacity of 3,000-6,000. Rocky Mount does not have a facility, so USA South basketball was played in the Cumberland County Crown Coliseum.

A Downtown Community Facility will allow the city an opportunity to attract many more visitors and events with a specific focus on youth and amateur sports, such as USA South basketball. It would also increase the economic impact in the region and play a crucial role in the revitalization of Downtown Rocky Mount.

3. Exactly what types of events can we expect to see in this proposed facility?

The Downtown Community Facility would be multipurpose with a specific focus on youth and amateur sports programming. In fact, the facility would have enough space to allot for 16 volleyball courts, 8 basketball courts, an indoor ropes course, a leadership and development center, a corporate team building environment and classrooms.

However, the facility would also welcome other youth and amateur tournaments, dance competitions, concerts, family shows, convention and trade shows, consumer shows, meetings and conferences, graduations, church related events, social events (reunions) and many other types of events.

4. Why did the city shift their focus from concert and entertainment programming to sports? This direction was inspired by the success that Rocky Mount has had in attracting youth and amateur sporting events. In 2013, the Rocky Mount Sports Complex hosted 85,000 tournament participants and 20,000 affiliated spectators with a \$9 million economic impact.

Additionally, SFA's report suggests that sports tourism opportunities would increase overnight visits at a greater rate than concerts and regional events.

In year one of the Downtown Community Facility, overnight visits would translate to an additional 9,000 room nights. By year five, that number would increase to 46,000 additional room nights.

5. Why do you believe a focus on sporting events will work? According to the U.S. Travel Association, the sports tourism industry is the fastest growing segment of the travel industry. It is also the only segment within the travel industry not to decline in a single quarter throughout the recession. Also according to the U.S. Travel Association, 27 percent of all trips taken inside the U.S. in 2012 were directly related to an organized sporting event.

These factors, combined with the city's successful history with such events and SFA's research, are the background to the SFA financial forecast and give evidence to the projected success of the Downtown Community Facility.

6. What is the square footage and capacity of the proposed Downtown Community Facility?

According to the SFA pro forma, the facility is expected to be about 175,000 square feet, with nearly 73,000 square feet for basketball and volleyball courts. It will seat over 4,000, and there will be a limited amount of premium seating. Additionally, there will be 700 parking spaces.

The building footprint would cover nearly four acres, and with parking, the facility would be developed on approximately 12 acres.

7. What is the estimated cost for the facility, and how will it be funded?

The cost will not exceed \$41 million, which includes the cost of land acquisition, issuance of debt, legal fees, pre-opening marketing costs, the first year operating costs and any remediation required on the facility site. Construction cost of the facility and for the parking area will not exceed \$32 million.

The plan to finance the proposed facility will be through a combination of financing and New Market Tax Credits (NMTC). The NMTC program provides incentives to investors for equity investments in low-income communities. The program's goal is to spur revitalization efforts in low-income and impoverished areas across the US and has to be used in highly distressed census tracts.

Approximately \$32 million will be financed using a financial instrument which is commonly used in North Carolina by local government. The financing of the project will have to be approved by the Local Government Commission (LGC).

It is also anticipated property taxes would be the source to cover the cost of constructing the facility. The tax is expected to be under six cents, or \$60 annually in property taxes on a \$100,000 home. The property tax would be adjusted over a period of four years if needed.

8. How much revenue will the Downtown Community Facility generate?

In its first year, the projected operating revenue will be \$1,646,552. By year 10, the projected revenue is \$5,938,327.

9. Is the Downtown Community Facility expected to experience an operating loss? In its first year, the facility would require a subsidy of approximately \$872,000. It would also require a subsidy in years two and three of \$682,000 in the second year and approximately \$264,000 in the third year.

With any new facility, the first three years is a period of growing and stabilizing the business. The pro forma indicates an operational surplus from years four through 10, with the surplus growing to \$5.9 million by year 10.

10. What is the anticipated economic impact of a proposed Downtown Community Facility? According to SFA, we can expect an economic impact of \$264 million in new spending over 10 years.

11. How many jobs can we expect as a result of the facility, and what will be the annual wage? The Downtown Community Facility would create 50 new jobs from the ongoing operations, plus 200 construction jobs. A general manager at the facility would make approximately \$90,000 annually. A marketing director would generate \$70,000 to \$80,000 per year. There are also other high skilled positions that would be available.

12. Has the City taken a look at its finances overall?

Yes, and we are financially healthy. The city currently has no bond rating because there is no bonded debt, and in the next 10 years, 82 percent of the city's existing debt will be paid off. We do have the capacity to make investments in new projects.

13. Roanoke Rapids' Randy Parton Theatre was not successful in accomplishing its original objective. How will the Downtown Community Facility be any different?

The Randy Parton Theatre, now known as the Royal Palace Theatre, was originally developed as a music theatre/auditorium for concerts only, and there were factors that contributed to the theatre's fate, none of which are relevant to this project.

Comparing the Roanoke Rapids Theatre to the Downtown Community Facility is like comparing apples and oranges. Auditoriums are traditionally not money makers.

Additionally, the Downtown Community Facility will be a multi-purpose facility that will host many community events with a deliberate focus on sports programming.

14. The City has a lot on its plate, so who would operate the Downtown Community Facility?

The city will use a management company to operate the facility.

15. Why should Downtown be the location for the Community Facility?

Downtown, also known as the City Center, is the heart of Rocky Mount. Most healthy areas begin with a vibrant Downtown. Other cities in North Carolina, such as Raleigh, Asheville, Charlotte, Fayetteville and New Bern have strong center cities. Their growth stemmed from the Downtown. Additionally, a significant number of cities are working to revitalize their Downtown, such as Greenville, Kinston and Kannapolis.

A community facility in Downtown Rocky Mount will allow for an individual to attend the facility and enjoy the other amenities Downtown, all within walking distance.

16. Where in Downtown will the Community Facility be located?

At this time, an exact location has not been confirmed.

17. There are no hotels in Downtown Rocky Mount. Are there plans to have hotels near the Downtown Community Facility?

There are currently no plans for hotels near Downtown, but if the Downtown Community Facility is as popular and economically beneficial as SFA has suggested, it is likely that businesses and hotels will build in the vicinity.

18. This sounds good, but how will the Downtown Community Facility be beneficial?

The Downtown Community Facility will link existing downtown developments, grants and investments for a better return on assets. It will create jobs and opportunities for low-income communities, as well as provide programs for at-risk kids while addressing the obesity crisis. Furthermore, a Downtown Community Facility will provide an opportunity for Edgecombe Community College to expand on its allied health programs with sports medicine.

19. What are the next steps?

The Rocky Mount City Council will continue its due diligence regarding a proposed Downtown Community Facility. The next step in the process will be to work with the recently selected design build company, Barnhill/Holt Brothers Construction and identify the site for the Downtown Community Facility.