



PROPOSED MULTI-PURPOSE EVENT CENTER IN CUMBERLAND COUNTY

# Market & Financial Feasibility Study

SEPTEMBER 13, 2021





September 13, 2021

Mr. Trent Merritt  
Regional Vice President  
Spectra Venue Management  
150 Rouse Boulevard  
Philadelphia, PA 19112

Dear Mr. Merritt,

Conventions, Sports & Leisure International (“CSL”), in cooperation with architectural design experts Steinberg Hart (“SH”) and community outreach experts Public Participation Partners (“P3”), is pleased to present this market and financial feasibility draft report to Spectra (“Client”), as authorized agent on behalf of Cumberland County (the “County”), related to the development of a multi-purpose event venue (“proposed Multi-Purpose Event Center”) in Cumberland County, North Carolina. The attached report summarizes our research and analyses and is intended to assist project stakeholders in making informed decisions regarding the potential Multi-Purpose Event Center development.

The information contained in this report is based on estimates, assumptions and other information developed from research of the market, knowledge of the entertainment industry and other factors, including certain information provided by others. All information provided to us was not audited or verified and was assumed to be correct. Because procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Furthermore, the projections herein assume 100 percent of available Multi-Purpose Event Center capacity is available to be sold and utilized and assumes no restrictions by the time the venue could open based on current safety requirements for COVID-19.

We sincerely appreciate the opportunity to assist you with this project and would be pleased to be of further assistance in the interpretation and application of the study’s findings.

Very truly yours,

A handwritten signature in black ink that reads "CSL International". The signature is written in a cursive, flowing style.

CSL International

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# 1

## EXECUTIVE SUMMARY

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## INTRODUCTION

The Crown Complex (“Complex”) has served as the primary live entertainment destination for the citizens of Fayetteville, North Carolina, (“City”) and the greater Cumberland County (“County”) community for more than 50 years. Opened in 1967, four miles south of downtown Fayetteville, the Complex originally comprised the 2,440-seat Crown Theatre (“Theatre”) and 4,500-seat Crown Arena (“Arena”), which provided space to host a variety of concerts, theater productions, family shows, civic events, sporting events, and an assortment of community and special events.

In 1993, the North Carolina General Assembly authorized the creation of a one percent sales tax levied on prepared food and beverages (“Prepared Food & Beverage Tax”) at restaurants and other establishments throughout the County to fund the construction of a new entertainment venue at the Complex site, which included the 10,880-seat Crown Coliseum, a new 60,000-square-foot exposition center, and 9,200-square-foot ballroom. The project was completed in 1997 and funded with approximately \$7.0 million in annual proceeds generated by the Prepared Food & Beverage Tax, as well as approximately \$1.0 million in annual County occupancy tax revenue (25 percent of total collections).

Over the past two decades, the Complex has remained an important asset to the local and regional community; however the Theatre and Arena have undergone minimal capital improvements over their 50+ year history, and the condition of the venues has deteriorated. In response to these underlying issues, a number of studies have been completed to determine the most appropriate path forward to accommodate the need for performing arts facilities in the area. Based on the results of these studies, in early 2020, the County Commissioners announced that the Theatre and Arena will close by November 2025 given the cost to upgrade the venues to meet ADA and other safety standards approaches the cost to entirely replace the facilities.

As a next step in the process, Spectra engaged the project team of Conventions, Sports & Leisure International (“CSL”), Steinberg Hart (“SH”), and Public Participation Partners (“P3”) (collectively known as the “Project Team”) on behalf of the County, to conduct a comprehensive market and financial feasibility study related to the potential development of a multi-purpose event center (“proposed Multi-Purpose Event Center”).

The remainder of this executive summary of the market and financial feasibility assessment is presented in the following sections:

- Crown Theatre & Arena Current Conditions
- Cumberland County Market
- Estimated Utilization
- Building Program Recommendations & Cost Estimate
- Site Analysis
- Financial Assumptions & Pro Forma
- Economic & Fiscal Impacts
- Funding Analysis

## CROWN THEATRE & ARENA CURRENT CONDITIONS

The Crown Complex, which has been operated by Spectra since 2013, is comprised of five venues, including a 10,880-seat Coliseum, 60,000-square-foot Expo Center, 9,200-square-foot Ballroom, 2,440-seat Theatre, and 4,500-seat Arena. The County recently announced that the Crown Theatre and Arena will close in November 2025 due to the estimated cost to modernize the venues to meet modern ADA and other safety standards and improve the spectator and artist amenities. According to discussions with current event promoters, the Crown Theatre and Arena lack modern amenities expected by artists and performers today such as multiple backstage rooms.

To appropriately assess the needs of a potential new Multi-Purpose Event Center in the market, it is important to analyze the current utilization and performance of the Crown Complex. The following graphic depicts key takeaways of the historical performance of the Crown Complex in terms of its demographic draw, building program, utilization, and operations.



The Crown Complex draws patrons from a wide geographical area, with 60 percent of event ticket sales originating from zip codes within 25 miles (approximately 30-minute drive time) of the Complex and 72 percent reside within 50 miles (approximately 60-minute drive time), providing an indication of the depth of the market for the proposed Multi-Purpose Event Center.



The Complex includes five separate venues offering the flexibility to host a wide variety of events of all sizes. However, the Crown Theatre (2,440-seat theater) and Crown Arena (4,500-seat arena) are scheduled to close in November 2025 as the venues approach the end of their useful life.



The campus hosts an average of 195 events per year, one-third of which occur at either the Crown Theatre or Arena. Much of the utilization accommodated at the Crown Theatre and Arena may cease to occur in Cumberland County after the closure of the facilities as there is not another appropriately sized venue in the market to host such events.



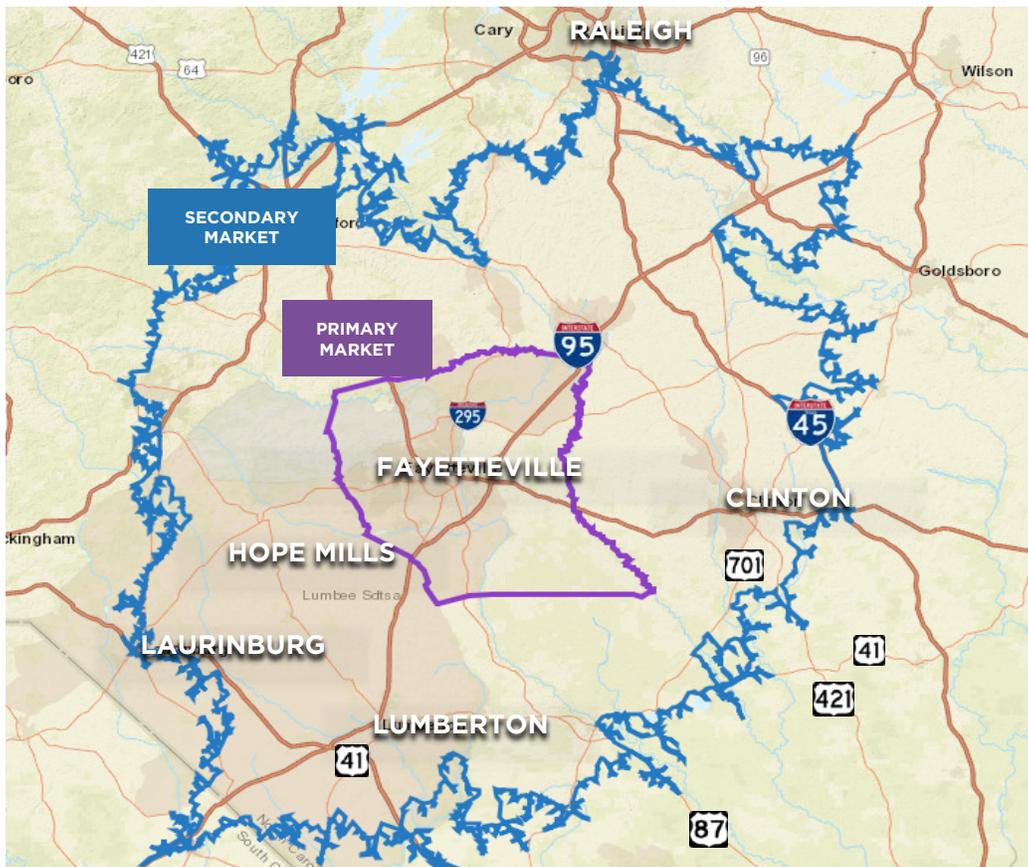
Local users such as the CCSS, youth sports and dance groups, Special Forces, and other such organizations compose a majority of the events held at the venues and rely on the availability of the 2,440 to 4,500-seat facilities to serve their community.



In FY2019, the Prepared Food & Beverage Tax generated \$7.4 million to fund continued debt service on the Coliseum as well as to offset operating losses of the Crown Complex.

## CUMBERLAND COUNTY MARKET

The viability of the proposed Multi-Purpose Event Center is dependent, to some extent, on the demographic and socioeconomic characteristics of the local and regional market. An analysis of the market was based on data reflecting Cumberland County (primary market) and a 60-minute drive (secondary market) from the proposed Multi-Purpose Event Center. Based on historical zip code reports from ticketed events held at the Crown Complex and conversations with key project stakeholders, it is anticipated that a majority of attendees and corporate partners will originate from within these areas. The map below illustrates the anticipated primary and secondary markets of the proposed Multi-Purpose Event Center.



The table on the following page summarizes the key demographic and socioeconomic variables including population, age, income, and corporate base for the primary market (Cumberland County) and the combined primary and secondary market (60-minute drive from Fayetteville) compared to the U.S. as a whole.

Demographic & Socioeconomic Characteristics	Primary Market Cumberland County	Primary & Secondary Market 60-Minute Drive	United States
<b>POPULATION</b>			
2010 Total Population	319,431	983,298	308,745,538
2020 Total Population	335,061	1,112,165	333,793,107
2025 Total Population	340,588	1,165,319	346,021,282
Historical Annual Growth Rate (2010 to 2020)	0.5%	1.0%	0.8%
Projected Annual Growth Rate (2020 to 2025)	0.3%	0.9%	0.7%
Minority Population	59%	51%	41%
Diversity Index (Out of 100)	71.1	71.1	65.1
<b>AGE</b>			
Median Age	33.0	36.1	38.5
<b>AGE DISTRIBUTION</b>			
Under 18	24%	24%	22%
18 to 24	12%	10%	9%
25 to 34	16%	14%	14%
35 to 44	13%	13%	13%
45 to 54	11%	12%	12%
55 to 64	11%	12%	13%
65 to 74	8%	9%	10%
75 and over	5%	6%	7%
<b>HOUSEHOLD INCOME</b>			
Median Household Income	\$47,678	\$50,147	\$62,203
Cost of Living Index	94.5	94.5	100.0
Adjusted Household Income	\$50,453	\$53,066	\$62,203
<b>INCOME DISTRIBUTION</b>			
Under \$25,000	24%	24%	19%
\$25,000 to \$34,999	11%	10%	9%
\$35,000 to \$49,999	17%	15%	12%
\$50,000 to \$74,999	18%	19%	17%
\$75,000 to \$99,999	12%	12%	13%
\$100,000 to \$149,999	12%	12%	15%
\$150,000 or more	6%	7%	15%
<b>BUSINESS PROFILE</b>			
Unemployment Rate	6.3%	4.9%	3.2%
Corporate Base	1,833	14,000	5,130,070
<b>ARTS, CULTURE &amp; ENTERTAINMENT PROFILE</b>			
% of Population that went to the live theater (2019)	10.4%	9.2%	11.4%

In general, the broader Fayetteville market is characterized as a younger, diverse market with lower household incomes in a low cost of living area. Additionally, on the following page are key takeaways from the demographic, socioeconomic, and cultural characteristics of the Fayetteville market.



The primary market of the proposed Multi-Purpose Event Center (Cumberland County) provides access to 336,000 residents while the secondary market (60-minute drive) provides access to 1.1 million residents. The primary and secondary market populations are expected to grow at annual rates of 0.4 and 0.9 percent, respectively, over the next five years, which is 47 percent less and 17 percent greater than the expected growth rate in the U.S. (0.8 percent), respectively.



The arts can provide culturally immersive experiences in an open, social setting, which is ideal for fostering social integration in a diverse market. Approximately 58 percent of the primary market, and 50 percent of the secondary market for the proposed Multi-Purpose Event Center is considered minority, which is 10 percent greater than the U.S. (40 percent).



A high diversity index score (on a scale of 0 to 100) indicates a more diverse population base while a low index score indicates a more uniform population base. The proposed Multi-Purpose Event Center's primary market has a diversity index of 70.6, secondary market has an index of 70.9 which are both nine percent higher than the nation as a whole (64.8).



The median age of the primary and secondary market of the proposed Multi-Purpose Event Center is 32.8 and 35.9, respectively, which is 5.7 and 2.6 years younger than the national median age (38.5). Approximately 34 percent of the primary market and 37 percent of the secondary market is aged within the 35 to 64-year-old cohort, which is the age cohort that typically has higher median household incomes and greater entertainment spending levels, which represents a strong proportion of concert, musical, live theater, and classical musical performance attendees. The 34 and 37 percent within this age cohort within the primary and secondary market of the Proposed Multi-Purpose Event Center is approximately five and two percent below the 39 percent of the national population aged within the 35 to 64-year old cohort.



Residents within the primary and secondary market of the proposed Multi-Purpose Event Center both have significantly lower median incomes (\$44,230 and \$48,712) than the national average (\$60,548) and live in a market with a slightly lower cost of living (94.5) when compared to the U.S. (100.0).



The corporate base for the primary market of the proposed Multi-Purpose Event Center consists of 1,833 corporations that have at least 10 employees, while the secondary market has 14,000 corporations within the same criteria. The unemployment rate within Fayetteville is 4.9 percent, which is 53 percent higher than the national unemployment rate of 3.2 percent.



The demographics of the Fayetteville market differ from the typical traditional performing arts audiences as tracked by the NEA. Because the success of the proposed Multi-Purpose Event will be impacted by the ability of the facility to host a variety of programming designed to appeal to younger age groups and family-oriented entertainment reflective of the demographics of the surrounding community, a commercial arts-oriented design for the proposed Multi-Purpose Event Center is well-suited to accommodate these types of events.



Accessibility is vital to the success of any multi-purpose event venue. While the downtown and Crown Complex sites could be accessible via Fayetteville's public transportation system, other potential sites would rely on access via interstates. The Fayetteville Area System of Transit operates 19 routes and is responsible for approximately 600 bus stops. The Greyhound Bus Center located within the Fayetteville Transit Center and has more than 30 buses to all points and stops in Fayetteville daily.



Approximately 10 percent of visitors to Fayetteville last year stated that their main interest and reason for visiting was for Arts & Entertainment purposes, indicating there is a demand to engage with arts and cultural events that could be offered by the proposed Multi-Purpose Event Center.

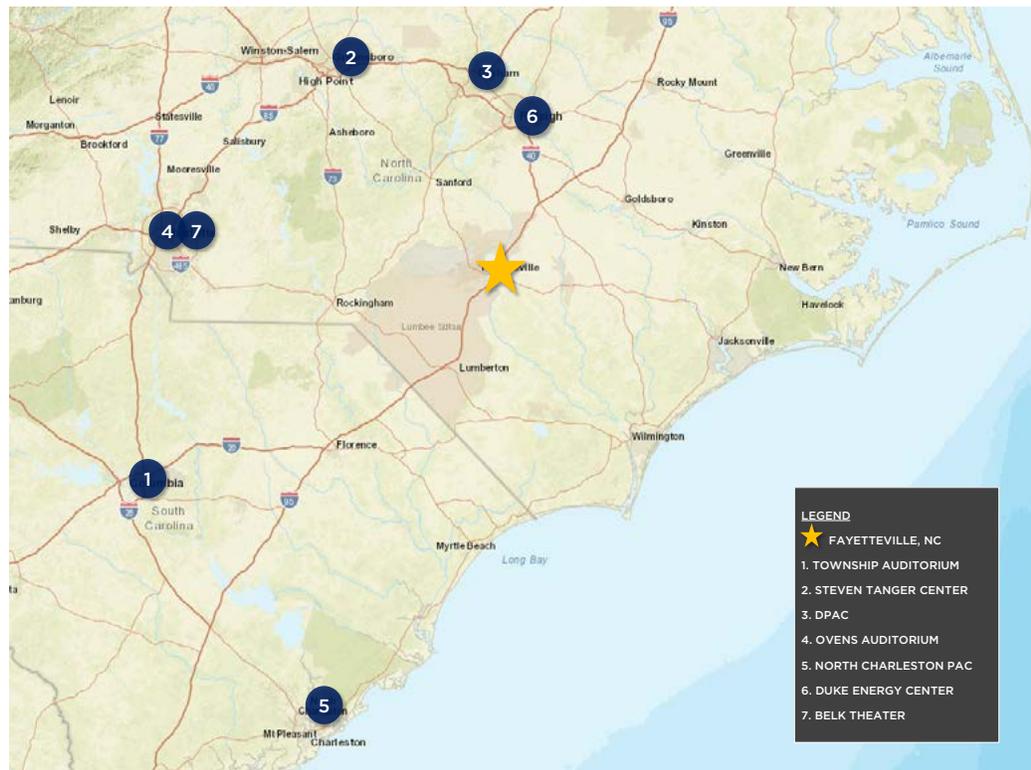
Additionally, the proposed Multi-Purpose Event Center's operations will be impacted by the number and type of local and regional facilities that compete for the limited supply of events, spectators, participants, local and regional resident disposable income dollars, and corporate sponsorship dollars within the marketplace. As such, the following graphic depicts the five venues identified that could be competitive with the proposed Multi-Purpose Event Center.



As shown, despite the local competition, there is a market niche for a multi-purpose events venue whose primary function is to host third-party acts and events as no such facility in the local market exists with capacity between approximately 1,200 and 10,000.

In addition to the local competition, the proposed Multi-Purpose Event Center could receive competitive pressures from venues within the regional market. The map to the right shows the location of multiple venues within the regional market that could provide at least moderate competition to the proposed venue in terms of competing for both event bookings and attendance utilization.

These regional venues are all at least 50 to 100 miles away from Fayetteville, limiting the impact of their primary market draws on regional competition and highlighting that the proposed Multi-Purpose Event Center could serve as a complementary venue within regional routing tours.



LEGEND	
★	FAYETTEVILLE, NC
1.	TOWNSHIP AUDITORIUM
2.	STEVEN TANGER CENTER
3.	DPAC
4.	OVENS AUDITORIUM
5.	NORTH CHARLESTON PAC
6.	DUKE ENERGY CENTER
7.	BELK THEATER

## ESTIMATED UTILIZATION

It is envisioned that the proposed Multi-Purpose Event Center would host a wide range of programming and events to maximize utilization and serve the community. To ensure the venue meets the needs of a variety of potential users, an extensive number of interviews were conducted with event organizers representing a wide range of events and activities. The results of these interviews, combined with an assessment of the historical utilization experienced at comparable facilities and the existing Crown Theatre and Arena, which the new facility would replace, serve as a foundation in estimating the potential events and attendance that could be attracted to the proposed Multi-Purpose Event Center.

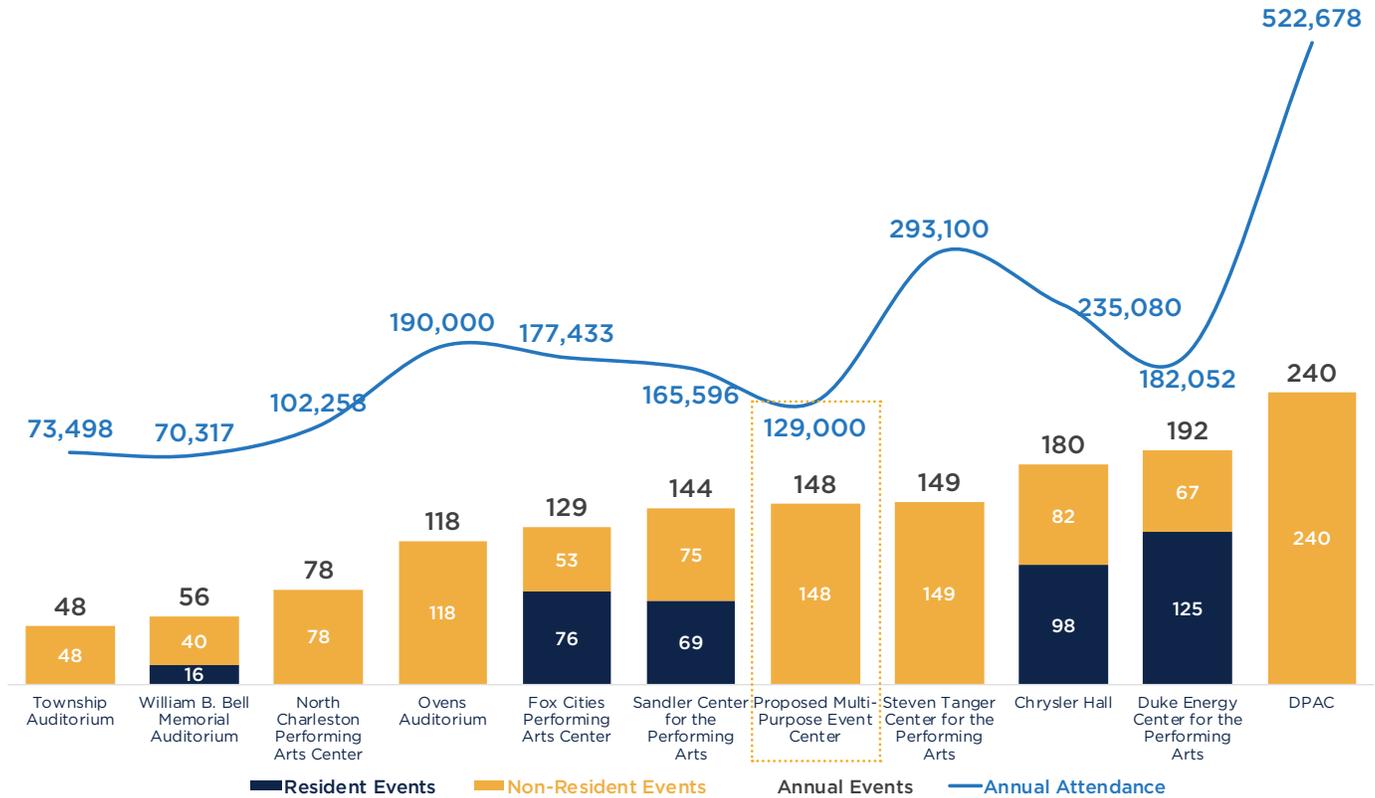
The estimated utilization for the proposed Multi-Purpose Event Center is depicted below. It should be noted that the estimated utilization is inclusive a portion of historical event activity at the Crown Theatre and Arena as the venue will be specifically designed to host the utilization previously hosted at these venues.

SUMMARY OF EVENT UTILIZATION			
EVENT TYPE	NUMBER OF EVENTS	AVERAGE ATTENDANCE	TOTAL ATTENDANCE
<b>Ticketed Events</b>			
Major Concerts	10	2,500	25,000
Minor Concerts	10	1,500	15,000
Comedy Shows	5	1,250	6,250
Family Shows	6	1,000	6,000
Touring Theater / Broadway	5	1,750	8,750
Local & Regional Performing Arts	30	750	22,500
<b>TOTAL - TICKETED EVENTS</b>	<b>66</b>	<b>1,265</b>	<b>83,500</b>
<b>Non-Ticketed Events</b>			
Sporting Showcases	5	1,500	7,500
Graduations	7	1,500	10,500
Community Events	20	500	10,000
Private Rentals	50	350	17,500
<b>TOTAL - NON-TICKETED EVENTS</b>	<b>82</b>	<b>555</b>	<b>45,500</b>
<b>TOTAL - ALL EVENTS</b>	<b>148</b>	<b>872</b>	<b>129,000</b>

As shown above, the proposed Multi-Purpose Event Center is estimated to host a variety of ticketed events including concerts, comedy shows, family shows, touring theater / Broadway performances and other local and regional performances. In total, it is estimated the proposed Multi-Purpose Event Center could host 66 ticketed events for a total annual attendance of approximately 83,500 in a stabilized year of operations, of which approximately 48 percent is attributable to concerts.

It is also important to understand the estimated event demand for the proposed Multi-Purpose Event Center within the context of similar venues supported by comparably-sized markets, as shown in the chart on the following page.

COMPARABLE EVENT ACTIVITY CONTEXT



As shown above, the proposed Multi-Purpose Event Center, with 148 total events, is 11 percent higher than the comparable average (133) while the total estimated annual attendance is 36 percent below the comparable average (201,200). Among comparable venues in similarly-sized comparable markets, the proposed Multi-Purpose Event Center is estimated to host 90 percent more events and attract 22 percent more in annual attendance.

Combined with the Crown Coliseum, Expo Center, and Ballroom, the total events hosted between the Crown Complex and the Multi-Purpose Event Center is estimated to be over 200, attracting approximately 501,000 attendees, on average, annually.

## BUILDING PROGRAM RECOMMENDATION & COST ESTIMATE

The project team reviewed comparable performing arts center characteristics, industry trends, and considered potential user feedback to recommend appropriate seating capacity, premium seating, and other building program elements.

### CAPACITY

Based on the seating capacities of comparable facilities, attendance relative to capacity at comparable facilities, the population of comparable markets relative to seat capacity, the performance of top theaters across the United States, the preferences of local and regional event promoters, and the historical capacity needs at the Crown Arena and Theatre, it is recommended that the proposed Multi-Purpose Event Center have a maximum capacity of 2,500 seats, with a seated capacity of 2,075 across two tiers of seating.

### MULTI-PURPOSE CONSIDERATIONS

To better accommodate current event utilization at the Crown Arena and Theatre, it will be important for the proposed Multi-Purpose Event Center to be designed to accommodate a variety of uses. Key elements of a multi-purpose venue include having fewer fixed seats, a large multi-functional floor space, the ability to accommodate standing-room concerts, additional flexibility for seating or standing depending on event, no orchestra pit or stage tower, and a limited interior finish designed for larger gatherings.

It is anticipated that a multi-purpose design could accommodate over 75 percent of current Crown Arena and Theatre utilization while still providing an intimate environment for traditional live performances, such as concerts or comedy shows. Additionally, a multi-purpose venue, through the lack of total fixed seating, would increase the maximum capacity of the venue, increasing the ability to accommodate a large amount of attendees for popular events, such as standing-room only concerts.

### PREMIUM SEATING

Based on the premium seating among comparable facilities in the United States, the premium seating within the local market, and conversations with local and regional event promoters, it is recommended that the proposed Multi-Purpose Event Center include a total of 10 VIP boxes with an average of six (6) seats per box at an average annual price of \$15,000 (inclusive of event tickets). In addition, the venue should offer 200 VIP memberships for prime seat locations at an average annual price of \$1,000 (not inclusive of event tickets).

### OTHER FACILITY ELEMENTS

Additional building program elements beyond building capacity and premium seating include the components such as: private event space for banquet-style events, meeting/classrooms, a grand lobby, sufficient parking, sufficient concessions points of sale and restrooms, a number of quality dressing rooms, loading docks, a capable rigging grid, state-of-the-art equipment and storage for audio, video, and lighting, and a ticket / box office.

## SUMMARY AND COST ESTIMATE

Two building programs were developed (shown below) for the proposed Multi-Purpose Event Center and are summarized in the table below. The “Small Space Program” provides the various building elements in a compact footprint, while the “More Generous Program” offers the opportunity to maximize revenue and fan comfort as well as providing additional square footage for back-of-house operations, meeting rooms, storage, and other similar areas.

<b>BUILDING PROGRAM SUMMARY</b>		
	<b>MORE GENEROUS PROGRAM</b>	<b>SMALL SPACE PROGRAM</b>
<b>General</b>		
Maximum Capacity	2,500 Seats	2,500 Seats
Seated Capacity	2,075 Seats	2,075 Seats
Tiers of Seating	2	2
Square Footage	89,000 sq. ft.	68,000 sq. ft.
<b>Premium Seating</b>		
VIP Boxes	10	10
Membership Seats	200	200
<b>Additional Spaces</b>		
Banquet Floor Space	250 to 485 Capacity	250 to 485 Capacity
Grand Lobby	1	1
Meeting Rooms / Classrooms	3 (with flexibility up to 5)	3 (with flexibility up to 5)
<b>Fan Amenities</b>		
Concessions POS	22	22
Restrooms	50 Water Closets / 25 Urinals	50 Water Closets / 25 Urinals
Ticket / Box Office	1	1
<b>Back-Of-House Amenities</b>		
Dressing Rooms	4	4
Loading Docks	2 Truck Bays	2 Truck Bays
<b>TOTAL ESTIMATED COST</b>	<b>\$75 to \$80 MILLION</b>	<b>\$50 to \$60 MILLION</b>

*Project cost estimate development by Steinberg Hart, along with T.A. Loving; Theatre Consultants Collaborative; and Threshold Acoustics. Total estimated cost does not include site-specific costs.*

*Note: Venue capacity is anticipated to be flexible between 2,075 and 2,500 depending on event type and seating configuration.*

It should be noted that the project costs included herein includes construction costs based on a generic site since the selection of the site has not been secured. As facility planning progresses, additional architectural work will be necessary to create a design that would maximize the market and revenue potential of the facility while considering the impact of the cost to construct.

## FINANCIAL ASSUMPTIONS & PRO FORMA

Key assumptions used to estimate the potential financial operations of the proposed Multi-Purpose Event Center include, but are not limited to, the following:

- The proposed Multi-Purpose Event Center will have a maximum capacity of 2,500 and a seated capacity of 2,075 and will be designed as a multi-purpose venue able to accommodate a wide range of events;
- The financial analysis herein assumes the generous building program (89,000 gross square feet) to maximize revenue and fan comfort;
- The proposed Multi-Purpose Event Center will include a variety of premium seating, including 10 6-seat VIP boxes (60 total seats) and 200 VIP memberships with access to prime seat locations;
- The proposed Multi-Purpose Event Center is estimated to cost approximately \$77.5 million and will be constructed as a quality, state-of-the-art venue with the necessary acoustics, stage configuration, rigging capacities and back-of-house space to accommodate the needs of various users;
- The proposed Multi-Purpose Event Center will be managed by a third-party operator, who will leverage relationships and resources to maximize the venue's performance;
- A facility fee will be assessed on each ticket sold to all Multi-Purpose Event Center events and could fund a significant portion of the venue's capital reserve;
- The venue will be aggressively marketed, providing competitive use agreements to maximize the utilization of the venue;
- There will be no significant or material changes in the supply or quality of existing venues in the marketplace or new preferred or exclusive booking arrangements with key promoters at competitive venues;
- The market will generate spending on tickets, concessions, novelties, sponsorships, and premium seating that is consistent with comparable venues in the context of Fayetteville's market demographics and socioeconomics;
- The proposed Multi-Purpose Event Center will be conducive to providing a pleasant patron experience (e.g., efficient traffic ingress/egress, convenient and affordable parking, covered seating, etc.);
- The proposed Multi-Purpose Event Center will be publicly owned and therefore exempt from property taxation;
- There will be no significant or material changes to current trends in the live entertainment industry;
- The Crown Arena and Theatre will no longer be in operation and thus not serve as competition for the proposed Multi-Purpose Event Center;
- The staffing plan assumes synergies with existing Crown staff or transfer of staff from closing facilities;
- Unknown future economic conditions will not adversely affect the market and its response to Multi-Purpose Event Center events (e.g., population levels, employment levels, etc.); and,
- Projections herein assume 100 percent of available Multi-Purpose Event Center capacity is available to be sold and utilized and assumes no restrictions based on current safety requirements for COVID-19.

The table below summarizes the estimated operating revenues and expenses associated with the proposed Multi-Purpose Event Center over the first five years of operations.

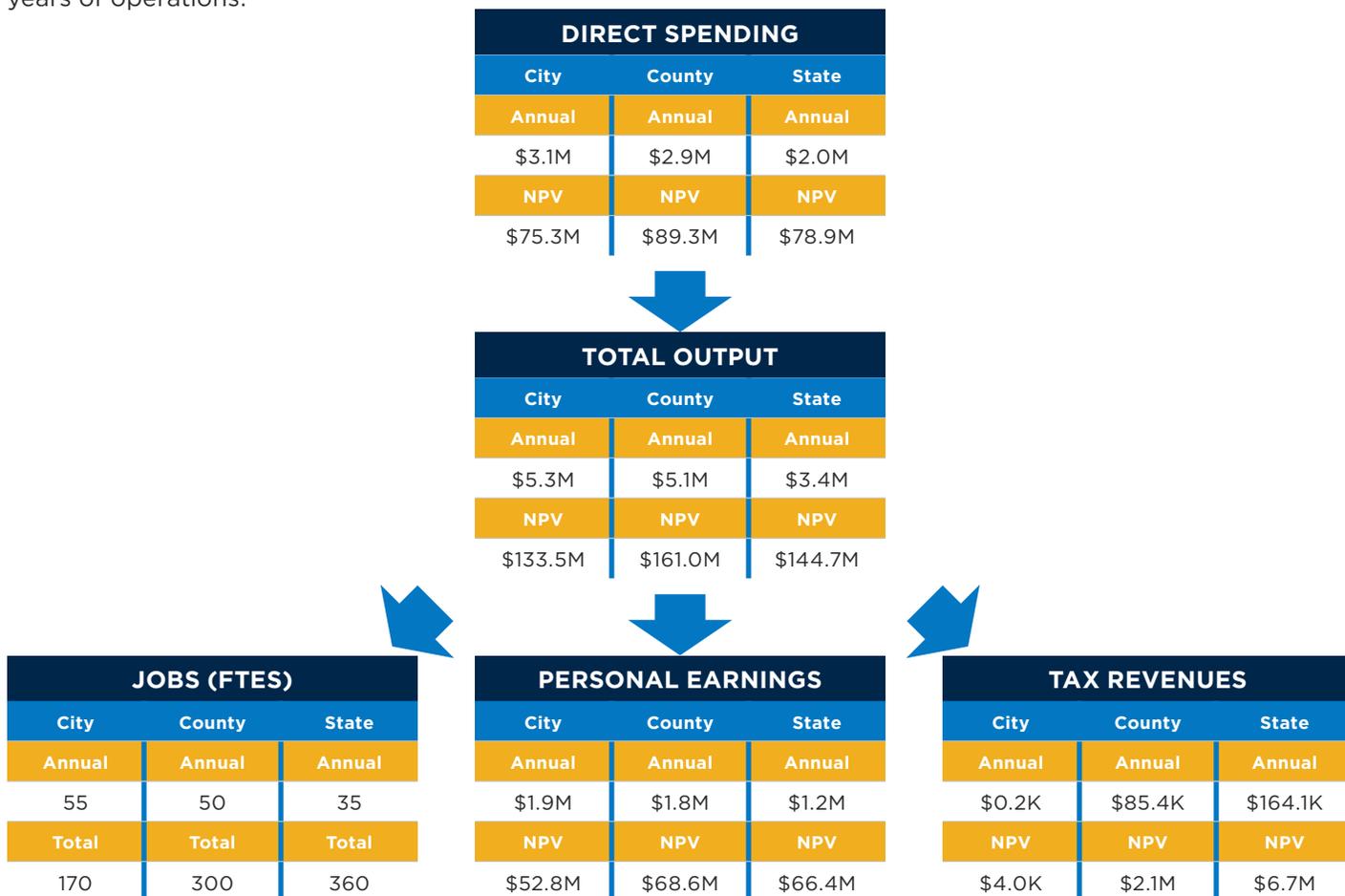
<b>FINANCIAL PRO FORMA</b>					
	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b> <i>Stabilized Year of Operation</i>	<b>YEAR 4</b>	<b>YEAR 5</b>
<b>Operating Revenues</b>					
Rental Income, Net	\$468,000	\$562,000	\$661,000	\$680,000	\$701,000
Premium Seating	257,000	257,000	257,000	265,000	273,000
Concessions, Net	325,000	393,000	464,000	478,000	492,000
Catering, Net	313,000	366,000	422,000	435,000	448,000
Merchandise, Net	30,000	36,000	43,000	44,000	45,000
Advertising & Sponsorships, Net	276,000	285,000	293,000	302,000	311,000
Ticket Rebates, Net	220,000	267,000	316,000	325,000	335,000
Facility Fees	206,000	246,000	289,000	298,000	307,000
<b>TOTAL REVENUE</b>	<b>\$2,095,000</b>	<b>\$2,412,000</b>	<b>\$2,745,000</b>	<b>\$2,827,000</b>	<b>\$2,912,000</b>
<b>Operating Expenses</b>					
Staffing	\$588,000	\$605,000	\$623,000	\$642,000	\$661,000
Food & Beverage/Sponsorship Commissions	304,000	356,000	411,000	423,000	436,000
General & Administrative	339,000	349,000	359,000	370,000	381,000
Repairs & Maintenance	150,000	155,000	159,000	164,000	169,000
Utilities	357,000	368,000	379,000	390,000	402,000
Insurance	89,000	92,000	95,000	98,000	100,000
<b>TOTAL EXPENSES</b>	<b>\$1,827,000</b>	<b>\$1,925,000</b>	<b>\$2,026,000</b>	<b>\$2,087,000</b>	<b>\$2,149,000</b>
<b>NET OPERATING INCOME (EBITDA) BEFORE RENT</b>	<b>\$268,000</b>	<b>\$487,000</b>	<b>\$719,000</b>	<b>\$740,000</b>	<b>\$763,000</b>

As shown, in its first year of operations, the proposed Multi-Purpose Event Center is estimated to generate operating revenues of approximately \$2.1 million and incur expenses of approximately \$1.8 million, resulting in net operating income of approximately \$268,000. In the first year of stabilized operations (Year 3), the proposed Multi-Purpose Event Center is estimated to generate operating revenues of approximately \$2.7 million and incur expenses of approximately \$2.0 million, resulting in a net operating income of approximately \$719,000.

It should be noted that net operating income is presented before rental payments, capital reserve, base management fee, or debt.

## ECONOMIC & FISCAL IMPACTS

The proposed Multi-Purpose Event Center could have a significant impact on the City of Fayetteville, Cumberland County, and State of North Carolina and would generate new spending, create jobs, and generate tax revenues. These benefits could serve as a return on investment for any public dollars that may be contributed toward the project. The following graphic summarizes the anticipated annual and net present value of cumulative economic and fiscal impacts that could be generated by the proposed Multi-Purpose Event Center development over 30 years of operations.



The proposed Multi-Purpose Event Center is estimated to generate approximately \$133.5 million in net present value of direct, indirect, and induced spending within the City, creating a total of 170 jobs that generate approximately \$52.8 million in personal earnings over a 32 year period (2 years construction period and 30 years of operations).

The development is estimated to generate approximately \$161.0 million in net present value of direct, indirect, and induced spending within the County, creating a total of 300 jobs that generate approximately \$68.6 million in personal earnings over a 32 year period.

Within the state, it is estimated that the proposed Multi-Purpose Event Center could generate approximately \$144.7 million in net present value of direct, indirect, and induced spending, creating a total of 360 jobs that generate approximately \$66.4 million in personal earnings over a 32 year period.

As shown, it is estimated that two years of Multi-Purpose Event Center construction and 30 years of operations will generate approximately \$4,000 in City fiscal impacts, approximately \$2.1 million in County fiscal impacts, and approximately \$6.7 million in State fiscal impacts.

## FUNDING ANALYSIS

Total project costs associated with the construction of the proposed Multi-Purpose Event Center are estimated to approximate \$77.5 million including general provisions for financing, land, off-site infrastructure, and other costs.

The ultimate financing structure of a Multi-Purpose Event Center is dependent on the political, economic, and other issues of the related parties. The chart below displays the estimated funding potential of the most likely sources of project funding based on a review of comparable facilities and the resources that may be specifically available to the proposed Multi-Purpose Event Center.

<b>IDENTIFIED POTENTIAL FUNDING SOURCES</b>	
<b>Estimated Project Costs</b>	<b>\$77.5M</b>
<b>Public Sources</b>	
Prepared Food & Beverage Tax*	\$80.6M
<b>Private Sources</b>	
Venue Operating Income*	\$5.2M
<b>TOTAL</b>	<b>\$85.8M</b>

\* Assumes 30-year bonds with 4.0 percent interest and a 1.5x debt coverage ratio.

As shown, approximately \$85.8 million in funding sources have been identified, including approximately \$80.6 million in prepared food and beverage tax revenue. Should additional funds be needed to finalize project financing, cash flows from the venue could finance approximately \$5.2 million.

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*This Executive Summary highlights the key findings from a report assessing the feasibility of the proposed Multi-Purpose Event Center. The study is designed to assist community leaders in making informed decisions regarding the potential development of the proposed Multi-Purpose Event Center and the full report should be read in its entirety to obtain the background, methods, and assumptions underlying the key findings.*

An aerial photograph of a city street scene, featuring a large blue diagonal banner on the left and a yellow vertical stripe running down the center. The banner contains a large white outline of the number '2' and the word 'INTRODUCTION' in white capital letters. The background shows a mix of brick buildings, a church with a steeple, and a street with cars and a crosswalk.

# 2

**INTRODUCTION**



The Crown Complex (“Complex”) has served as the primary live entertainment destination for the citizens of Fayetteville, North Carolina, (“City”) and the greater Cumberland County (“County”) community for more than 50 years. Opened in 1967, four miles south of downtown Fayetteville, the Complex originally comprised the 2,440-seat Crown Theatre (“Theatre”) and 4,500-seat Crown Arena (“Arena”), which provided space to host a variety of concerts, theater productions, family shows, civic events, sporting events, and an assortment of community and special events. However, the capacities of the Theatre and Arena limited the type and scale of events that could be hosted in the market.

In 1993, the North Carolina General Assembly authorized the creation of a one percent sales tax levied on prepared food and beverages (“Prepared Food & Beverage Tax”) at restaurants and other establishments throughout the County to fund the construction of a new entertainment venue at the Complex site. In 1995, the County broke ground on the approximate \$55 million project, which included the 10,880-seat Crown Coliseum, a new 60,000-square-foot exposition center, and 9,200-square-foot ballroom. The project was completed in 1997 and funded with approximately \$7.0 million in annual proceeds generated by the Prepared Food & Beverage Tax, as well as approximately \$1.0 million in annual County occupancy tax revenue (25 percent of total collections) which funds continued debt service and subsidizes operations of the Crown Complex.

Over the past two decades, the Complex has remained an important asset to the local and regional community,

however the Theatre and Arena have undergone minimal capital improvements over their 50+ year history, and the condition of the venues has deteriorated. The lack of modern artist and spectator amenities and required repairs and maintenance have contributed to average annual operating losses of approximately \$3.0 million (past five year average), which is an approximate \$1 million annual improvement over the budget inherited by Spectra Venue Management (“Spectra”) when it was awarded the operating contract by the Cumberland County Civic Center Commission in 2013. Currently, annual operating losses are subsidized through revenue generated by the Prepared Food & Beverage and occupancy taxes.

In response to these underlying issues, a number of studies have been completed to determine the most appropriate path forward to accommodate the need for performing arts facilities in the area. In 2013, the City updated its Downtown Renaissance Plan that was originally completed in 2002. The study concluded that the creation of a visual and Multi-Purpose Event Center in downtown should be a top priority as it would help activate community engagement and serve as an anchor for additional downtown development. However, a 2014 study by Webb Management Services, Inc. (“Webb”) concluded that a large scale performing arts center was not desired as the 2,440-seat Crown Theatre adequately served the market at that time.

The following year in March 2015, Sfl+a Architects completed its Crown Theatre Modernization Study, which was authorized by the Cumberland County Civic Center Commission and Spectra to assess the existing conditions of the Theatre and develop a preliminary scope and budget required to bring the Theatre up to modern standards. The results of the study indicated the Theatre was not in compliance with Americans with Disabilities Act (“ADA”) standards and had reached its useful service life. The study estimated that upgrades to meet ADA standards and modernize the venue would cost approximately \$35.4 million, while the cost to entirely replace the Theatre could range from approximately \$37.7 million (1,500-seat venue) to \$80.2 million (2,500-seat venue).

In 2018, the Cumberland County Civic Center Commission recommended by unanimous vote to the Cumberland County Board of Commissioners that the Theatre be replaced with a new state-of-the-art venue and a feasibility study be conducted on how to best proceed. In early 2020, the Commissioners announced that the Theatre and Arena will close by November 2025 given the cost to upgrade the venues to meet ADA and other safety standards approaches the cost to entirely replace the facilities.

As a next step in the process, Spectra engaged the project team of Conventions, Sports & Leisure International



(“CSL”), Steinberg Hart (“SH”), and Public Participation Partners (“P3”) (collectively known as the “Project Team”) on behalf of the County, to conduct a comprehensive market and financial feasibility study related to the potential development of a new multi-purpose event center (“proposed Multi-Purpose Event Center”). This report includes the results of a market conditions assessment in which the Project Team:

- Met with key project stakeholders and toured the Complex and other potential sites in the County;
- Reviewed the historical operations of the Complex, as well as a variety of past studies completed regarding the development of the proposed Multi-Purpose Event Center;
- Analyzed trends in the performing arts and live entertainment industry;
- Compiled and analyzed local and regional demographic and socioeconomic data and trends to identify the appropriate catchment area from which the proposed Multi-Purpose Event Center would draw spectators;
- Reviewed existing and planned entertainment venues located throughout the County and beyond to assess their potential impact on the proposed Multi-Purpose Event Center and to identify potential niches in the market that a new venue could accommodate;
- Identified and analyzed comparable venues located throughout the country to provide a benchmark from which to assess the market potential for the proposed Multi-Purpose Event Center; and,
- Conducted a series of public forums throughout the County to solicit qualitative feedback regarding the proposed Multi-Purpose Event Center from a diverse cross-section of the local and regional community.

The results of the market assessment are presented in the following sections:

- |  |   |
|--|---|
| 1. Executive Summary                   | 11. Estimated Demand                                    |
| 2. Introduction                        | 12. Building Program Recommendations<br>& Cost Estimate |
| 3. Stakeholder Engagement              | 13. Site Analysis                                       |
| 4. Public Forum Key Findings           | 14. Financial Analysis                                  |
| 5. Historical Context                  | 15. Economic & Fiscal Impact Analysis                   |
| 6. Performing Arts Center Trends       | 16. Funding Analysis                                    |
| 7. Local Market Conditions             |   |
| 8. Competitive Context                 |   |
| 9. Performing Arts Center Benchmarking |   |
| 10. Community Surveys                  |   |

The report should be read in its entirety to obtain the background, methods, and assumptions underlying the findings.



3

**STAKEHOLDER  
ENGAGEMENT**



## STAKEHOLDER ENGAGEMENT

As an initial step in the feasibility study process, representatives from the project team visited Fayetteville in January 2020 and again in March 2020 to meet with a variety of community leaders and project stakeholders. These discussions were designed to provide valuable insight into the project vision, community needs, potential site locations for the project, operational considerations, and other such factors for the proposed Multi-Purpose Event Center. Key community stakeholders that were interviewed as part of the initial stakeholder engagement process included:

- Civic Center Commission Board;
- Cumberland County Arts Council;
- Cumberland County Board of Commissioners;
- Cumberland County Schools;
- Fayetteville Cumberland County Economic Development Corporation;
- Fort Bragg Representatives;
- City of Fayetteville Representatives including the Mayor and City Manager;
- Cumberland County Representatives; including the County Manager and Finance Director; and,
- Others.

The following is a summary of key takeaways from these discussions regarding the proposed Multi-Purpose Event Center.

- With the recent decision to close the Crown Theatre and Arena by November 2025, local representatives stressed the importance of a new feasibility study to consider the viability of a new Multi-Purpose Event Center to replace the venues and maintain event activity in Cumberland County.
- According to City and County representatives, the closure of some of the Crown Complex's facilities will leave a deficit within the market for affordable spaces to accommodate cultural programs hosted by local schools, universities, and arts organizations. Additionally, representatives believe that some events hosted at the Crown today will leave Fayetteville altogether due to lack of a suitable venue to accommodate them, and residents will be required to travel to other markets in the region to attend such events, drawing spending away from the City and County.
- Generally, community leaders define success for the proposed Multi-Purpose Event Center as creating a community amenity that is financially self-sustaining.

- Overall, community leaders envision the proposed Multi-Purpose Event Center hosting a variety of events, including concerts, family shows, musicals, recitals, reunions, receptions, and other similar types of events. Community leaders stressed the importance of programming events to appeal to a broad range of interests for residents in the City.
- Community leaders underscored the importance for collaboration among representatives of both the County and City to best plan, advocate, and deliver for the proposed Multi-Purpose Event Center. It is believed that a downtown location for the venue would best facilitate this necessary partnership.
- Representatives from the Arts Council expressed concerns that some of the local organizations may view the proposed Multi-Purpose Event Center as competitive. Overall, however, the Arts Council indicated that the venue could serve a niche in the market by focusing on drawing high profile events and supporting the local arts community by offering flexible and affordable event space.
- The Durham Performing Arts Center was the facility cited most by community leaders as the type of facility and programming they would like to see in Fayetteville. They liked the types and frequency of events hosted at the venue, the community uses accommodated by the facility, the family-friendly atmosphere, accessibility, affordability of tickets, and the addition of some vibrancy to the Durham community landscape.
- Based on knowledge of potential development sites (downtown, Crown Complex, Outer Loop, or others) and the local market, approximately 80 percent of community leaders interviewed preferred a downtown location for the proposed Multi-Purpose Event Center due to its centralized location for the local population and potential for ancillary spending within Fayetteville at existing downtown restaurants and retail shops.
- If the proposed Multi-Purpose Event Center were to be constructed downtown, consideration will need to be given to construction of a parking structure and traffic mitigation for nights when events would be hosted at both the Multi-Purpose Event Center and Segra Stadium.
- Several community leaders believe that a downtown location would be close enough to Fort Bragg to draw visitors to the City from the military base. However, representatives from Fort Bragg preferred a location near the outer loop to provide convenient access from the base. Regardless of location, buses that provide affordable transportation between Fort Bragg and the proposed Multi-Purpose Event Center would encourage increased utilization among those living on post.
- Community leaders have been pleased with the way Spectra has operated the Crown Complex and believe that they have had success marketing events as more diverse and attracting higher attendance.
- Most community leaders believe that an extension of the current sunset plan for the Prepared Food and Beverage Tax could be utilized to help fund the facility. However, it will take additional political negotiating to sell this project as the best use of those funds in the future since the tax revenues are split among different entities with varying goals.
- It is believed that private philanthropy will be key to successfully executing the project. Several community leaders believe that attracting key business leaders to make lead gifts to the project could generate the support of other business leaders and residents to donate to the project, much like the Civil War Museum.
- Generally, community leaders would consider a multitude of funding mechanisms to construct the proposed Multi-Purpose Event Center, including tax increment funding ("TIF") districts in the downtown area, state and federal grants, military contributions, and other such public mechanisms.

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*Key stakeholder feedback along with a review of the historical context provides valuable insight into the community's vision guiding the development of the proposed Multi-Purpose Event Center.*



# 4

## PUBLIC FORUM KEY FINDINGS

# PUBLIC FORUM KEY FINDINGS

To gather data regarding attitudes and preferences regarding the proposed Multi-Purpose Event Center, four public forums were held throughout Cumberland County from March 9 to March 10, 2020. Each of the four public forums were advertised on a variety of platforms including the local newspaper, County website and Spectra's website. Over 50 community members were able to attend the most convenient session. Forums were attended in the following locations:

PINE FOREST HIGH SCHOOL  
SEVENTY-FIRST HIGH SCHOOL  
E.E. SMITH HIGH SCHOOL  
CROWN THEATRE

During the two-hour open forums, participants were shown a brief presentation that introduced the project team (CSL, Public Participation Partners, and Steinberg Hart) and the feasibility process, future plans regarding the Crown Complex, and options for the proposed Multi-Purpose Event Center. Participants were able to ask questions of project representatives. Key takeaways from the public forums are presented over the following pages.

## MAIN TOPICS

Primary topics were prompted and posted at each site for community members to provide feedback freely. Topics included:



### ATTITUDE TOWARD THE POTENTIAL MULTI-PURPOSE EVENT CENTER

Attendees were asked to describe their overall attitude towards the proposed Multi-Purpose Event Center, whether good or bad, and reasons for feeling that way.



### PREFERRED EVENT TYPES

Attendees were able to provide feedback on the types of programming that could be accommodated at the proposed Multi-Purpose Event Center and were encouraged to think beyond traditional theater programming.



### PREFERRED PROJECT SITE

After considering the type of programming that could be accommodated at the proposed Multi-Purpose Event Center, attendees were asked to provide feedback on where the venue should be located within Cumberland County.



### PRICE LEVEL PREFERENCES

Attendees were asked to provide feedback on the ticket prices they would be willing to pay to attend performances and events hosted at the venue.



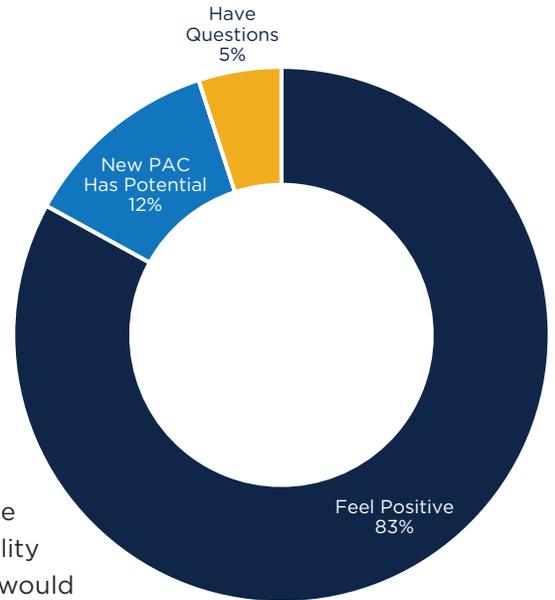
### VISION FOR A SUCCESSFUL PROJECT

Attendees provided feedback on what "success" would be defined as for the venue, including financial operations, accessibility of the venue by local organizations, and intangible community benefits.

# ATTITUDE TOWARD THE POTENTIAL MULTI-PURPOSE EVENT CENTER

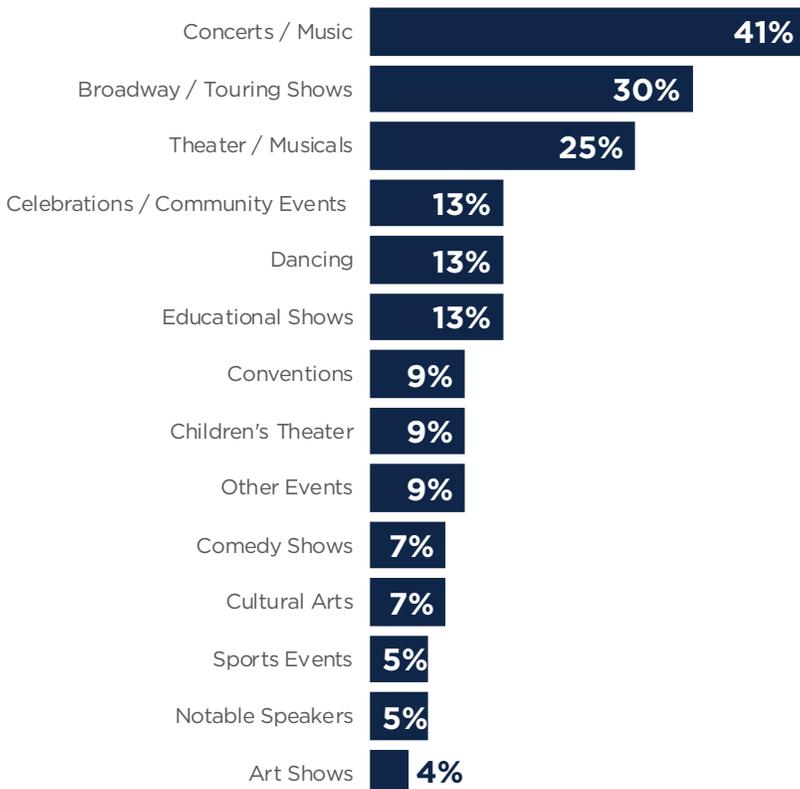
A total of 56 residents attended the four public forums that were held in Cumberland County between March 9th and March 10th. Overall, community participants represented a positive attitude toward the development of the proposed Multi-Purpose Event Center as shown in the chart to the right.

The most commonly cited reasons for feeling positive about the project included replacement of aging existing facilities in the area, the necessity of this type of amenity for residents in Fayetteville, the ability to retain entertainment spending within the community as residents would not have to travel to surrounding cities for shows and concerts, and the potential future economic opportunities that could be generated by a successful venue for existing businesses in the area. The most commonly asked questions about the proposed Multi-Purpose Event Center was how the facility would be funded and the potential impacts regarding the venue’s location.



# PREFERRED EVENT TYPES

Generally, attendees preferred the proposed Multi-Purpose Event Center provide a variety of programming for residents, as detailed in the chart below.



**MOST PREFERRED EVENTS**



**CONCERTS / MUSIC**



**BROADWAY / TOURING SHOWS**



**THEATER / MUSICALS**

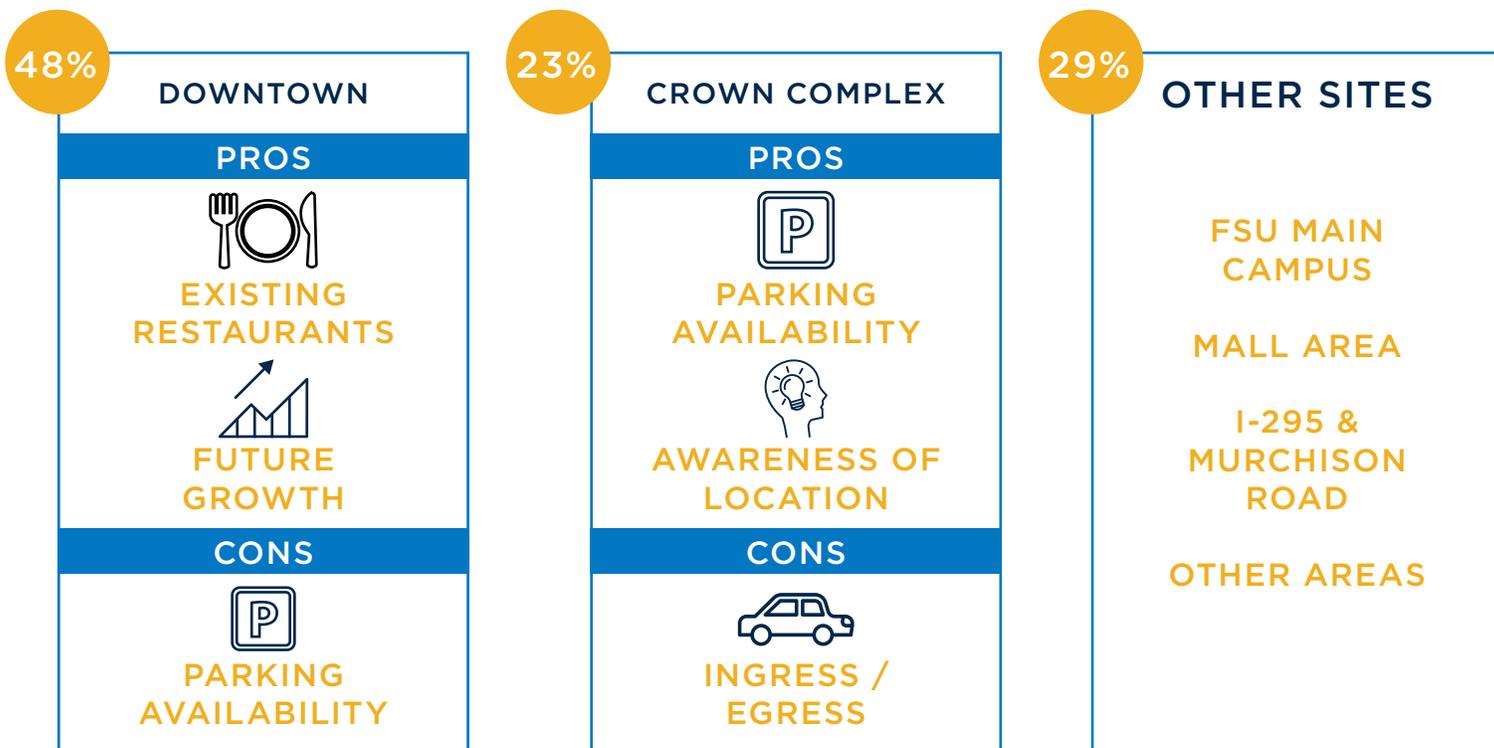
Attendees prefer the proposed Multi-Purpose Event Center operate with a self-sustaining model. Therefore, high profile events such as concerts and major touring shows were perceived as popular and necessary to generate income for the venue. However, more than half of the participants would like to see community events and local performances hosted at the facility in addition to those higher-profile events so long as they do not compete with existing community assets.

## PREFERRED PROJECT SITE

Attendees were asked to provide feedback on their preferred location for the proposed Multi-Purpose Event Center within Cumberland County. Overall, downtown Fayetteville was the most preferred location followed by the current location of the Crown Complex. Attendees felt that the downtown location would provide visitors to the facility with existing restaurants to enhance their overall experience and would be the ideal location to spur future economic growth. However, parking was the most commonly cited concern in relation to a downtown location.

Among those that preferred the current location of the Crown Complex, ample existing parking was cited as the most common positive aspect of that locale, along with its familiarity within the region. Some attendees felt that the ingress and egress can be problematic at this location and others cited safety concerns.

An area near downtown, near Fayetteville State University’s main campus, the mall area, and near the I-295 and Murchison Road intersection were other locations for the proposed Multi-Purpose Event Center mentioned among those attendees who did not prefer either a downtown location or the current Crown Complex location. An Outer Loop site was not frequently mentioned as attendees believe that it would take a number of years for additional development to be added near a new Multi-Purpose Event Center located in this area. Additionally, attendees noted that the location is removed from the city core and lacks connectivity to existing businesses and infrastructure (such as public transportation) within the region.



## PRICE LEVEL PREFERENCES

Overall, attendees indicated they would expect to pay higher ticket prices for higher-profile shows, such as concerts or touring theater shows, and lower ticket prices for local events and performances. Though the quality of the show would likely drive most attendees' willingness to pay higher ticket prices, generally the highest ticket prices they indicated being willing to pay was between \$100 and \$200 per ticket, per show. Many attendees indicated a desire to see stratified pricing (i.e., discounted tickets for military, students, teachers, etc.) and affordable tickets available for all shows in order to appeal to the various segments of residents in the area.

## VISION FOR A SUCCESSFUL PROJECT

Generally, attendees believe that the proposed Multi-Purpose Event Center should be financially viable on its own without any taxpayer subsidies required to cover operating costs. Additionally, some attendees felt it important that the new facility spur economic growth such as restaurants and hotels within close proximity to help generate the tax revenues necessary to pay any public portion of construction funding. However, more than 60 percent of attendees did not support tax revenues being utilized to fund the project.

\*\*\*\*\*

*Key findings from the public forums provides qualitative feedback regarding the local demand for the proposed Multi-Purpose Event Center. Public forum insights will be considered alongside additional qualitative and quantitative results as the project team re-engages potential users through interviews and the wider public through a market survey to estimate the event utilization and financial performance of the proposed Multi-Purpose Event Center.*



5

**HISTORICAL  
CONTEXT**



## HISTORICAL CONTEXT

Over the past several years, the County and City have identified investment in the proposed Multi-Purpose Event Center as a priority to enhance the community's quality of life. Beginning in 2002, the City of Fayetteville Renaissance Plan emphasized the public desire for an increased arts presence downtown. The plan recommended the creation of a downtown arts district anchored by a Performing Arts Center. From 2003 through 2013, a series of advisors completed various needs assessments, feasibility studies, and strategic planning related to the availability of arts and cultural opportunities in Fayetteville, and in 2013 the updated Fayetteville Renaissance Plan reiterated development of a performing arts center as a top priority for the community and Webb Management Services, Inc. ("Webb") was engaged to study the opportunity. In 2014, Webb's study concluded that a large scale performing arts center was not desired as the 2,440-seat Crown Theatre adequately served the market at that time.

Since then, the County has announced that the Crown Theatre and Arena will close in November 2025 due to the estimated cost to modernize the venues to meet modern ADA and other safety standards and improve the spectator and artist amenities. According to discussions with current event promoters, the Crown Theatre and Arena lack modern amenities expected by artists and performers today such as multiple backstage rooms. Additionally, promoters noted that the surrounding area lacks existing infrastructure to improve the experience in the region, such as a high quality hotel within close proximity, restaurants, bars, and other similar offerings present near premier venues in other markets.

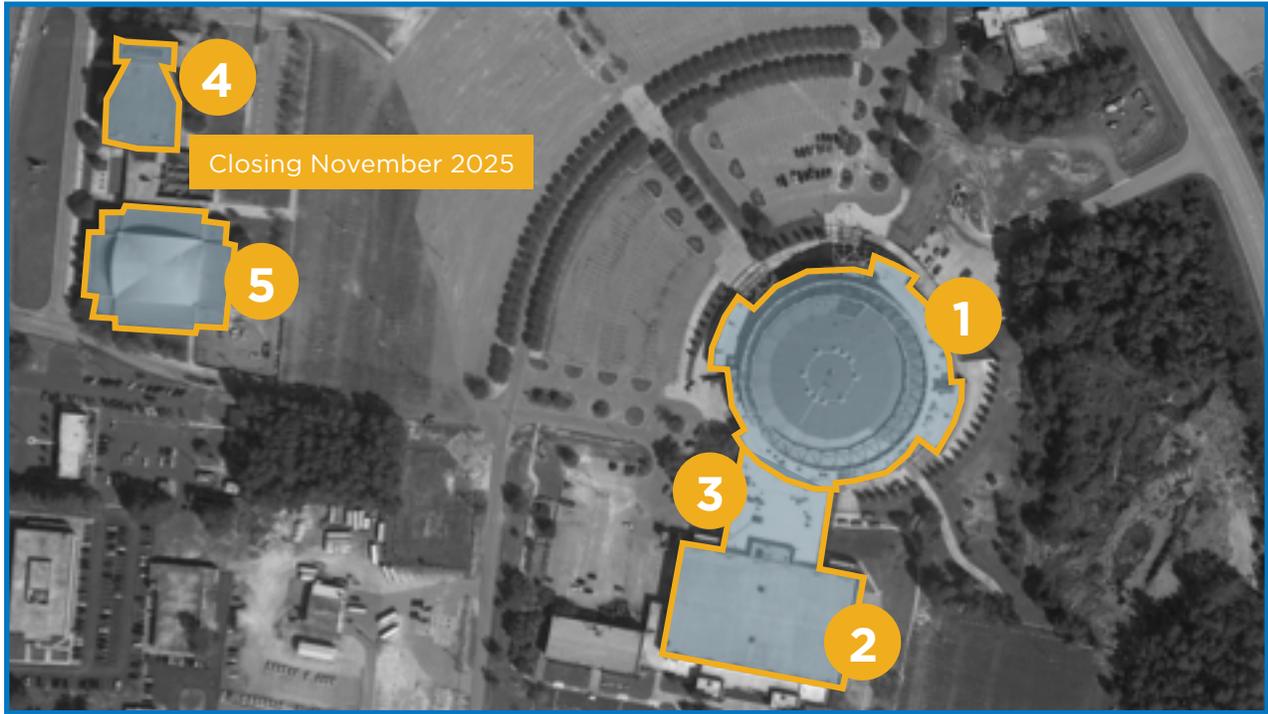
The scheduled closures have placed renewed focus on the feasibility of the proposed Multi-Purpose Event Center as much of the utilization accommodated at the Crown Theatre and Arena may cease to occur in Cumberland County after the closure of the facilities as there is not another appropriately sized venue in the market to host such events. The purpose of this section is to present an overview of historical operations of the county's existing cultural facilities at the Crown Complex to provide insight from which to assess the potential for the proposed Multi-Purpose Event Center. This section is presented in the following components:

- Crown Complex Overview;
- Historical Utilization;
- Historical Financial Operating Performance; and,
- Summary.

## CROWN COMPLEX OVERVIEW

Previously operated by Cumberland County, Spectra took over operations of the Crown Complex in 2013. A defining characteristic of the Crown Complex operations is the campus's flexibility and ability to host a wide variety of events of all sizes. Between the flexible 60,000-square-foot Expo Center, 10,880-seat multi-purpose Coliseum and more intimate 2,440-seat Theatre and 4,500-seat Arena, the Crown Complex is able to accommodate events ranging from hockey games and large trade shows to intimate meetings and performing arts acts, drawing attendees from a wide geographical area.

As shown in the following map, the Complex includes five separate venues. The key characteristics and types of events are outlined by venue.



**1. COLISEUM**

- Opened: 1997
- 10,880-seat multi-purpose arena
- Concrete or ice floor available

KEY UTILIZATION:



Tenant Hockey Games, Concerts, & Graduations

**2. EXPO CENTER**

- Opened: 1997
- 60,000-square-foot exposition center
- Unobstructed space

KEY UTILIZATION:



Conferences & Trade Shows

**3. BALLROOM**

- Opened: 1997
- 9,200-square-foot ballroom
- Adjoining the Crown Expo Center

KEY UTILIZATION:



Private Events

**4. THEATRE**

- Opened: 1967
- Closing November 2025
- 2,440-seat theater

KEY UTILIZATION:



Concerts, Comedy Shows, & Performing Arts

**5. ARENA**

- Opened: 1967
- Closing November 2025
- 4,500-seat arena
- Total of 11,552-square-foot of unobstructed space

KEY UTILIZATION:

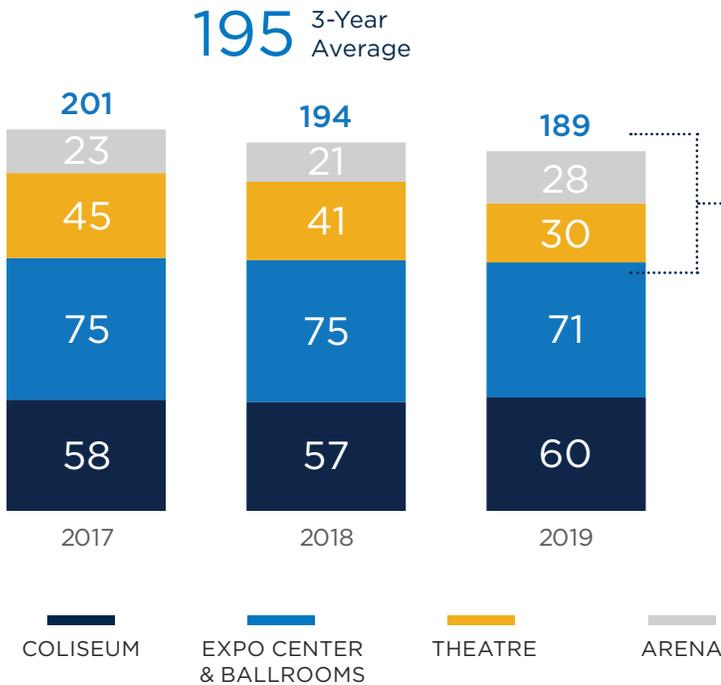


Concerts, Family Shows, & Roller Derby

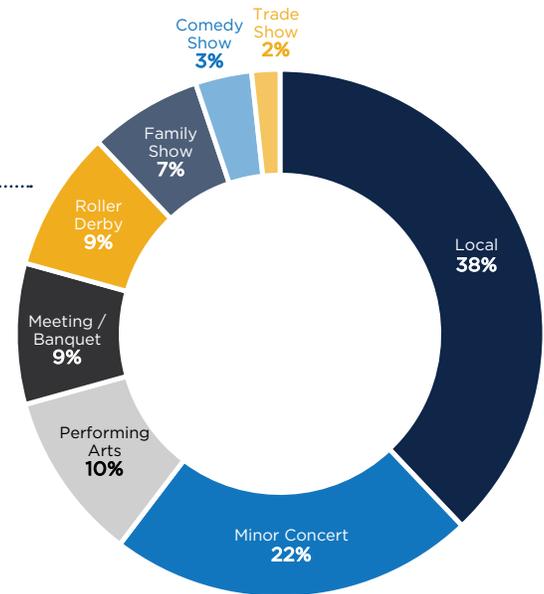
# ANNUAL UTILIZATION

The Crown Complex attracts a diverse array of local and national entertainment utilization. The following charts summarize historical event activity at the Crown Complex since fiscal year 2017. Since the Crown Theatre and Arena are scheduled to close by November 2025, a more in-depth analysis of the event mix accommodated by those facilities is included below.

## HISTORICAL EVENT LOADS



## EVENT MIX



*Note: 2020 event activity was excluded from this analysis due to the effects of the COVID-19 global pandemic. It is reasonable to expect events and attendance levels to return to stabilized operations once live events are deemed safe by health authorities.*

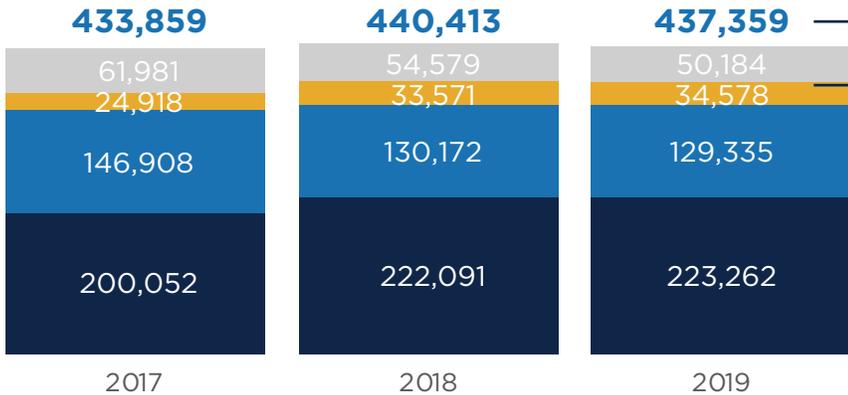
As shown in the charts above, the Crown Complex hosts approximately 195 events annually. Approximately one-third of these events take place in either the Theatre or Arena and a majority of these events will likely cease to take place in Cumberland County when these venues close in November 2025 as there is not another appropriately sized venue in the market to host such events. In 2019, the Crown Theatre and Arena hosted 58 events, comprised of a variety of local events (38 percent), concerts (22 percent), performing arts (10 percent), meetings / banquets (nine percent), roller derby (nine percent), family shows (seven percent), comedy shows (three percent), and trade shows (two percent).

Local users such as the Cumberland County School System (“CCSS”), youth sports and dance groups, Special Forces, and other such organizations compose a majority of the events held at the 2,440-seat Theatre and 4,500-seat Arena and rely on the availability of those venues to serve their community. In addition, the concerts, performing arts, family shows, and comedy shows that Cumberland County attracts to perform at the Theatre and Arena may travel to other communities as the area ceases to offer appropriately-sized venues that provide a financial return for acts.

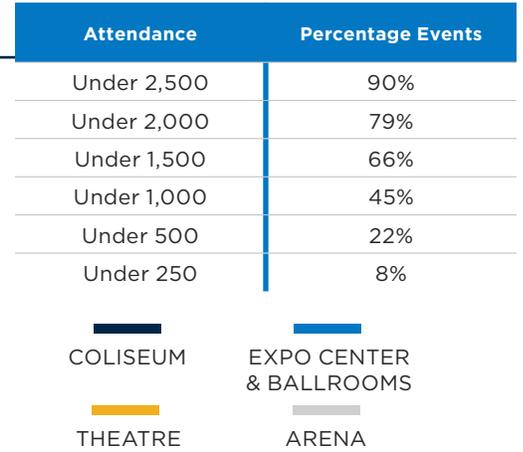
Over the past three years, attendance levels at the Crown Complex has remained relatively stable, while attendance at individual venues has fluctuated slightly year-to-year. The following chart summarizes historical attendance from 2017 to 2019.

**HISTORICAL ATTENDANCE**

**437,210** 3-Year Average



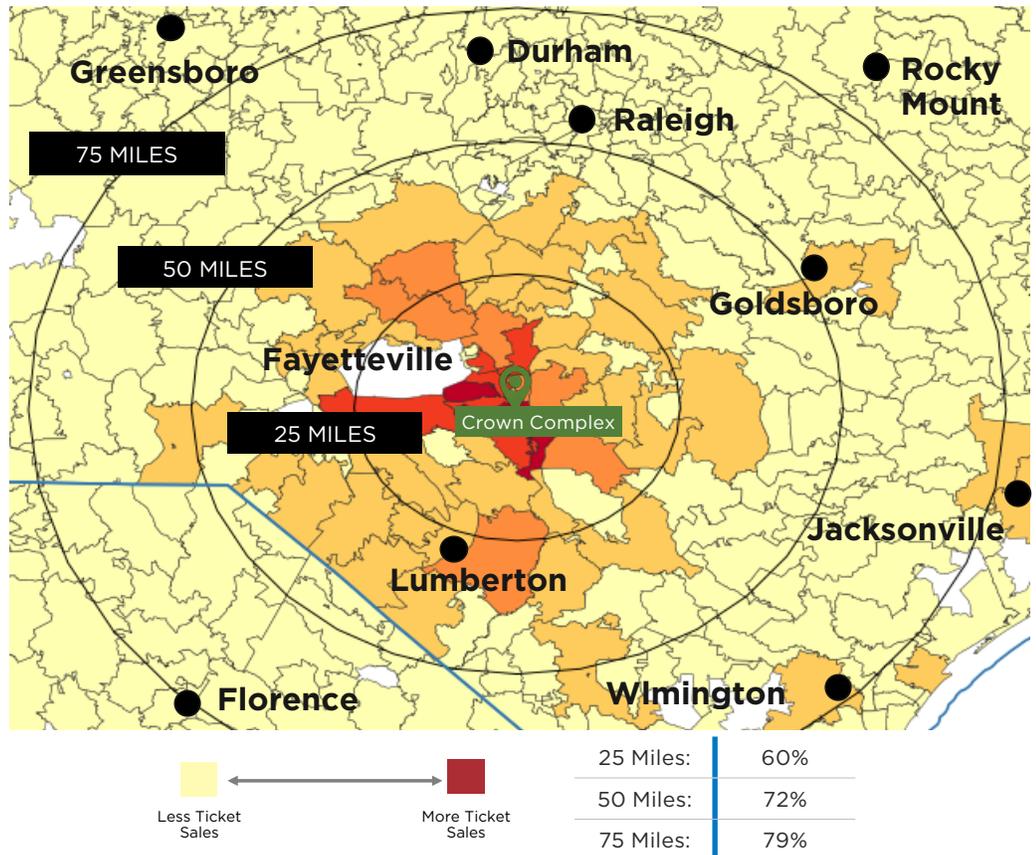
**THEATRE & ARENA ATTENDANCE**



As shown, annual attendance across the past three years has ranged from a low of 433,859 in 2017 to a high of 440,413 in 2018. On average, approximately 20 percent of the Crown Complex’s total annual attendance occurs at the Theatre and Arena. Among the events that took place at the Theatre and Arena over the past three years, approximately 45 percent required a capacity between 1,000 to 2,500 seats, while 10 percent of events utilized more than 2,500 seats.

**TICKET SALE ZIP CODE ORIGIN MAP**

Examining the location of ticket buyers for Crown Complex events provides a baseline to understand the local and regional market areas from which the proposed Multi-Purpose Event Center will likely draw attendees. As shown in the map to the right visualizing zip code ticketing data, approximately 60 percent of ticket buyers for events hosted at the Crown Complex reside within 25 miles (approximately 30-minute drive time) of the Complex and 72 percent reside within 50 miles (approximately hour drive time). Beyond 50 miles, the Crown Complex draws ticket buyers sporadically from all directions.



## FINANCIAL RESULTS

The following table presents the historical financial operating results for the Crown Complex since 2017.

	2017	2018	2019
<b>Revenues</b>			
Net Rental Income	\$1,404,406	\$1,543,585	\$1,500,584
Net Service Income/(Loss)	(901,527)	(894,566)	(810,074)
Facility Fees	229,981	198,949	194,522
Suite Tickets	6,634	5,135	6,067
Convenience Fees	162,991	129,887	150,275
Concessions	342,463	324,159	304,634
Catering	103,887	148,840	72,604
Novelties	20,249	24,091	28,456
Advertising Sponsorship Income	64,157	61,748	62,183
Suite Contract Income	141,021	122,688	111,451
Other County Revenue	92,326	96,334	104,804
Other Income	187,652	159,535	235,226
<b>Expenses</b>			
General & Administration	\$421,150	\$427,568	\$443,126
Finance	172,395	177,486	197,174
Event Production	181,720	175,759	181,305
Sales	163,375	172,613	171,291
Marketing	275,108	273,563	276,754
Operations	1,590,077	1,668,935	1,578,349
Ticket Office	136,075	152,812	146,545
Overhead	1,569,263	1,769,376	1,753,878
Net Income	\$71,577	\$25,957	\$70,300
<b>Total Expenses</b>	<b>\$4,509,163</b>	<b>\$4,818,112</b>	<b>\$4,748,422</b>
<b>Net Loss</b>	<b>(\$2,654,923)</b>	<b>(\$2,897,727)</b>	<b>(\$2,787,690)</b>

During the 2019 fiscal year, the Crown Complex generated approximately \$2.0 million in operating revenue and incurred approximately \$4.7 million in operating expenses, resulting in a loss from operations of approximately \$2.8 million. As shown, the Crown Complex facilities have sustained losses related to operations since fiscal year 2017, ranging from a loss of \$2.7 million in fiscal year 2017 to a loss of \$2.9 million in fiscal year 2018.

As previously stated, since taking over operations of the Crown Complex in 2013, Spectra has improved annual operating losses by approximately \$1.0 million per year. However, existing conditions and amenities preclude the venues from operating near, at, or above break-even on an annual basis.

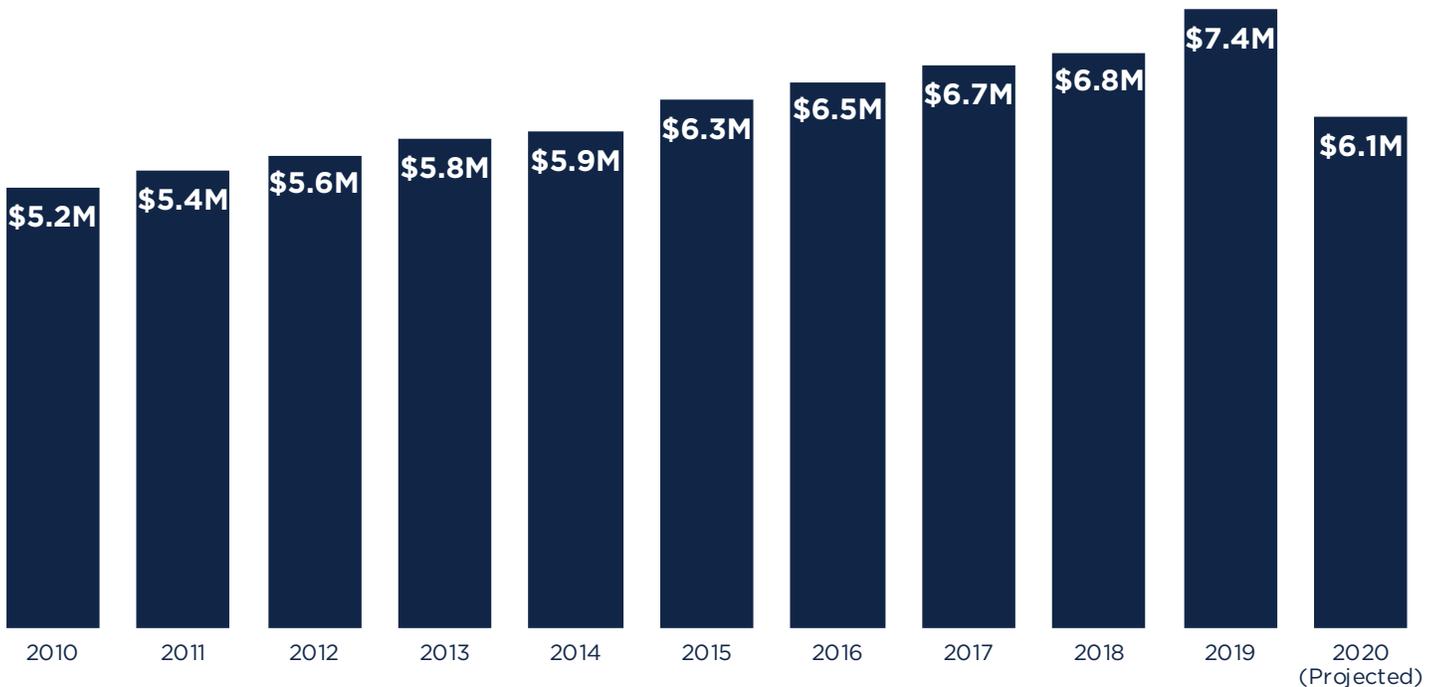
## PREPARED FOOD & BEVERAGE TAX

The Prepared Food & Beverage Tax is a 1.0 percent tax on all prepared food and beverages sold at retail for consumption and is applied to any retailer within the County that is subject to North Carolina sales tax. The tax is applied in addition to 4.75 percent in State sales tax and 2.25 percent County sales tax (7.0 percent total sales tax in Cumberland County). Revenue from the Prepared Food & Beverage Tax is collected by the North Carolina Department of Revenue and then disbursed to Cumberland County.

The tax was first created under state law in 1993 to facilitate construction of the \$55 million Crown Coliseum within the Crown Complex. Today, all revenue from the Prepared Food & Beverage Tax is used to fund continued debt service on the Coliseum as well as to offset operating losses of the Crown Complex. In FY2019, an estimated \$6.5 million in tax revenue was budgeted for the Crown Complex, but total collections exceeded budgeted projections by 12 percent (\$7.4 million).

The chart below depicts the historical collections for the Prepared Food & Beverage Tax since 2010. As shown, in 2019, tax collections peaked at \$7.4 million, reflecting an average annual growth rate of approximately 3.9 percent. Following the COVID-19 pandemic, which impacted many restaurants, collections of the tax are projected to be approximately 20 percent off pace at \$6.1 million.

**HISTORICAL PREPARED FOOD & BEVERAGE TAX COLLECTIONS**





## KEY TAKEAWAYS

The following is a summary of key takeaways from the historical analysis:



The Crown Complex draws patrons from a wide geographical area, with 60 percent of event ticket sales originating from zip codes within 25 miles (approximately 30-minute drive time) of the Complex and 72 percent reside within 50 miles (approximately 60-minute drive time), providing an indication of the depth of the market for the proposed Multi-Purpose Event Center.



The Complex includes five separate venues offering the flexibility to host a wide variety of events of all sizes. However, the Crown Theatre (2,440-seat theater) and Crown Arena (4,500-seat arena) are scheduled to close in November 2025 as the venues approach the end of their useful life.



The campus hosts an average of 195 events per year, one-third of which occur at either the Crown Theatre or Arena. Much of the utilization accommodated at the Crown Theatre and Arena may cease to occur in Cumberland County after the closure of the facilities as there is not another appropriately sized venue in the market to host such events.



Local users such as the CCSS, youth sports and dance groups, Special Forces, and other such organizations compose a majority of the events held at the venues and rely on the availability of the 2,440 to 4,500-seat facilities to serve their community.



In FY2019, the Prepared Food & Beverage Tax generated \$7.4 million to fund continued debt service on the Coliseum as well as to offset operating losses of the Crown Complex.

An aerial photograph of a city street corner, showing multi-story brick buildings, a street with cars, and a church with a steeple on the left. A large blue graphic element is overlaid on the left side, and a vertical yellow stripe runs down the center. The number '6' is prominently displayed in white outline on the blue background.

# 6

## PERFORMING ARTS CENTER TRENDS



## OVERVIEW

The viability of the proposed Multi-Purpose Event Center in Cumberland County will be impacted by overall trends and characteristics of the performing arts industry. To provide a perspective from which to assess how these trends may impact potential building program features and future facility operations, CSL reviewed the historical performance, economic dynamics, and facility trends of the performing arts industry. Specifically, this section includes a summary of:



PERFORMING ARTS  
VENUE TYPES



EVENTS &  
DEMAND



INDUSTRY  
STRUCTURE



TICKET  
SALES



TICKET  
PRICES



VENUE  
TRENDS

## PERFORMING ARTS VENUE TYPES

Performing arts centers are indoor venues designed and built to host a wide variety of events and typically have seating capacity between 1,000 and 7,000 seats. The term performing arts center can be used to refer to a range of different types of venues including theaters, concert halls, auditoriums, and other such venues. As consideration is given to the development of the proposed Multi-Purpose Event Center, it is useful to understand the types of performing arts center/theater venues operating in North America according to ticket sales information reported by Pollstar, the live entertainment event industry's leading publication. These top-performing facilities are divided into four classes based on their utilization and management structures. The following provides a description of each categorization.

### TRADITIONAL PERFORMING ARTS VENUES

- Performing arts centers focused on hosting traditional performing arts including symphony, opera, and ballet, among others
- Typically have a local symphony orchestra, community theater, or other such tenant
- Often operated by a public entity or non-profit organization and relies on contributed revenue (donations)
- Priority on performing arts events
- Often subsidized

**Regional example:** Duke Energy Center for the Performing Arts, Raleigh, NC (2,277 seats)

### UNIVERSITY-BASED FACILITIES

- Performing art centers constructed, owned, and operated by a university
- Serves as the showplace for the institution's fine art students, as well as hosts visiting performers
- Primary focus is school use
- Often subsidized operations

**Regional example:** Seabrook Auditorium, Fayetteville, NC (1,132 seats)

### CASINO THEATERS

- Casino-owned and -operated venues built to host popular acts and encourage gaming spend
- Often feature resident performers that drive significant ticket sales
- Can buy acts to draw people to casino for gambling

**Regional example:** Harrah's Cherokee Resort Event Center, Cherokee, NC (3,000 seats)

### COMMERCIAL ARTS-ORIENTED VENUES

- Performing arts centers that host a variety of acts including concerts, musical theater, and comedy, among others, as well as traditional performing arts
- Facilities maintain the ability to accommodate local arts groups
- Generally, maintain scheduling flexibility to book a variety of acts with no tenant
- Often operated by a private management company
- Profit motive

**Regional example:** Coca-Cola Roxy, Atlanta, GA (3,600 seats)

### REPRESENTATIVE TOP 200 VENUES:



**Broward Center  
Au-Rene Theater**  
Fort Lauderdale, FL  
2,658 seats



**Providence Performing  
Arts Center**  
Providence, RI  
3,100 seats



**Bass Concert Hall**  
Austin, TX  
2,900 seats



**Barbara B. Mann  
Performing Arts Hall**  
Fort Myers, FL  
1,874 seats



**Park Theater At  
Park MGM**  
Las Vegas, NV  
5,169 seats



**Zappos Theater / Planet  
Hollywood**  
Las Vegas, NV  
7,000 seats



**Microsoft Theater**  
Los Angeles, CA  
7,100 seats



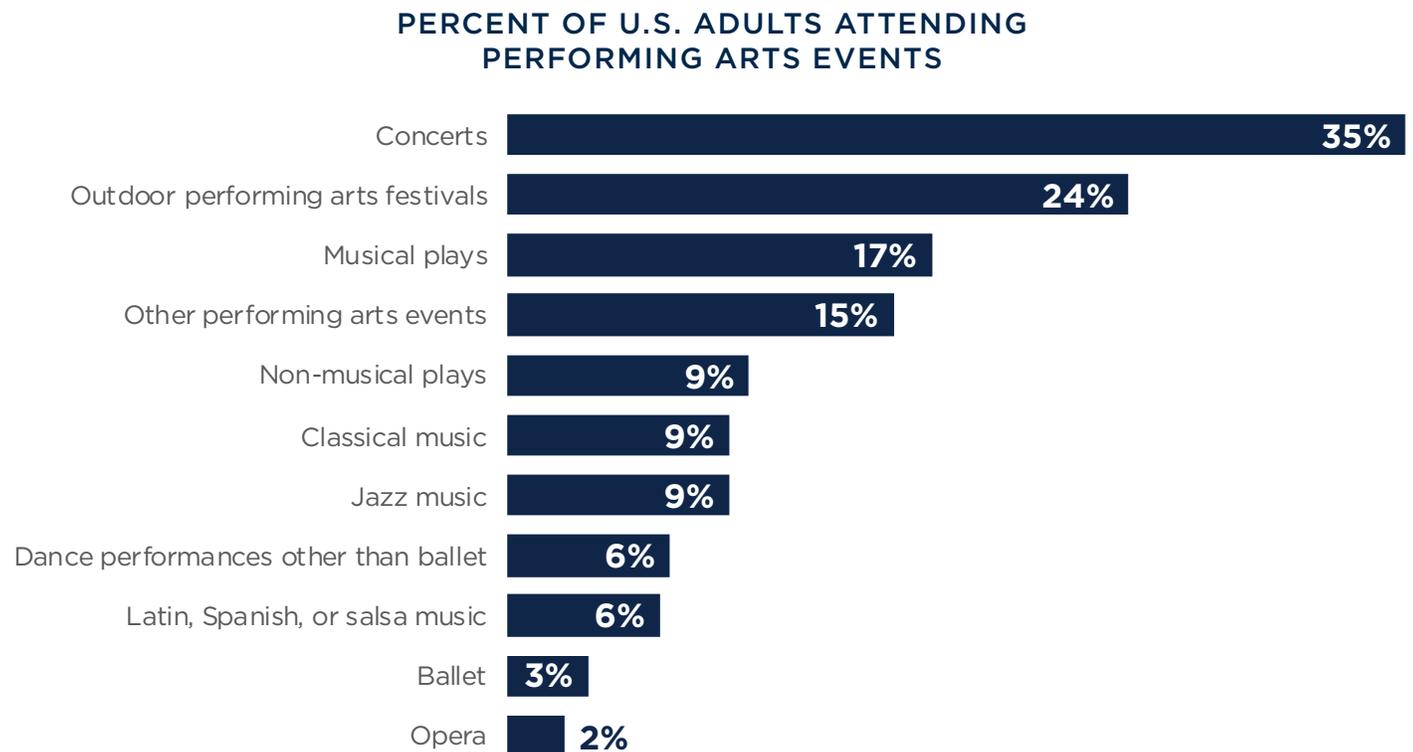
**Smart Financial Center**  
Sugar Land, TX  
6,400 seats

## EVENTS & DEMAND

### NATIONAL PERFORMING ARTS EVENT DEMAND

Performing art centers can host a variety of event types such as concerts, musical theater, comedy, plays, dance performances, symphony, family shows, local and regional events, and other events. While certain events play a critical role in providing affordable and accessible arts activities in the community, concerts, comedy, family shows, and other entertainment represent important and profitable event types for the venue necessary to achieve financial sustainability. Maximizing profitable events allows venues to offer affordable rates for local and regional organizations to utilize a performing art center's event spaces.

Based on research conducted by the National Endowment for the Arts ("NEA"), approximately 43 percent of U.S. adults reported attending at least one performing arts event in a recent year. The following chart presents a summary of the percent of U.S. adults attending performing arts events annually by activity.



As shown, the top attended event types included concerts (35 percent), outdoor performing arts festivals (24 percent), and musical plays (17 percent) while the least attended event types included opera (two percent) and ballet (three percent).

Performing arts events can be staged in a variety of settings from professional venues to community centers. Among those who attended a performing arts event, 63 percent reported doing so at a theater, concert hall, or auditorium, similar to the types of venues that appear on Pollstar's top 200 theater venue list and the proposed Multi-Purpose Event Center.

## PERFORMING ARTS EVENT ATTENDEE CHARACTERISTICS

In addition to examining the national demand for various performing arts events, it will be important for venue operators to attract performing arts events that would be most successful within the context of the demographic profile of the Fayetteville market. The chart below depicts a demographic breakdown for various performing arts events, according to a national survey conducted by the National Endowment for the Arts. It should be noted that the National Endowment for the Arts research does not include commercial headlining concerts.

DEMOGRAPHIC DISTRIBUTION OF PERFORMING ARTS EVENTS BY U.S. ADULTS

	U.S. Population	Jazz	Classical music	Opera	Latin music	Performing arts festivals	Musical plays	Non-musical plays	Ballet	Other dance	Other music, theater, or dance	Live book reading/poetry	Free music, theater, or dance
<b>Gender</b>													
Male	48%	47%	44%	41%	46%	46%	41%	42%	36%	39%	47%	36%	44%
Female	52%	53%	56%	59%	54%	54%	59%	58%	64%	61%	53%	65%	56%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Race/Ethnicity</b>													
Hispanic	15%	9%	6%	8%	53%	12%	7%	6%	9%	12%	9%	9%	12%
White	66%	68%	83%	78%	37%	74%	80%	81%	79%	69%	80%	69%	71%
African American	11%	16%	5%	6%	7%	8%	7%	9%	7%	11%	6%	15%	10%
Other	7%	7%	6%	8%	4%	6%	6%	4%	5%	8%	5%	8%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Age</b>													
18-24	13%	15%	10%	11%	18%	16%	11%	10%	11%	14%	16%	14%	17%
25-34	17%	17%	15%	19%	22%	19%	16%	16%	20%	16%	19%	22%	16%
35-44	17%	16%	12%	10%	19%	17%	14%	15%	17%	18%	16%	19%	17%
45-54	19%	18%	17%	15%	17%	19%	21%	21%	16%	18%	20%	15%	20%
55-64	16%	20%	21%	21%	17%	16%	21%	18%	18%	19%	16%	16%	17%
65-74	10%	10%	16%	15%	6%	9%	12%	13%	12%	11%	9%	9%	9%
75+	8%	4%	10%	10%	2%	3%	6%	7%	5%	5%	5%	4%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Highest Level Of Education</b>													
Grade school	4%	0%	0%	1%	6%	1%	0%	0%	0%	1%	1%	1%	1%
Some high school	8%	1%	2%	1%	8%	3%	2%	2%	2%	2%	2%	3%	4%
High school graduate	30%	17%	11%	5%	20%	20%	16%	14%	12%	17%	21%	13%	18%
Some college	29%	30%	24%	23%	31%	33%	28%	27%	25%	31%	31%	31%	33%
College graduate	18%	30%	34%	33%	22%	27%	32%	33%	32%	27%	27%	30%	29%
Graduate school	10%	22%	30%	37%	13%	16%	21%	24%	29%	22%	18%	22%	15%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Family Income</b>													
Less than \$20K	17%	10%	8%	7%	17%	11%	7%	8%	9%	12%	8%	12%	11%
\$20K to \$50K	32%	21%	21%	21%	27%	26%	21%	23%	22%	22%	25%	27%	26%
\$50K to \$75K	19%	19%	20%	17%	19%	21%	21%	18%	21%	21%	21%	21%	20%
\$75K to \$100K	12%	15%	14%	12%	14%	15%	16%	17%	12%	16%	15%	16%	15%
\$100K to \$150K	12%	18%	20%	20%	14%	15%	19%	19%	18%	16%	17%	14%	17%
\$150K and over	8%	17%	18%	22%	9%	13%	18%	17%	18%	13%	14%	11%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: National Endowment for the Arts, 2012.

Note: The National Endowment for the Arts survey does not track demographic data for popular concerts.

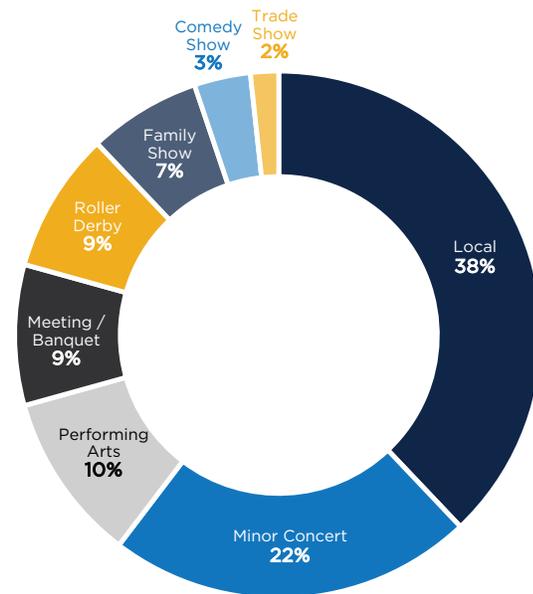
Given that the Fayetteville market has a larger minority population than the U.S. as a whole with an overall younger population and lower household incomes, certain performing arts events could have a stronger appeal within the regional marketplace. For instance, performing arts events with larger minority audiences include Latin music performances, live book readings / poetry, dance performances, and jazz concerts. Performing arts events that appeal more to a younger audience include performing arts festivals, musical plays, and jazz concerts. Additionally, events appealing to those with generally lower household incomes include Latin music festivals, live book readings / poetry, and performing arts festivals.

## MARKET-DRIVEN DEMAND

Moreover, it is important to examine the event activity hosted at the Crown Theatre and Arena to understand the types of events currently supported in the Fayetteville marketplace. The chart below depicts the event mix currently being hosted at the Crown Theatre and Arena.

As shown, in addition to local events, the two Crown Complex venues host a variety of ticketed events, including concerts, performing arts events (such as ballet and symphony performances), family shows, and comedy shows. As planning continues for the proposed Multi-Purpose Event Center, it is important to consider the types of events currently supported in the marketplace and anticipated to transition to a new venue after the Theatre and Arena close.

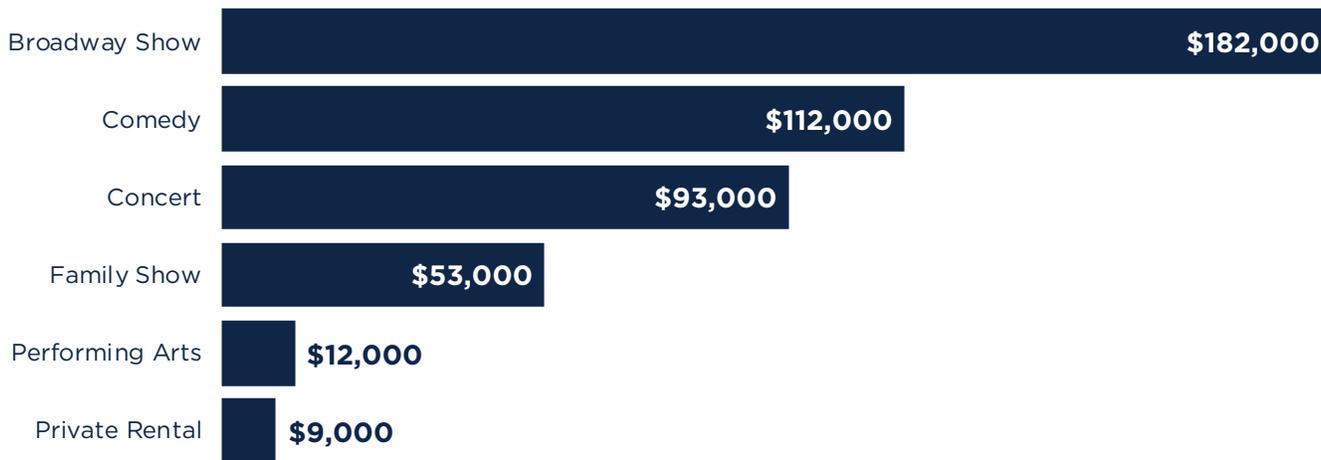
**CROWN ARENA/  
THEATRE EVENT MIX**



## EVENT PROFITABILITY

In addition to examining event demand, it will be important, in maximizing the venue’s overall ability to drive revenue, to prioritize events that generally have higher rates of profitability in order to meet stakeholders’ goal of a financially self-sustaining venue. The chart below depicts the average profitability among various types of performing arts events per show.

**EVENT PROFITABILITY**



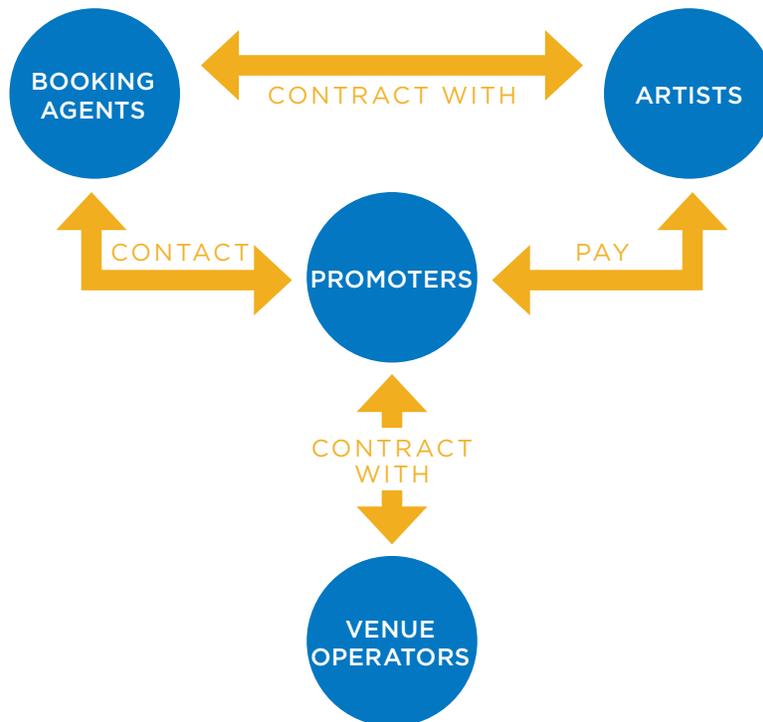
*Note: Based on financial performance at a top 200 theater.*

As shown, the most profitable performing arts events are typically touring performances, such as Broadway, comedy shows, concerts, and family shows, while less profitable events include minor performing arts events, such as local orchestra or ballet shows, and other such private rentals.

Different performing arts venue types serve various community needs. Based on the stated goals of key project stakeholders to develop a financially self-sustaining community asset and serve a wide variety of users and attendees, a commercial arts-oriented venue is best suited to fulfill those needs. Industry trends as it relates to key revenue-generating events hosted by commercial arts-oriented venues and facility design are detailed over the following pages.

## INDUSTRY STRUCTURE

Concerts, comedy, family shows, touring theater, and other entertainment would provide an important source of event demand and revenue for the proposed Multi-Purpose Event Center. To understand the continually evolving economics of such events, it is important to consider the function of all critical parties and their compensation mechanisms. The figure below illustrates the process behind the staging of concerts, comedy, family shows, touring theater, and other entertainment events.



**PROMOTERS:** Set ticket prices, advertise events (with input from artists), sell tickets, organize performances, rent or otherwise provide venues, and arrange for local production services.

*Compensation: percentage of ticket sales.*

**BOOKING AGENTS:** Directly contract with artists to represent them in negotiations and contact promoters to begin the tour planning process.

*Compensation: fixed guarantee and/or percentage of ticket sales.*

**ARTISTS:** Perform on contracted dates at contracted times.

*Compensation: fixed guarantee and/or percentage of ticket sales.*

**VENUE OPERATORS:** Provide parking and box office, security, concessions, ushering, and merchandise sales operations.

*Compensation: rental income (fixed or percentage of ticket sales), facility fees (percentage or amount varies by facility), parking, concessions, merchandise sales, facility sponsorships, premium seat revenue, etc.*

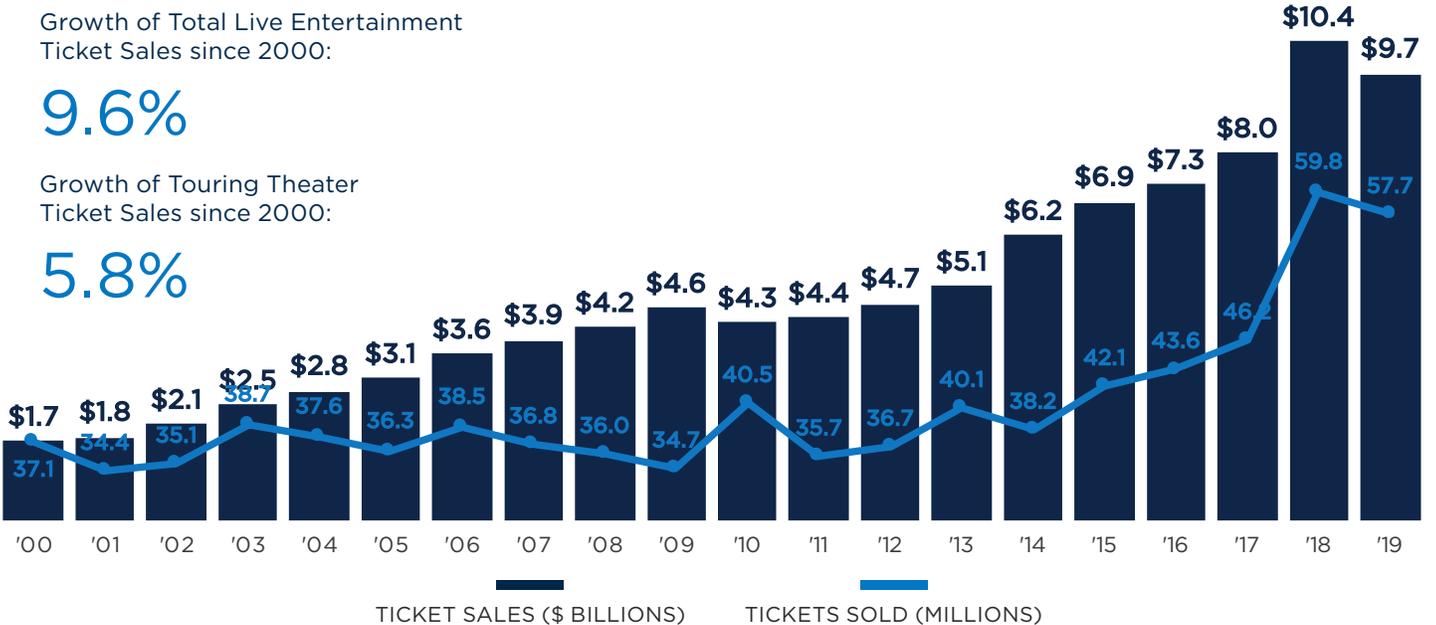
# TICKET SALES

## CONCERTS, COMEDY, FAMILY SHOWS

To better understand the entertainment landscape in which a new Multi-Purpose Event Center will operate, it is important to examine trends among profitable events that are often hosted at similar venues. Pollstar estimates that gross ticket sales for major live entertainment acts in North America has grown at a compound annual rate of approximately 9.6 percent since 2000. This growth has been particularly rewarding for artists and their managers but less rewarding for promoters and venue managers due, in part, to increased guarantees demanded by artists.

The following chart shows annual gross ticket sales for major live concert, comedy, and family shows in North America from 2000 to 2019 as reported by Pollstar, as well as total sales of touring theater shows as reported by the Broadway League, the leading national trade association for the Broadway industry.

### ENTERTAINMENT INDUSTRY TICKET SALES IN NORTH AMERICA



Overall, ticket sales from 2000 to 2017 grew at a compound annual rate of nearly 10 percent. This strong growth includes impacts from two major recessions that occurred during this period. Recessionary impacts included limited growth of six percent during the 2001 recession and negative growth of approximately seven percent one year immediately following the 2007-09 Great Recession, which was followed by a return to positive growth in the subsequent years.

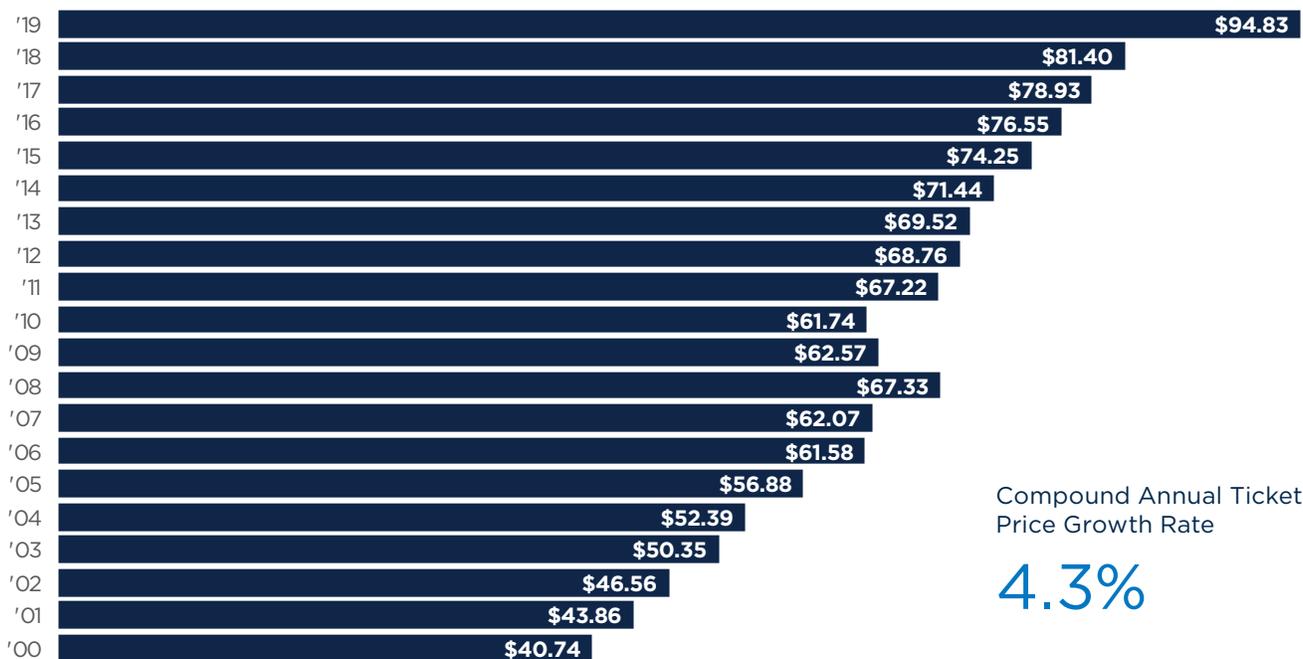
Pollstar estimates that gross ticket sales for major live entertainment acts worldwide reached \$9.7 billion in 2019, a slight decrease compared to 2018 which was due, in part, to a change from Pollstar that now estimates annual ticket sales between November of the previous year and November of the current reporting year instead of using a calendar year.

Ticket sales for touring theater shows has increased at a slower rate over the same time frame, with an average annual growth rate of approximately 5.8 percent. This can be attributed, in part, to the touring theatrical season which generally spans from September through May versus the year-round seasons experienced by other forms of live entertainment.

# TICKET PRICES

A critical reason for the year-over-year increases in ticket sales since 2000 is the steady upward trend of average ticket prices. Ticket prices are determined by event promoters, in conjunction with artists, managers, and booking agents, and are based on several factors including but not limited to the guarantee paid to an act, anticipated event expenses, the desired level of promoter profit and the anticipated attendance for the show, all in the context of what the promoter believes the market will bear.

**AVERAGE TICKET PRICE  
TOP 100 NORTH AMERICAN TOURS**



The chart above shows the average ticket price for the top 100 North American tours since 2000. Over the past 20 years, the compound annual growth rate in ticket prices was approximately 4.3 percent, which is approximately more than double the annual growth rate of the Consumer Price Index (“CPI”) over the same time period at 2.0 percent. In turn, ticket prices have risen 133 percent since the year 2000, and this increase can be attributed to several factors including, but not limited to:

1. Realization by acts and promoters that patrons are willing to purchase tickets for more than face value from secondary market ticket re-sellers in order to see their favorite acts;
2. Consolidation in the promotion business in which the largest promoters are paying higher guarantees in order to attract acts;
3. The baby boomer generation, with higher disposable incomes, is relatively price inelastic and willing to pay top dollar to see certain acts; and,
4. Increased guarantees demanded by artists as incomes from album sales have decreased.

These factors, especially the increased guarantees demanded by artists, have shifted the economics of the entertainment industry and negatively impacted promoter and venue operator margins.



## VENUE TRENDS

As margins from the staging of events have tightened due to steeper artist guarantees, recent performing arts center trends indicate an increase in the versatility of venues and a diversification of revenue sources. Venue trends increasingly integral to the success of the proposed Multi-Purpose Event Center could include, but are not limited to:



Flexibility is a key factor in terms of seating, staging, and acoustics that allow venues to perform well at a range of capacities and accommodate a variety of event types and users.



Performing arts centers can be used to accommodate special events such as corporate events, parties, weddings, or other private events. Well-designed lobbies, atriums, or outdoor plazas have become increasingly valuable amenities for private event rentals on non-event days.



The inclusion of premium seating, including small-group premium spaces as well as enhanced social areas with all-inclusive “unique” experiences, has helped to reach a broader array of patrons with a market, drive incremental revenue, and serve the patron’s desire to socialize as part of their attendance at performing arts events.



Successful performing arts centers accommodate the needs of various users, including local and regional organizations and community members. Modern facilities often offer a diversity of other spaces including a black box / studio theater, meeting rooms, and/or studios.

## KEY TAKEAWAYS

As noted previously, the performing arts industry has undergone significant changes over the past several years that have impacted the operations of venues nationwide. A summary of key trends that have emerged from the performing arts industry include:



The size of the North American concert market hit a record \$8.0 billion in ticket sales in 2017, representing a 10 percent increase over the previous year. At the same time, the touring theater market reached a record \$1.6 billion in 2019, a 15 percent increase over the previous year.



The average ticket price for entertainment events reached \$94.83 in 2019, an increase of 16 percent over the previous year.



Talent costs have increased substantially, resulting in upward pressure on ticket prices that have had a negligible impact on attendance levels. As a result, the margins generated to promoters and venues have decreased.



Venue operators have increasingly relied on revenue from ancillary sources such as facility fees, ticket sales rebates, concessions, merchandise, parking, advertising/sponsorships, and premium seating to generate operating profits. As revenue sources have been diversified, venue design has also evolved to be more flexible.



A commercial arts-oriented venue offers the flexibility to meet stated project goals of creating a self-sustaining operating model and capability of hosting a wide variety of events at the proposed Multi-Purpose Event Center.

\*\*\*\*\*

*These industry trends are considered together with local market conditions, competition within the market, and performing arts center benchmarking in the context of historical Crown Complex operations and key stakeholder feedback to assess the viability of the proposed Multi-Purpose Event Center.*

An aerial photograph of a city street scene, featuring a prominent brick building with a red roof and multiple windows. The image is overlaid with a dark blue vertical bar on the left side and a yellow vertical bar on the right side. The text 'LOCAL MARKET CONDITIONS' is positioned at the bottom of the blue bar, and a large white outline of the number '7' is located above it.

7

**LOCAL  
MARKET  
CONDITIONS**

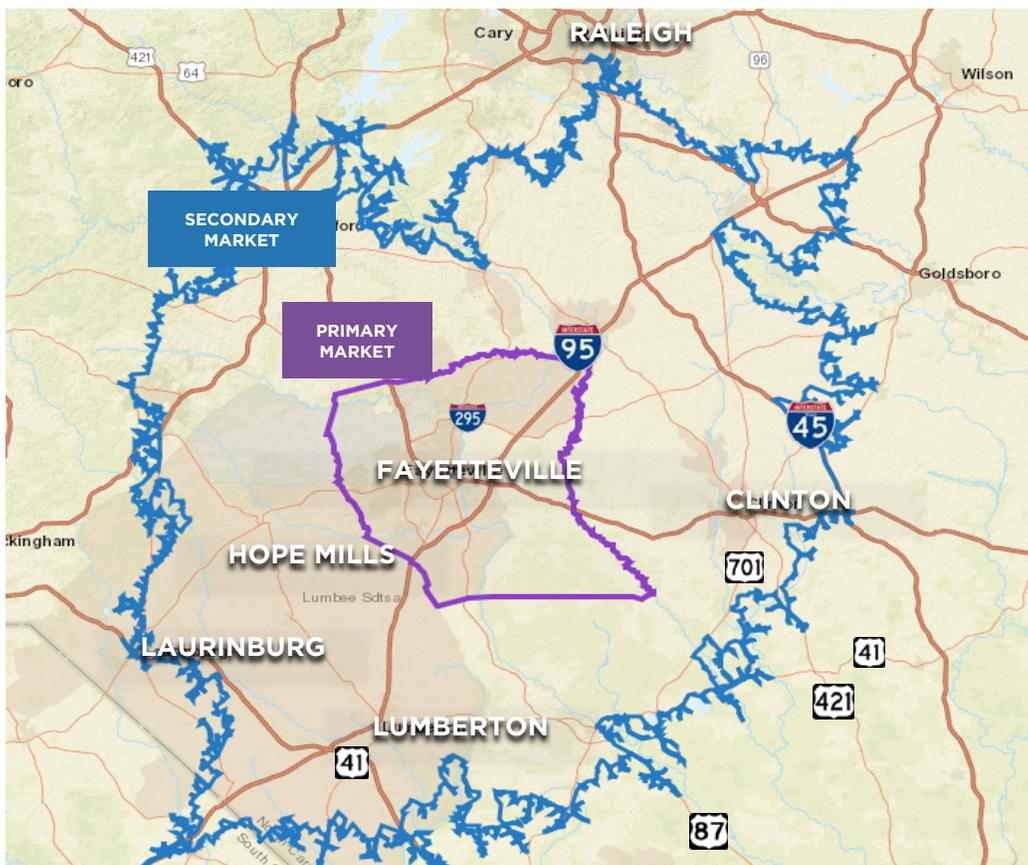
## LOCAL MARKET CONDITIONS

The viability of the proposed Multi-Purpose Event Center is dependent, to some extent, on the demographic and socioeconomic characteristics of the local and regional market. Key market characteristics that may impact the ability to support the proposed Multi-Purpose Event Center include:

- Demographic and socioeconomic characteristics;
- Corporate Base;
- Employment;
- Arts Vibrancy;
- Transportation and access;
- Area tourism; and,
- Other Characteristics

The analysis of the market is based on data reflecting Cumberland County (primary market) and a 60-minute drive (secondary market) from the proposed Multi-Purpose Event Center. Based on historical zip code reports from ticketed events held at the Crown Complex and conversations with key project stakeholders, it is anticipated that a majority of attendees and corporate partners will originate from within these areas. The map below illustrates the anticipated primary and secondary markets of the proposed Multi-Purpose Event Center.

Although it is anticipated that a majority of attendees and corporate partners will originate from within these areas, it is possible that the proposed Multi-Purpose Event Center could draw a portion of attendees and corporate partners from the broader regional market given that the largest core population in the trade area resides in Fayetteville and can serve as a cultural destination for surrounding rural communities. In addition, Cumberland County is home to the largest military post in the world and has a dynamic population given the nature of military operations with new residents looking for entertainment options while they call the area home.



## DEMOGRAPHIC & SOCIOECONOMIC PROFILE

The table below summarizes the key demographic and socioeconomic variables including population, age, income, and corporate base for the primary market (Cumberland County) and the combined primary and secondary market (60-minute drive from Fayetteville) compared to the U.S. as a whole.

Demographic & Socioeconomic Characteristics	Primary Market Cumberland County	Primary & Secondary Market 60-Minute Drive	United States
<b>POPULATION</b>			
2010 Total Population	319,431	983,298	308,745,538
2020 Total Population	335,061	1,112,165	333,793,107
2025 Total Population	340,588	1,165,319	346,021,282
Historical Annual Growth Rate (2010 to 2020)	0.5%	1.0%	0.8%
Projected Annual Growth Rate (2020 to 2025)	0.3%	0.9%	0.7%
Minority Population	59%	51%	41%
Diversity Index (Out of 100)	71.1	71.1	65.1
<b>AGE</b>			
Median Age	33.0	36.1	38.5
<b>AGE DISTRIBUTION</b>			
Under 18	24%	24%	22%
18 to 24	12%	10%	9%
25 to 34	16%	14%	14%
35 to 44	13%	13%	13%
45 to 54	11%	12%	12%
55 to 64	11%	12%	13%
65 to 74	8%	9%	10%
75 and over	5%	6%	7%
<b>HOUSEHOLD INCOME</b>			
Median Household Income	\$47,678	\$50,147	\$62,203
Cost of Living Index	94.5	94.5	100.0
Adjusted Household Income	\$50,453	\$53,066	\$62,203
<b>INCOME DISTRIBUTION</b>			
Under \$25,000	24%	24%	19%
\$25,000 to \$34,999	11%	10%	9%
\$35,000 to \$49,999	17%	15%	12%
\$50,000 to \$74,999	18%	19%	17%
\$75,000 to \$99,999	12%	12%	13%
\$100,000 to \$149,999	12%	12%	15%
\$150,000 or more	6%	7%	15%
<b>BUSINESS PROFILE</b>			
Unemployment Rate	6.3%	4.9%	3.2%
Corporate Base	1,833	14,000	5,130,070
<b>ARTS, CULTURE &amp; ENTERTAINMENT PROFILE</b>			
% of Population that went to the live theater (2019)	10.4%	9.2%	11.4%

Sources: ESRI, Hoover's.

Note: Corporate Base includes corporations with at least 10 employees and \$2.5 million in annual sales. Corporate Base excludes certain industries such as religious, non-profit, membership, governmental, or educational organizations and private households.

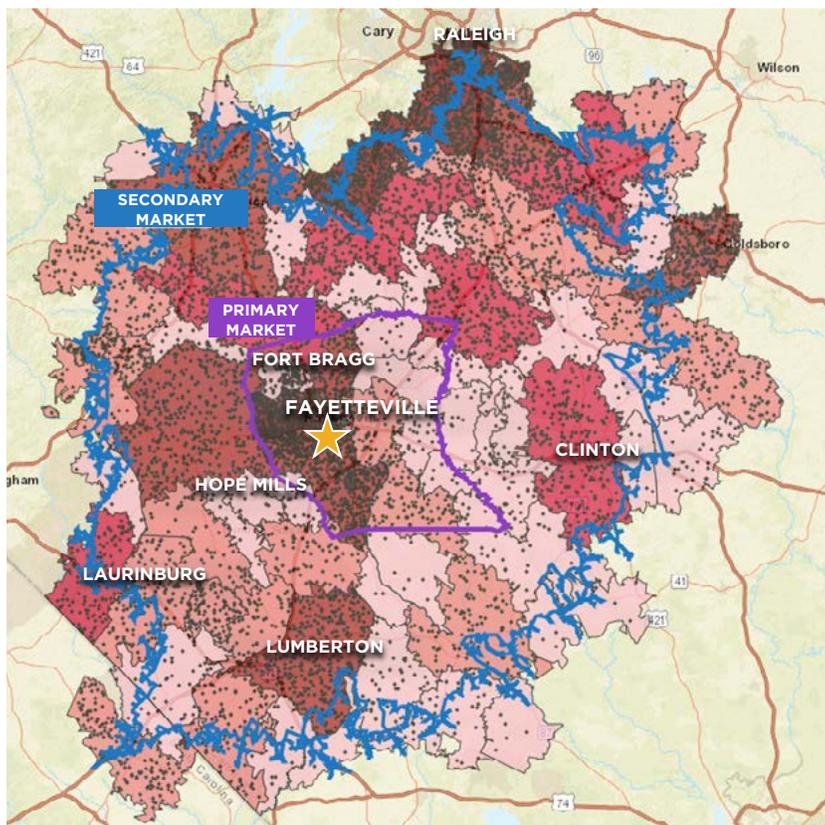
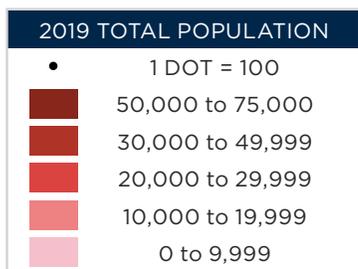
# POPULATION

The level of population from which to draw upon can impact the ability of the proposed Multi-Purpose Event Center to attract events and operate at sustainable levels. Population represents a key criterion for live music and entertainment promoters when choosing venues to book their acts. It should be noted that demographic and socioeconomic information in this report was obtained from ESRI, a premiere international geographic information system, Dun & Bradstreet’s Hoover’s database (“Hoover’s”), the world’s largest commercial database that provides real-time business intelligence. The table below presents the population characteristics of the primary and secondary markets of the proposed Multi-Purpose Event Center, including historic, current, and future population levels and population growth.

Demographic & Socioeconomic Characteristics	Primary Market Cumberland County	Primary & Secondary Market 60-Minute Drive	United States
<b>POPULATION</b>			
2010 Total Population	319,431	983,298	308,745,538
2020 Total Population	335,061	1,112,165	333,793,107
2025 Total Population	340,588	1,165,319	346,021,282
Historical Annual Growth Rate (2010 to 2020)	0.5%	1.0%	0.8%
Projected Annual Growth Rate (2020 to 2025)	0.3%	0.9%	0.7%

The proposed Multi-Purpose Event Center’s primary market currently has a population of approximately 336,000 residents, which makes up 31 percent of the combined primary and secondary market population of 1.1 million. The primary market is expected to grow at an average annual rate of 0.4 percent over the next five years, which is half the rate at which the U.S. population is expected to grow over the same time frame (0.8 percent). However, the combined primary and secondary market is expected to experience healthy growth, with the area projected to grow 0.9 percent annually, on average, over the next five years, which is slightly higher than the national rate.

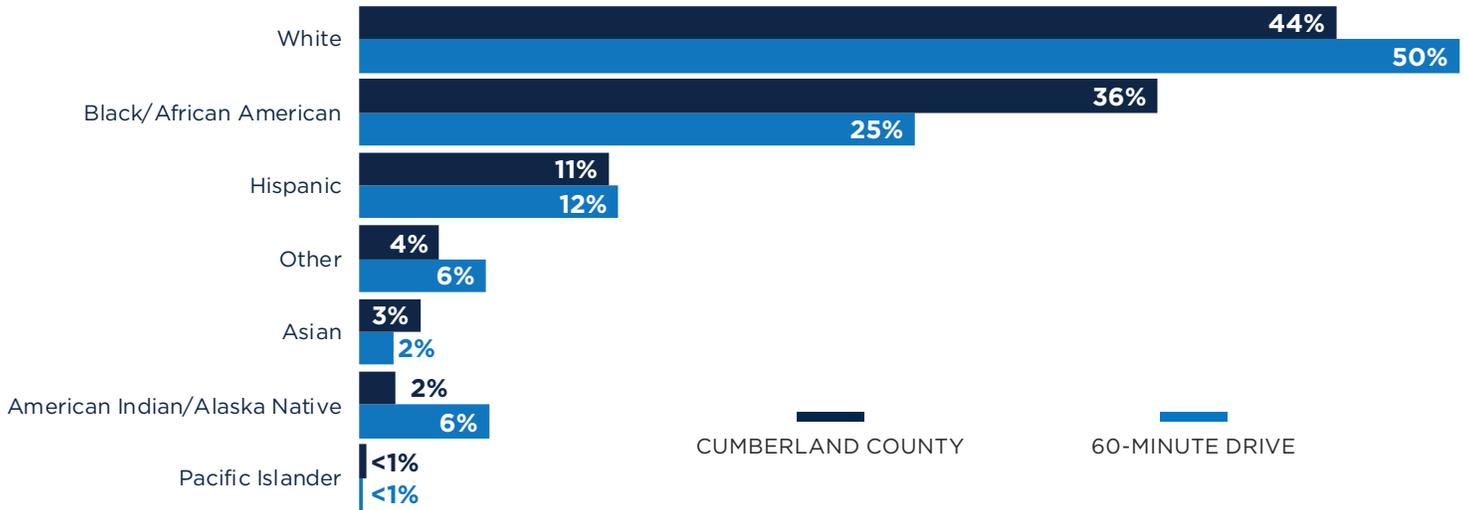
The map to the right depicts the population density of the primary and secondary market of the proposed Multi-Purpose Event Center. As shown, high densities of population are located in downtown Fayetteville and the areas closest to Raleigh, while lower population densities are located to the south and east of downtown Fayetteville.



# MINORITY POPULATION & DIVERSITY INDEX

The diversity of the population is an important consideration in determining the appropriate event mix at the proposed Multi-Purpose Event Center to ensure the venue offers programming that is representative of the community and achieves broad market appeal.

The chart below provides an overview of the ethnic breakdown of residents within Cumberland County and within a 60-minute drive time from Fayetteville.

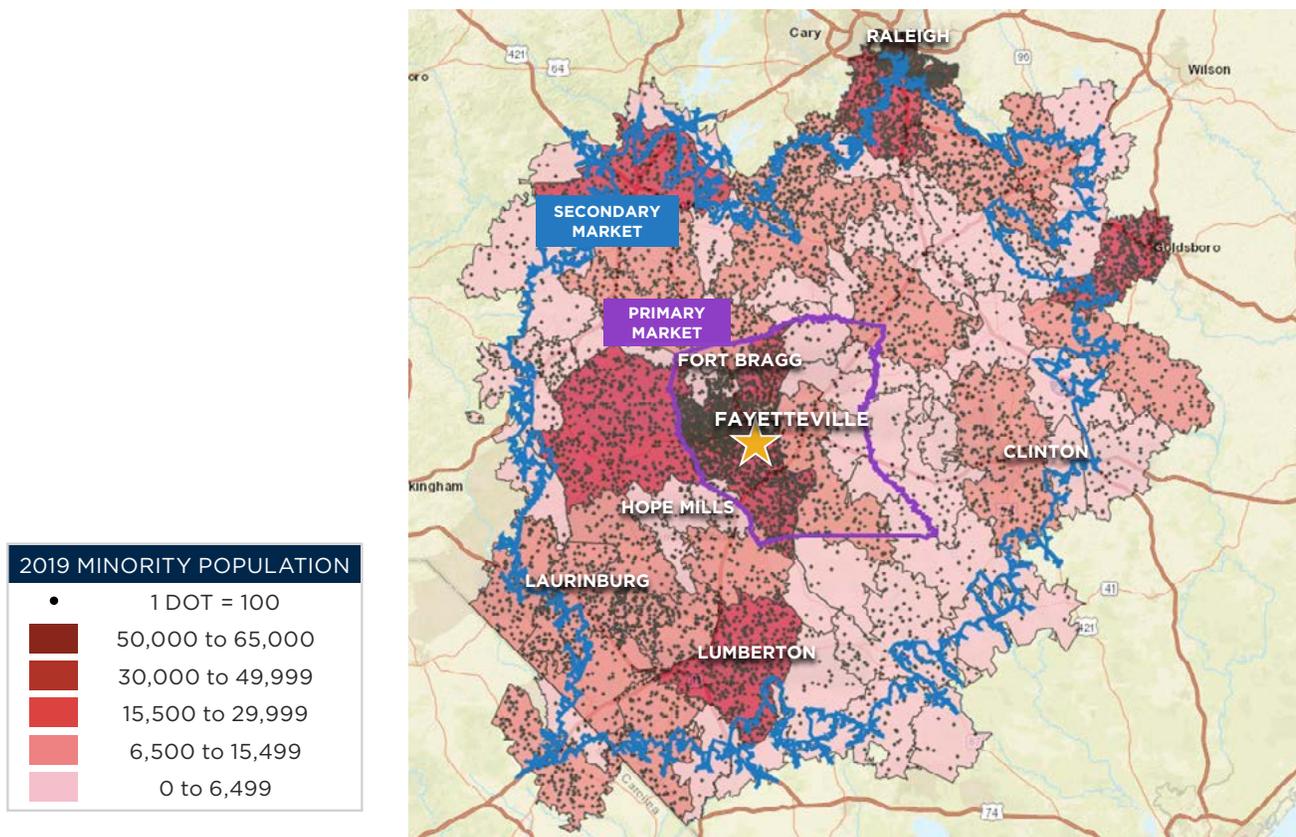


As shown, approximately 44 percent of Cumberland County residents are White, 36 percent are African American, 11 percent are Hispanic, and nine percent are some other ethnicity (i.e. Asian, Pacific Islander, etc.) Residents within a 60-minute drive of Fayetteville have a similar ethnicity makeup, with slightly fewer African Americans located in the more rural areas. The ethnicity makeup of residents within the primary and secondary market of the proposed Multi-Purpose Event Center will have a direct impact on the types of programming and ticket prices for performances hosted at the venue. A market’s diversity index refers to the probability (0 to 100) that two people chosen at random from a specified market catchment would belong to different race or ethnic groups. A high index score indicates a more diverse population base while a low index score indicates a more uniform population base. The table below presents an overview of the minority demographic characteristics of the primary and secondary markets of the proposed Multi-Purpose Event Center.

Demographic & Socioeconomic Characterisitcs	Primary Market Cumberland County	Primary & Secondary Market 60-Minute Drive	United States
<b>DIVERSITY</b>			
Minority Population	59%	51%	41%
Diversity Index (Out of 100)	71.1	71.1	65.1

The proposed Multi-Purpose Event Center’s primary market has a diversity index of 70.6 and the combined primary and secondary market has a diversity index of 70.9, both of which are approximately nine percent higher than the nation as a whole (64.8). Approximately 58 percent of the primary market of the proposed Multi-Purpose Event Center is non-white (considered “minority”), which is 18 percent greater than the nation as a whole. The combined primary and secondary market has approximately 50 percent of residents that are considered a minority, which is 10 percent greater than the nation as a whole. As the proposed Multi-Purpose Event Center considers programming the building, booking events that appeal to a diverse audience will factor into the success of the facility.

The map below shows the minority population within the primary and secondary markets of the proposed Multi-Purpose Event Center. As shown, downtown Fayetteville has higher proportions of minority residents than the areas to the east or south of the market area.



It should be noted that the local audience for the proposed Multi-Purpose Event Center does not closely align with the typical demographics of traditional performing arts audiences as tracked by the NEA. The success of the proposed Multi-Purpose Event Center will be dependent, in large part, on being designed in such a way to accommodate programming that will appeal to the market area. Other markets that have diverse populations have supported commercial arts-oriented venues, which allows a design that can host a variety of traditional theater as well as other live entertainment events in order to meet the needs of the population, as is recommended for the proposed Multi-Purpose Event Center.

## AGE

The age distribution of the population within the market represents another key demographic variable that is important to the overall viability of the proposed Multi-Purpose Event Center and can serve to influence the type of programming offered. The table below presents an overview of the age characteristics of the primary and secondary market of the proposed Multi-Purpose Event Center.

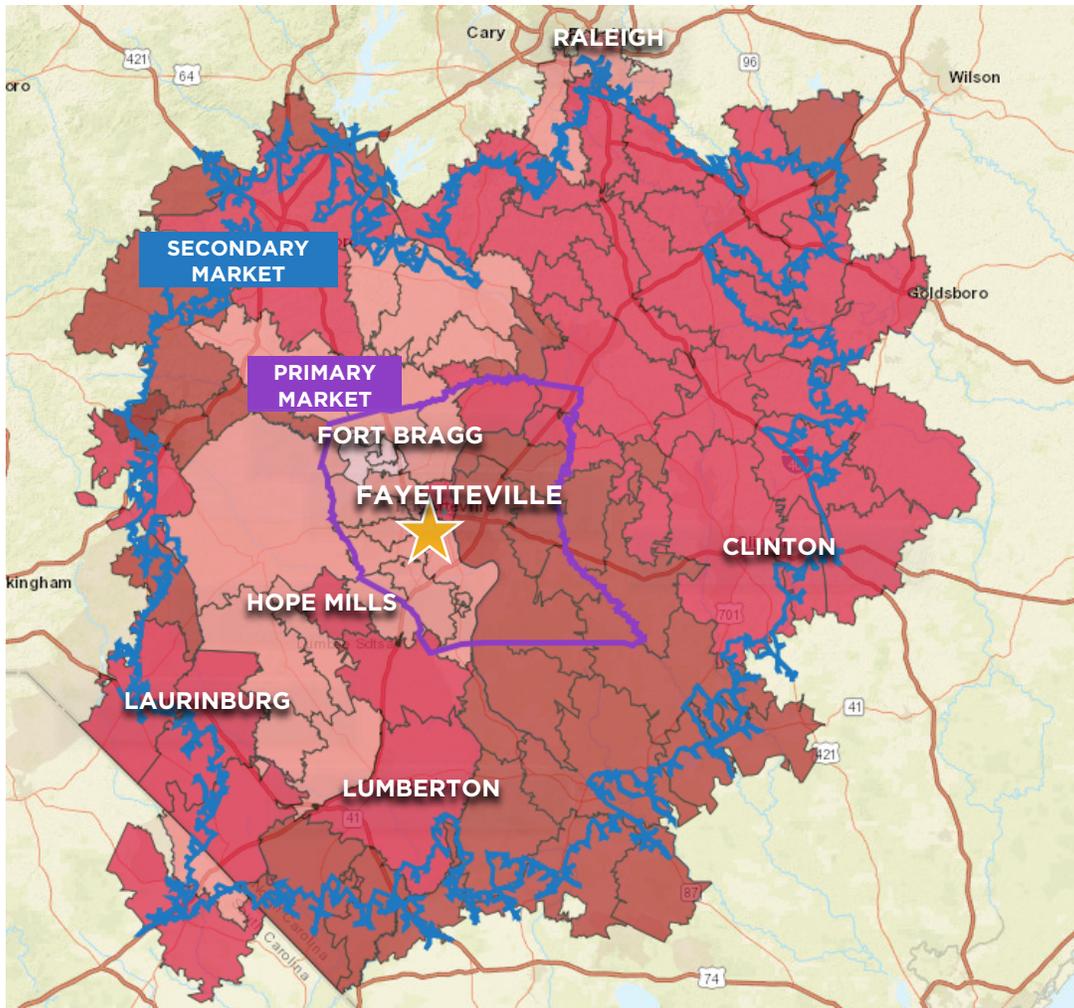
Demographic & Socioeconomic Characteristics	Primary Market Cumberland County	Primary & Secondary Market 60-Minute Drive	United States
Median Age	33.0	36.1	38.5
<b>AGE DISTRIBUTION</b>			
Under 18	24%	24%	22%
18 to 24	12%	10%	9%
25 to 34	16%	14%	14%
35 to 44	13%	13%	13%
45 to 54	11%	12%	12%
55 to 64	11%	12%	13%
65 to 74	8%	9%	10%
75 and over	5%	6%	7%

Generally, the population group between the ages of 35 and 54 represents a strong proportion of concert, musical, live theater and classical musical performance attendees, as this age range typically demonstrates higher household income and entertainment spending levels compared to other age groups. When compared to the U.S., the proposed Multi-Purpose Event Center's primary market has a slightly lower proportion of residents aged 35 to 54 than the country as a whole (24 percent and 25 percent, respectively). The combined primary and secondary market of the proposed Multi-Purpose Event Center has a slightly higher proportion of residents within this age range (25 percent).

Those residents under 35 also represents an important demographic for concert promoters, as this age group represents a primary consumer of live and recorded popular music. Approximately 52 percent of the primary market and 49 percent of the combined primary and secondary market population are under the age of 35, compared to just 45 percent of the country as a whole within this same age range.

It should be noted that the local audience for the proposed Multi-Purpose Event Center has different age characteristics than the typical traditional performing arts audiences as tracked by the NEA. The success of the proposed Multi-Purpose Event Center will be impacted by the ability of the facility to host a variety of programming designed to appeal to younger age groups and family-friendly entertainment that serves the needs of the surrounding community.

The following map depicts the age distribution of the primary and secondary market of the proposed Multi-Purpose Event Center. As shown, the population near downtown Fayetteville and Fort Bragg are typically younger, whereas the population of residents living to the south and east skew older.



2019 MEDIAN AGE	
55.0 to 60.0	25.0 to 34.9
40.0 to 54.9	0 to 24.9
35.0 to 39.9	

# MEDIAN HOUSEHOLD INCOME

Household income characteristics can provide an indication of a market’s ability to dedicate disposable income towards the purchase of tickets, concessions, merchandise, and parking at events programmed at the proposed Multi-Purpose Event Center.

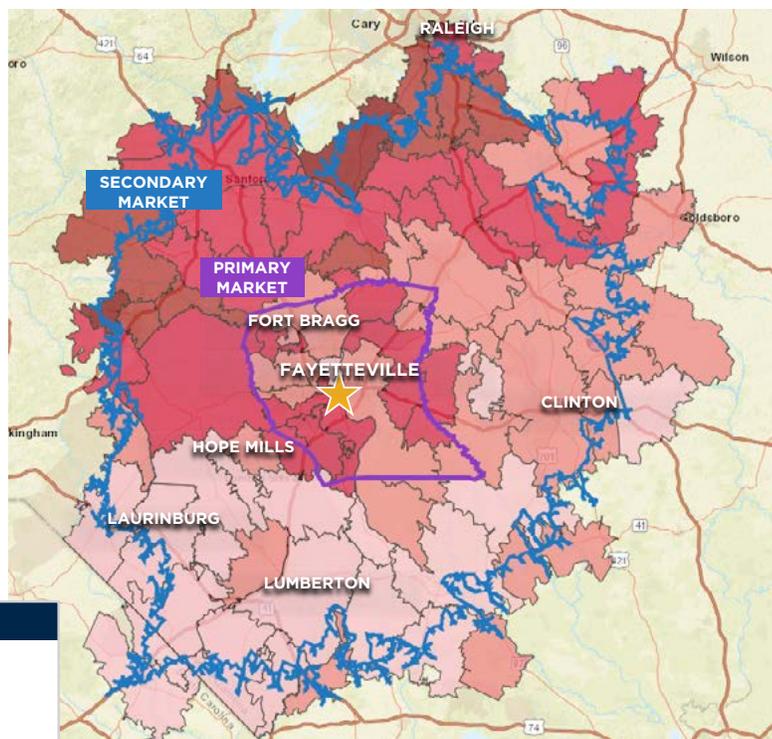
The table below presents an overview of the income characteristics of the primary and secondary markets of the proposed Multi-Purpose Event Center.

Demographic & Socioeconomic Characterisitcs	Primary Market Cumberland County	Primary & Secondary Market 60-Minute Drive	United States
<b>HOUSEHOLD INCOME</b>			
Median Household Income	\$47,678	\$50,147	\$62,203
Cost of Living Index	94.5	94.5	100.0
Adjusted Household Income	\$50,453	\$53,066	\$62,203
<b>INCOME DISTRIBUTION</b>			
Under \$25,000	24%	24%	19%
\$25,000 to \$34,999	11%	10%	9%
\$35,000 to \$49,999	17%	15%	12%
\$50,000 to \$74,999	18%	19%	17%
\$75,000 to \$99,999	12%	12%	13%
\$100,000 to \$149,999	12%	12%	15%
\$150,000 or more	6%	7%	15%

The median household income within the primary market of the proposed Multi-Purpose Event Center is \$44,230 while the median household income within the combined primary and secondary market is slightly higher at \$48,712. These income levels are 27 percent and 20 percent, respectively, less than the national median income of \$60,548. Any discussion of household income should also consider the cost of living within the area, which indicates how expensive a city is to live in when compared to the nation as a whole. The primary and secondary market has a cost of living index of 94.5, which is six percent lower than the national average (100.0).

The income characteristics of the local audience of the proposed Multi-Purpose Event Center closely aligns with the income characteristics of the typical traditional performing arts audiences as tracked by the NEA. Ticket pricing at the proposed Multi-Purpose Event Center should be reflective of the market as well as the variety of live entertainment events hosted.

The map to the right shows median household income distribution of the primary and secondary market of the proposed Multi-Purpose Event Center. As shown, the populations to the north and west of downtown Fayetteville tend to have higher median income levels while residents to the south and east tend to have lower median income levels.

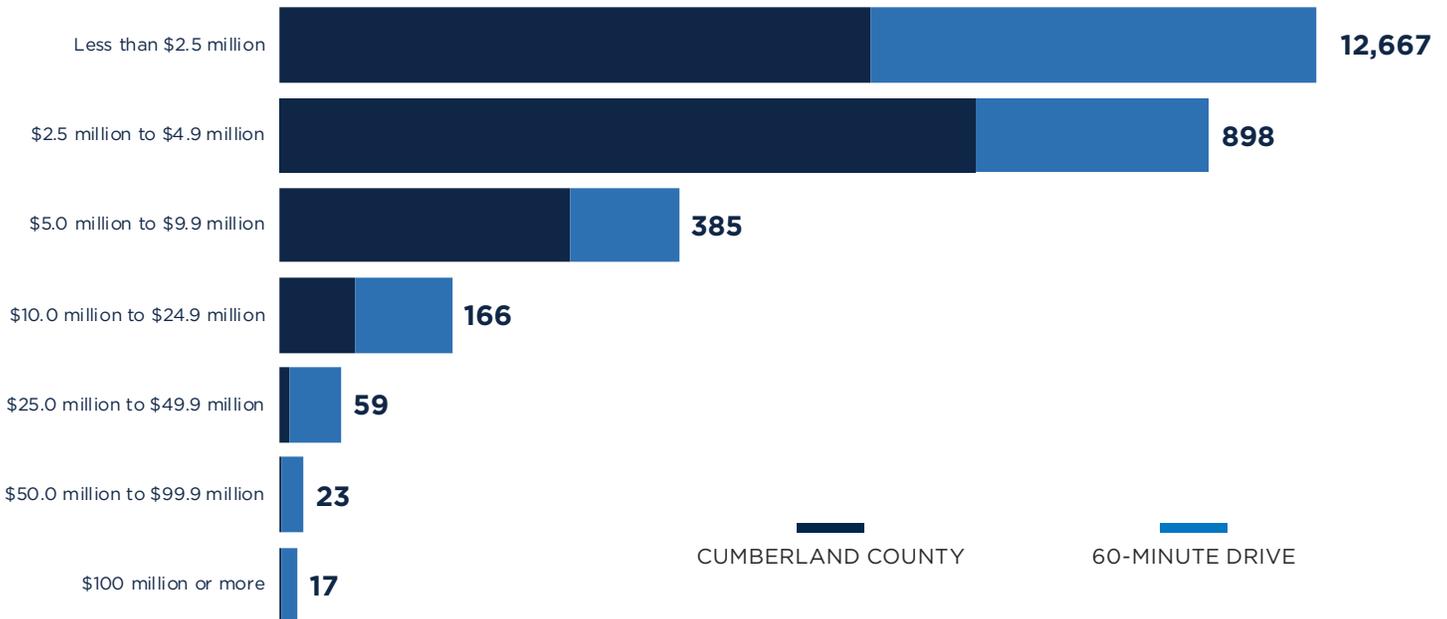


2019 MEDIAN HOUSEHOLD INCOME	
Dark Red	\$75,000 to \$90,635
Red	\$60,000 to \$74,999
Light Red	\$50,000 to \$59,999
Light Pink	\$40,000 to \$49,999
Very Light Pink	\$25,000 to \$39,999

# CORPORATE BASE

The depth and breadth of the corporate base can play a significant role in the overall success of the proposed Multi-Purpose Event Center and can provide an indication of the overall health of the local economy. Corporations can support Multi-Purpose Event Centers through the purchase of tickets, premium seating and sponsorship opportunities, as well as hosting events at the proposed Multi-Purpose Event Center such as job fairs, conferences, training seminars, meetings, and other such events. The chart below provide an overview of the corporate base of the primary and secondary market area of the proposed Multi-Purpose Event Center with at least 10 employees, as this represents the most likely minimum size company that would participate in the venue.

**DISTRIBUTION OF CORPORATE BASE BY ANNUAL SALES**



**1,833** COMPANIES WITH MORE THAN 10 EMPLOYEES IN CUMBERLAND COUNTY

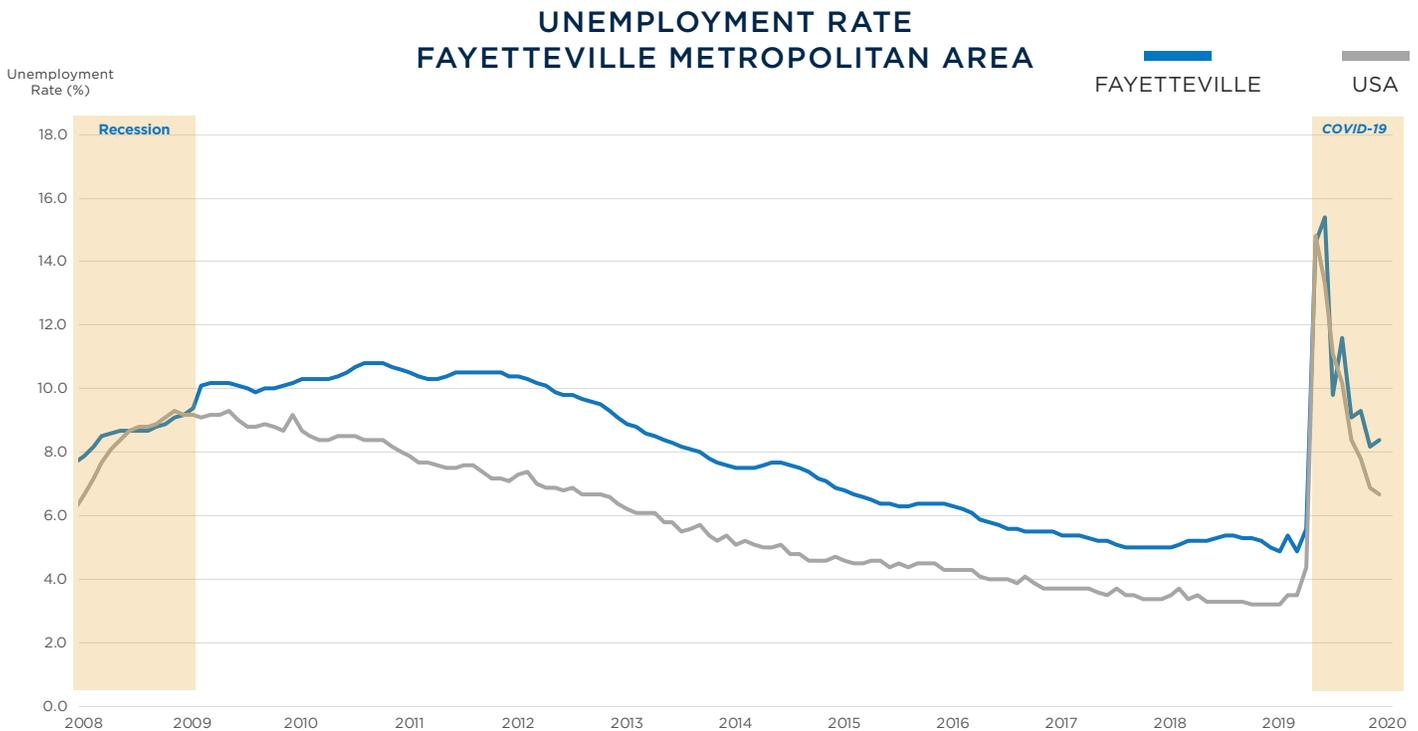
**14,000** COMPANIES WITH MORE THAN 10 EMPLOYEES WITHIN A 60-MINUTE DRIVE OF FAYETTEVILLE

The primary market of the proposed Multi-Purpose Event Center has approximately 1,800 companies and the secondary market has more than 14,000 companies with varying sizes. Although the majority of companies are smaller (sales of less than \$2.5 million annually), it is envisioned that the proposed Multi-Purpose Event Center would offer a variety of opportunities for companies of all sizes to support the venue through varying levels of sponsorship and ticket opportunities, from ticket back sponsorships, group outings, premium seating, founding partnerships, and title naming rights, among others.

Source: Hoovers,  
 Note: Corporate base includes companies with at least 10 employees and excludes certain industries such as religious, non-profit, membership, governmental, or educational organizations and private households, as these represent industries that do not typically participate in Multi-Purpose Event Centers.

## UNEMPLOYMENT

Similar to a market's corporate base, unemployment rates can be a predictor of the economic health within a region. Higher unemployment rates can impact the market's disposable income and the ability of the market to support the proposed Multi-Purpose Event Center through purchasing tickets and/or season tickets. The chart below presents a historical view of unemployment within the Fayetteville region. As shown, the unemployment rate is typically 50 percent higher than the national average, reflecting the fluctuations within the national average but at a higher rate.



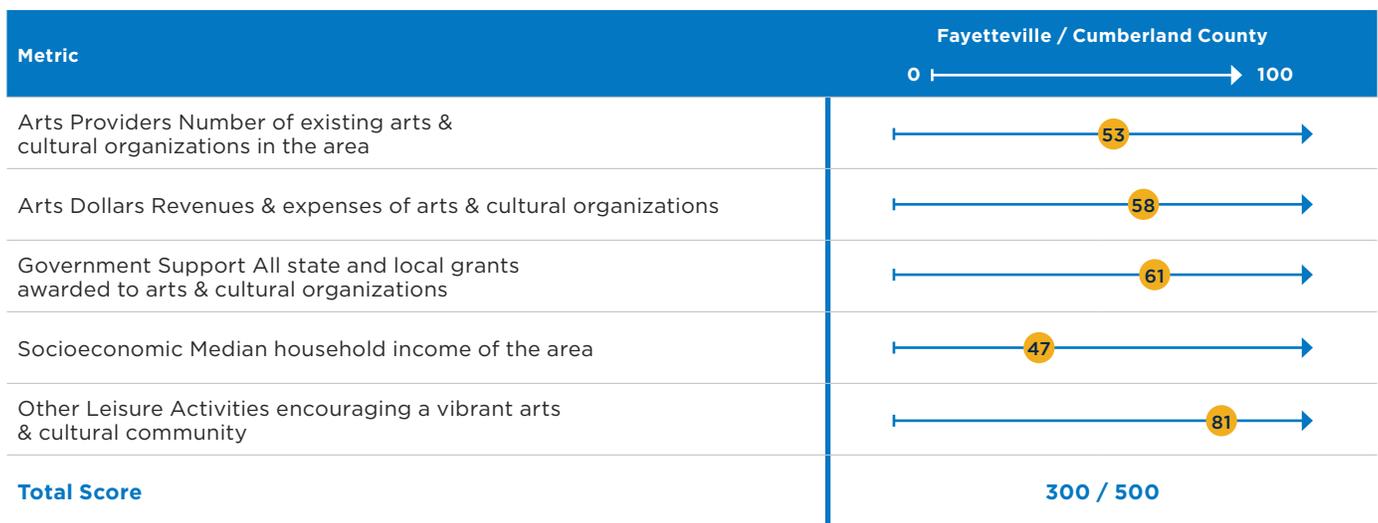
## IMPACTS OF THE GLOBAL PANDEMIC

According to the Fayetteville Cumberland County Economic Development Corporation ("FCCEDC"), nearly 25 percent of all jobs within the region are in the retail, accommodation, or food service sectors. These are amongst some of the industries most impacted by the COVID-19 pandemic, with a reported 70 percent of companies within these sectors closed at the height of the pandemic. Initial research from a FCCEDC survey indicated that more than 35 percent of companies in the area had revenue losses of more than 60 percent in the initial period after shelter-in-place measures were enacted in April 2020, and 70 percent of companies reported sales declines of any kind. Many companies adjusted operating hours or shifted resources to online sales in order to respond to the changing measures put in place by public health officials and mitigate revenue losses.

An initial report from Moody's Analytics predicts that two key factors will impact COVID-19 economic recovery: low population density and educational attainment. Metropolitan areas that are less centralized in terms of population density and have a more educated populace are expected to recover from the pandemic more quickly. As such, nearby regional cities such as Raleigh and Durham are among the metropolitan areas identified by these economists as those expected to be at the forefront of economic recovery. Because of Fayetteville's relative proximity to these areas, the impact of a strong, healthy regional economy on smaller cities in the region, and the large proportion of governmental jobs that are typically more insulated from economic downturns as a result of nearby Fort Bragg, as well as the wide availability of a vaccine to the majority of the general public, Fayetteville is likely to be well-positioned to rebound from the pandemic more quickly than would be expected in more traditional economic recessions.

# ARTS VIBRANCY

A community's arts vibrancy index can provide an indication of the overall health of a community's arts and culture sector which plays a vital role in a city's livability and social cohesion. The data presented within this section of the report is based on the 2019 Arts Vibrancy Report produced by SMU DataArts, the National Center For Arts Research, which measures the relative strength of communities in terms of Arts Providers, Arts Dollars, Government Support, Socioeconomic, and Other Leisure characteristics. Each factor contributes to a community's overall arts vibrancy score and is measured on a scale of zero to 100 and can be interpreted as a percentile (i.e., a score of 53 indicates the market did better than 53 percent of communities on that measure). The following table shows Cumberland County's percentile scores across the various factors that constitute arts vibrancy.



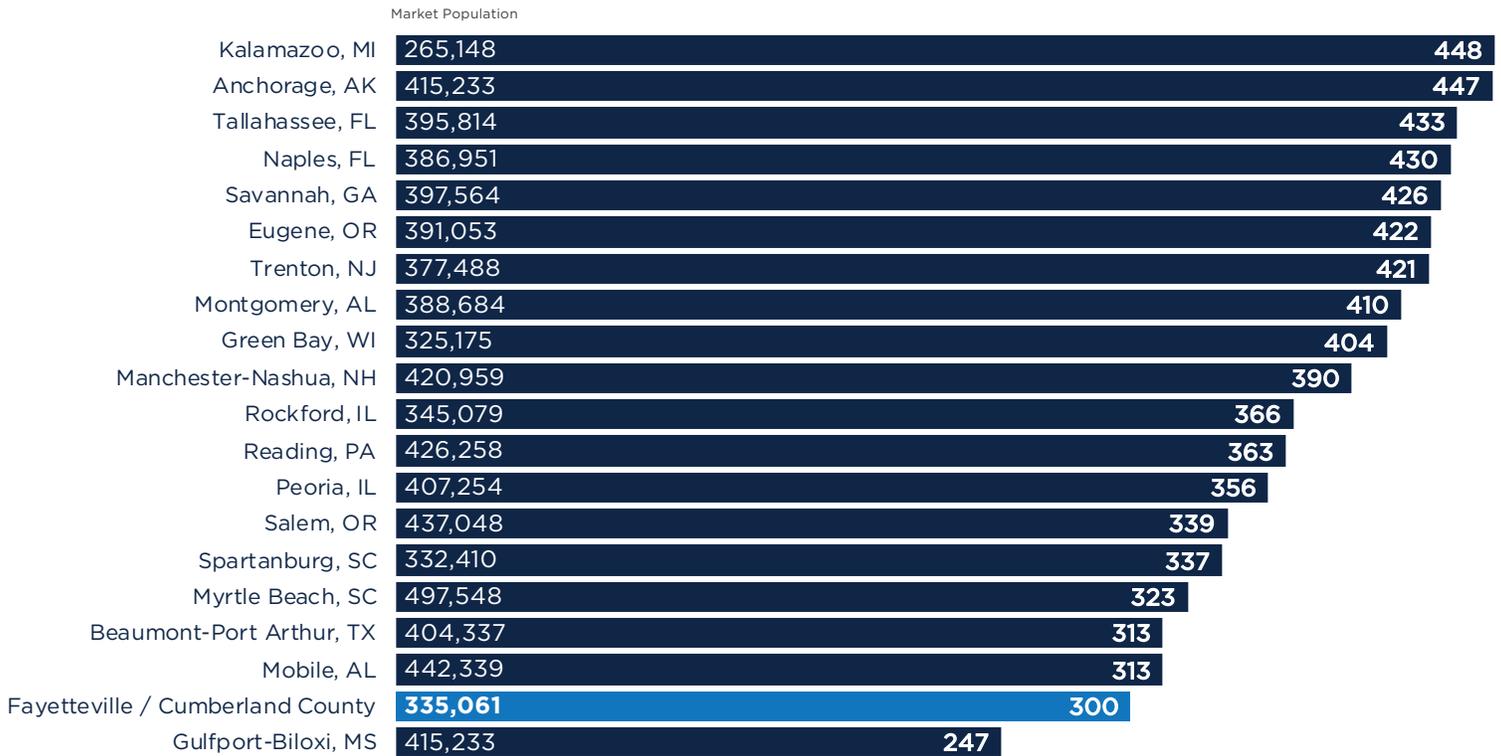
Cumberland County scores below the 50th percentile in the Socioeconomic indicator, which is primarily driven by a lower-than-national-average median household income as illustrated previously. The Art Providers factor measures the number of existing arts and cultural organizations within the area, independent artists, arts and culture employees, and arts, culture, and entertainment firms such as museums, theaters, dance companies, performing arts groups, and other similar companies. Cumberland County ranks slightly above average in this metric, falling in the 53rd percentile of the country.

Arts Dollars encompasses all revenues and expenses of arts and culture organizations, including contributions made by the private sector, payments to staff and artists, and revenue generated by arts and cultural events and activities. Cumberland County ranks in the 58th percentile of the country on this metric.

Government Support measures all state and local grants awarded to arts and cultural organizations in the area, as well as federal dollars utilized to support arts and cultural organizations within the community. Cumberland County ranks in the 61st percentile of the country in this metric.

The strongest metric for Cumberland County in the arts vibrancy index is the Other Leisure category, which measures activities within the area that encourages a vibrant arts and cultural community, such as restaurants, bars, hotels, zoos, botanical gardens, professional sports, and other such activities. Cumberland County ranks in the 81st percentile in the country in this metric.

Fayetteville ranks among the top 20 in medium-sized cities that have a similar population level in terms of the overall arts vibrancy score, as shown in the chart below.



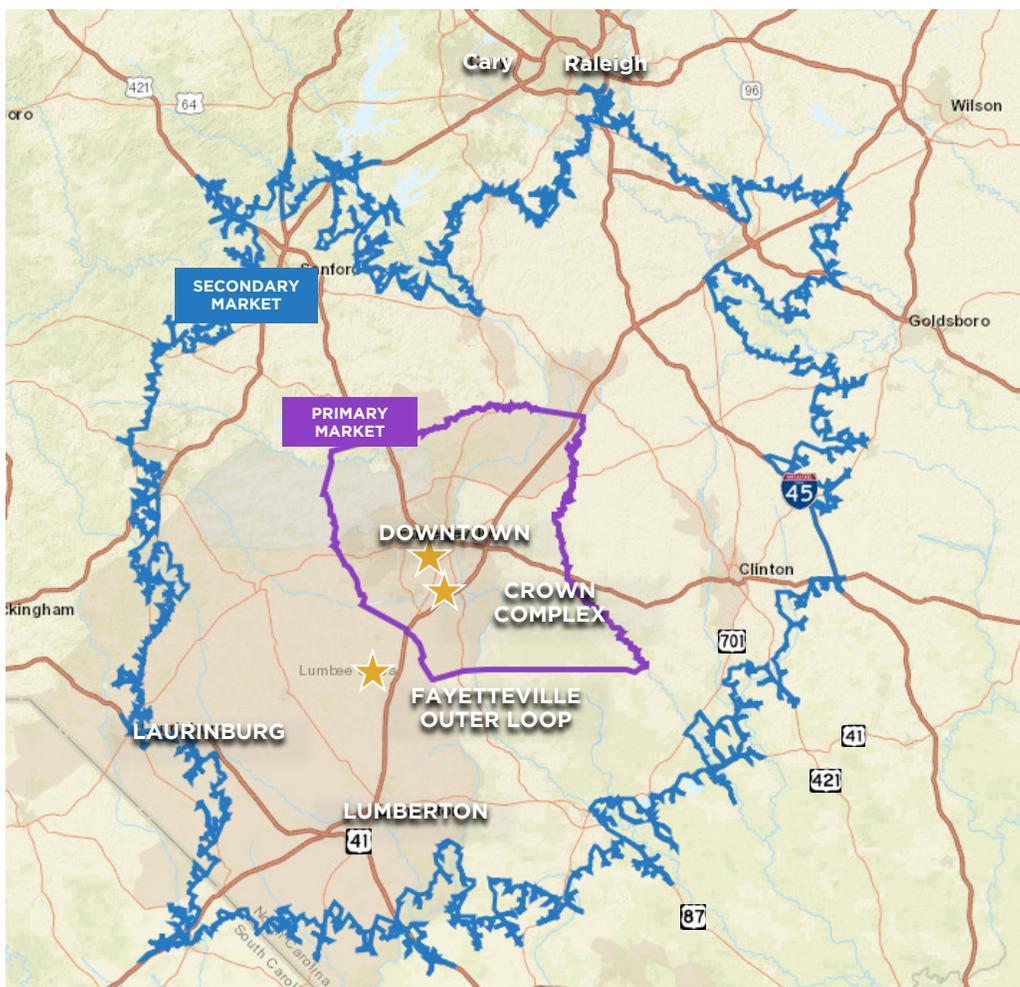
Though Fayetteville ranks 19th out of the top 20 similarly-sized markets, it should be noted that the arts vibrancy score for the market is lowered by the area’s income characteristics as well as a lack of arts providers within the market.

Adding the proposed Multi-Purpose Event Center to the inventory of arts and cultural organizations and facilities in Cumberland County will enhance opportunities for the local market to engage with the arts and ensure a wider diversity of interests, preferences, and cultural expressions can be met. As discussed throughout this analysis of local market characteristics, there are unique socioeconomic challenges that will need to be considered as the operator of the proposed Multi-Purpose Event Center programs the venue, sets ticket pricing, and markets to community members.

# TRANSPORTATION AND ACCESS

## DRIVING ACCESS

The I-95 corridor is one of the main transportation routes along the east coast, connecting New York City and Miami as well as a number of major metropolitan areas in the eastern U.S. This major freeway runs through downtown Fayetteville, with 11 access points to the City via exits on the interstate. To provide another major thoroughfare with access to Fayetteville and the surrounding area, I-295 (also known as the outer loop) has been under construction since 2000 with an expected completion date of 2024. Once completed, the outer loop will connect I-95 at two points, one north of the City and one south of the City, to Fort Bragg, which is located to the northwest of downtown Fayetteville.

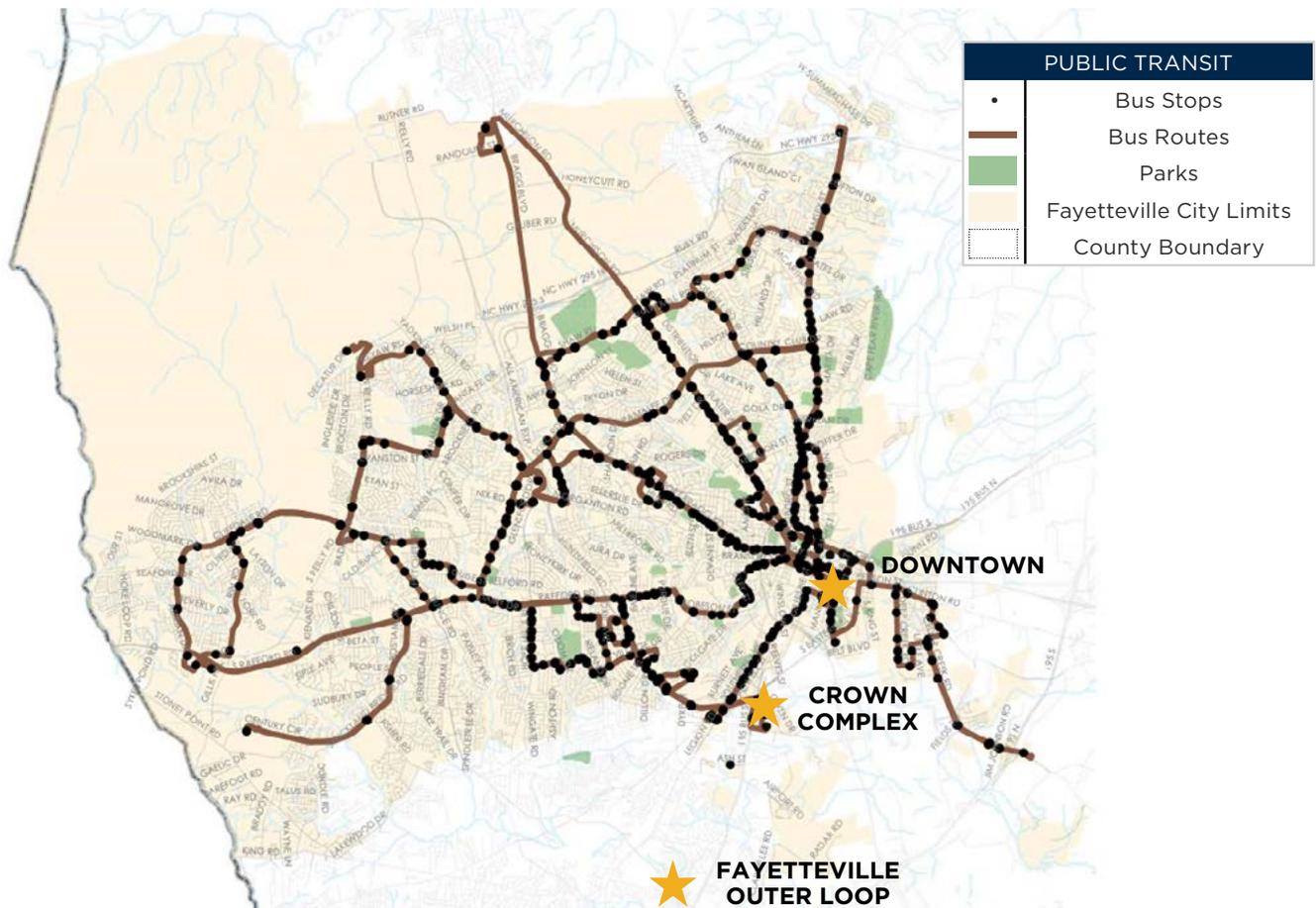


*Note: Stars represent potential sites identified and other sites could be considered.*

While it is anticipated that a majority of attendees of events hosted at the proposed Multi-Purpose Event Center would utilize their personal vehicles to travel to the venue, a growing proportion of the population utilizes ride share as a means of accessing entertainment events. It is important that the proposed Multi-Purpose Event Center provide infrastructure to support this mode of transportation, particularly if the selected site for the venue is not accessible via public transit.

## PUBLIC TRANSPORTATION

The site location of the proposed Multi-Purpose Event Center should consider the accessibility of the venue via public transportation. This can be a vital mode of transportation for certain members of the community, and having this type of accessibility would increase the likelihood that a wider variety of the population could patronize the facility. The map below provides an overview of the Fayetteville Area System of Transit (“FAST”), including 19 bus routes with 600 stops that spans from downtown Fayetteville to the outer portions of the City as well as providing connection to Fort Bragg. Additionally, the Greyhound bus center is located within the Fayetteville Transit Center, providing access to the City by more than 30 buses that stop in Fayetteville daily.



*Note: Stars represent potential sites identified and other sites could be considered*

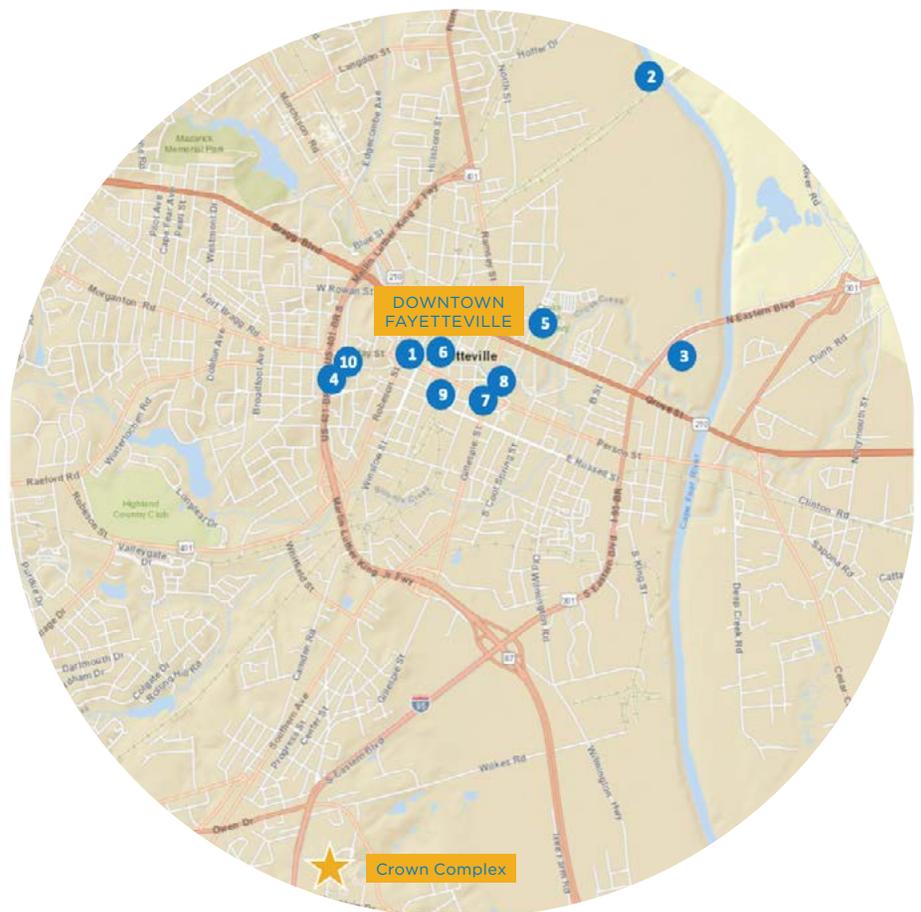
As shown, the downtown and Crown Complex areas are accessible via Fayetteville’s public transportation system, though reaching the Crown Complex does require multiple bus line transfers for much of the region as only one route offers service with a stop located 0.4 miles from the venue. A site location near the outer loop for the proposed Multi-Purpose Event Center would require additional public transportation infrastructure in order to connect the major thoroughfare with the rest of Cumberland County once the project is completed in 2024. In the short term, driving or ride share would be the primary means of accessing this site location.

# AREA TOURISM

According to a report issued by the FCCEDC, Fayetteville attracts approximately 1.5 million overnight visitors annually. This is due, in part, to major annual events hosted in the area such as the Dogwood Festival, which attracts over 200,000 visitors annually, and other popular tourism sites within the market.

A new Multi-Purpose Event Center could realize additional attendance for events and performances as a result of people coming to the market for an extended period of time to visit these attractions and events, such as the Cape Fear Botanical Garden, baseball games at Segra Stadium, and other such destinations. Additionally, visitation to top tourist destinations in the area could recognize higher levels of tourism as a result of events and performances hosted if the proposed Multi-Purpose Event Center creates a tourist destination within the City. The top 10 most popular attractions in the Fayetteville area are shown in the map below, as identified by Trip Advisor, in order to provide context for where visitors tend to congregate in the area as another means of assessing potential site locations for the proposed Multi-Purpose Event Center.

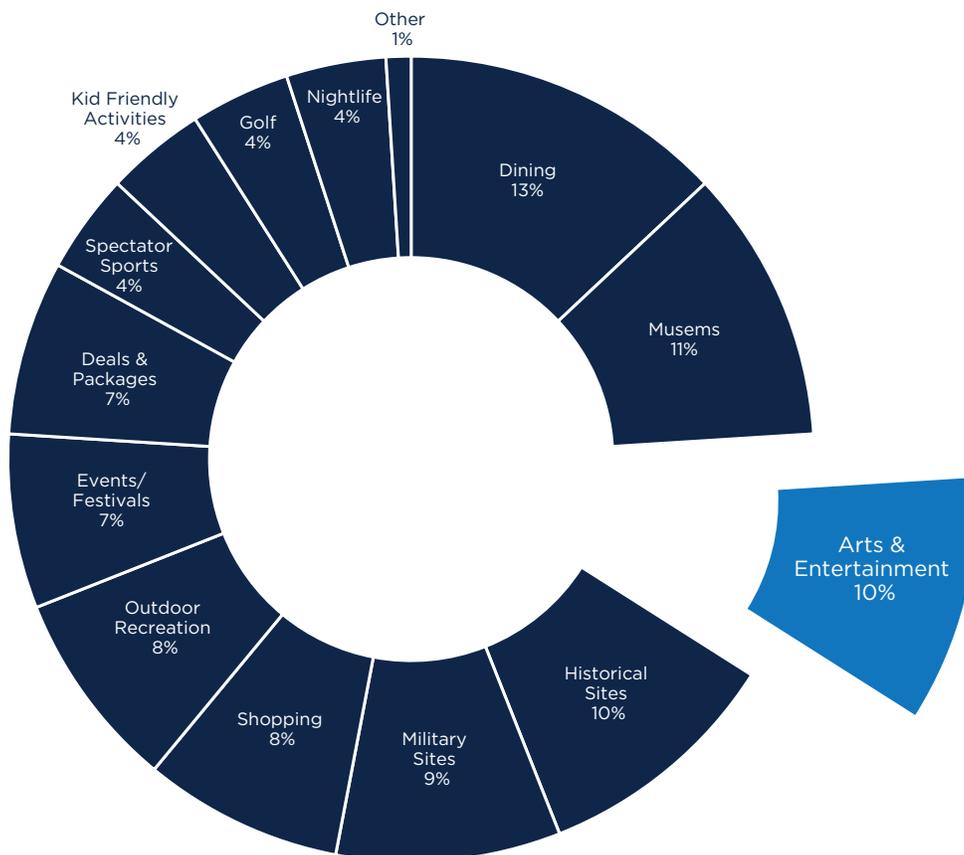
- 1 Airborne and Special Operations Museum
- 2 Cape Fear River Trail
- 3 Cape Fear Botanical Garden
- 4 1897 Poe House
- 5 Veterans Park
- 6 Segra Stadium
- 7 Market House
- 8 Fascinate-U Children’s Museum
- 9 Fayetteville Area Transportation and Local History Museum
- 10 Museum of Cape Fear



In addition to the tourist attractions currently present within the greater Fayetteville regional area, there is a proposed Civil War and Reconstruction History Museum slated to be constructed in downtown Fayetteville. The state museum is expected to cost approximately \$80 million. Local media reported the State is expected to contribute \$46 million towards the project, with the City and County approving \$15 million in funding contributions in 2019, and \$19 million is expected to be funded through private donations. A report from the museum board estimates that an additional 130,000 visitors will be attracted to the City by the museum, generating 200 new jobs and \$18 million in new revenues throughout the community.

An integral factor in increasing Fayetteville’s tourism appeal is offering a wide variety of attractions. The graphic below depicts the interests of all visitors to the Fayetteville area in 2019 according to the Fayetteville Visitors Bureau.

### PRIMARY INTERESTS OF VISITORS AND REASON FOR VISITING CUMBERLAND COUNTY



Source: Visit Fayetteville’s 2019 visitor profile

As shown, 10 percent of Fayetteville visitors in 2019 stated that their main interest and reason for visiting the area was “Arts & Entertainment” (3rd largest), indicating that the visitor market could benefit from and attend performances at the proposed Multi-Purpose Event Center while visiting the area. It should be noted that this relative ranking is a positive indicator to the potential success of the proposed Multi-Purpose Event Center since a majority of the top tourist attractions in the market fall within the Historical Sites and Museums categories of interest.

As the public and private sectors continue to invest in tourist infrastructure, such as new museums, historical sites, and military sites (i.e. the Civil War Museum), it is important that continued investment is made in arts and entertainment facilities in order to maintain and increase tourism levels within Fayetteville.

## KEY TAKEAWAYS

The ability of the proposed Multi-Purpose Event Center to attract spectators, generate community support, sell tickets, secure sponsors, and generate revenues is predicated, to some extent, on demographic and socioeconomic characteristics of the local market. The following are key takeaways from this analysis:



The primary market of the proposed Multi-Purpose Event Center (Cumberland County) provides access to 336,000 residents while the secondary market (60-minute drive) provides access to 1.1 million residents. The primary and secondary market populations are expected to grow at annual rates of 0.4 and 0.9 percent, respectively, over the next five years, which is 47 percent less and 17 percent greater than the expected growth rate in the U.S. (0.8 percent), respectively.



The arts can provide culturally immersive experiences in an open, social setting, which is ideal for fostering social integration in a diverse market. Approximately 58 percent of the primary market, and 50 percent of the secondary market for the proposed Multi-Purpose Event Center is considered minority, which is 10 percent greater than the U.S. (40 percent).



A high diversity index score (on a scale of 0 to 100) indicates a more diverse population base while a low index score indicates a more uniform population base. The proposed Multi-Purpose Event Center's primary market has a diversity index of 70.6, secondary market has an index of 70.9 which are both nine percent higher than the nation as a whole (64.8).



The median age of the primary and secondary market of the proposed Multi-Purpose Event Center is 32.8 and 35.9, respectively, which is 5.7 and 2.6 years younger than the national median age (38.5). Approximately 34 percent of the primary market and 37 percent of the secondary market is aged within the 35 to 64-year-old cohort, which is the age cohort that typically has higher median household incomes and greater entertainment spending levels, which represents a strong proportion of concert, musical, live theater, and classical musical performance attendees. The 34 and 37 percent within this age cohort within the primary and secondary market of the Proposed Multi-Purpose Event Center is approximately five and two percent below the 39 percent of the national population aged within the 35 to 64-year old cohort.



Residents within the primary and secondary market of the proposed Multi-Purpose Event Center both have a significantly lower median incomes (\$44,230 and \$48,712) than the national average (\$60,548) and live in a market with a slightly lower cost of living (94.5) when compared to the U.S. (100.0).



The corporate base for the primary market of the proposed Multi-Purpose Event Center consists of 1,833 corporations that have at least 10 employees, while the secondary market has 14,000 corporations within the same criteria. The unemployment rate within Fayetteville is 4.9 percent, which is 53 percent higher than the national unemployment rate of 3.2 percent.



The demographics of the Fayetteville market differ from the typical traditional performing arts audiences as tracked by the NEA. Because the success of the proposed Multi-Purpose Event Center will be impacted by the ability of the facility to host a variety of programming designed to appeal to younger age groups and family-oriented entertainment reflective of the demographics of the surrounding community, a commercial arts-oriented design for the proposed Multi-Purpose Event Center is well-suited to accommodate these types of events.



Accessibility is vital to the success of any Multi-Purpose Event Center. While the downtown and Crown Complex sites could be accessible via Fayetteville's public transportation system, other potential sites would rely on access via interstates. The Fayetteville Area System of Transit operates 19 routes and is responsible for approximately 600 bus stops. The Greyhound Bus Center located within the Fayetteville Transit Center and has more than 30 buses to all points and stops in Fayetteville daily.



Approximately 10 percent of visitors to Fayetteville in 2019 stated that their main interest and reason for visiting was for Arts & Entertainment purposes, indicating there is a demand to engage with arts and cultural events that could be offered by the proposed Multi-Purpose Event Center.

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*Local market conditions are considered together with competition within the market and the historical operations of comparable venues to draw conclusions regarding the market potential for the proposed Multi-Purpose Event Center in Cumberland County.*

An aerial photograph of a city street corner, featuring a large brick building with a red roof and dormer windows. A blue vertical bar is on the left, and a gold vertical bar is on the right. A large white outline of the number 8 is positioned in the lower-left area of the blue bar.

8

**COMPETITIVE  
CONTEXT**

# COMPETITION

The proposed Multi-Purpose Event Center’s operations will be impacted by the number and type of local and regional facilities that compete for the limited supply of events, spectators, participants, local and regional resident disposable income dollars, and corporate sponsorship dollars within the marketplace. Overall, five venues were identified that could provide some level of competition to the proposed Multi-Purpose Event Center, as shown in the chart and map below, including:

Facility	Type	Capacity	Year Opened (Renovated)	Location	Degree of Competition
Seabrook Auditorium	Theater	1,132	1954 (2003)	Fayetteville, NC	Medium
Crown Coliseum*	Arena	10,880	1997	Fayetteville, NC	Low
Segra Stadium	Ballpark	4,786	2019	Fayetteville, NC	Low
Huff Concert Hall	Concert Hall	1,160	n/a (2016)	Fayetteville, NC	Low
Cape Fear Regional Theatre	Theater	300	1962 (2002)	Fayetteville, NC	Low
<b>AVERAGE</b>		<b>3,652</b>	<b>2007</b>		<b>Low</b>

\* Crown Complex Arena and Theater plan to close in 2025 and therefore present no competition to the proposed Multi-Purpose Event Center.  
 Note: Sorted by Degree of Competition and then by Capacity.

As shown, there is a market niche for an events center whose primary function is to host third-party acts and events; no such facility in the local market exists with capacity between approximately 1,200 and 10,000. It should be noted that the proposed Multi-Purpose Event Center is expected to absorb the content current playing at the Crown Theatre.



It should be noted that the Crown Complex, while serving as the home to the Crown Coliseum, is also currently the site of the Crown Arena (4,500 capacity) and Crown Theatre (2,440 capacity). Due to the pending closure of the Arena and Theatre both venues have been excluded from this competitive facility analysis.



## SEABROOK AUDITORIUM

Seabrook Auditorium is a performance theater located on the campus of Fayetteville State University (“FSU”) (1.6 miles from Downtown Fayetteville) and is owned and operated by FSU. The 1,132-seat venue serves as the primary theater space for the University and also hosts a variety of local and regional community events, including lectures, conferences, pageants, talent shows, performing arts productions, and church events.

The Auditorium opened in 1954 as the “College Auditorium” before being renamed soon thereafter to honor Dr. J Ward Seabrook, a former president of the Fayetteville State Teacher’s College. Since opening, the venue has hosted a wide variety of performances, including Alvin Ailey, James Brown, Duke Ellington, Maya Angelou, Wynton Marsalis, and others. In 2003, the Auditorium underwent a \$6.7 million renovation, which was funded entirely by the state and included a reconfiguration of the seating area, sound improvements, additional lobby space, a new ticket office, and improvements to restrooms, and additional back-of-house amenities.

The Auditorium hosts approximately 150 events and over 30,000 attendees annually (approximately 200 attendees per event), with approximately 25 percent of utilization dedicated to University purposes, such as theater productions, dance performances, and choir recitals. The venue’s signature event is the Seabrook Performance series, which is hosted by the University and typically includes four to five performances that showcase diverse educational and cultural voices; Seabrook Performance Series is expected to host Raheem DeVaughn and Sinbad this upcoming season.

The Auditorium also features six luxury boxes that seat four people each; the box seats are typically sold event-by-event as an upgraded general admission ticket (i.e., \$100.00 for the Performance Series, as compared to \$40.00 for general admission).

The Seabrook Auditorium is expected to be mildly competitive with the proposed Multi-Purpose Event Center but is unlikely to impact Center utilization significantly due to the envisioned size of the facility (i.e., capacity of at least 2,000) and due to event prioritization (i.e., university events). Additionally, Seabrook Auditorium will likely face a mild competitive effect from the proposed Multi-Purpose Event Center in terms of some of their larger concert and performance utilization, but most of their utilization, which is primarily derived from University and other local events, will likely remain intact.

SEABROOK AUDITORIUM	
Capacity	1,132
Year Opened	1954 (2003 Renovation)
Project Cost	\$6.7 M (Renovation)
Funding	100% Public
Annual Attendance	30,000



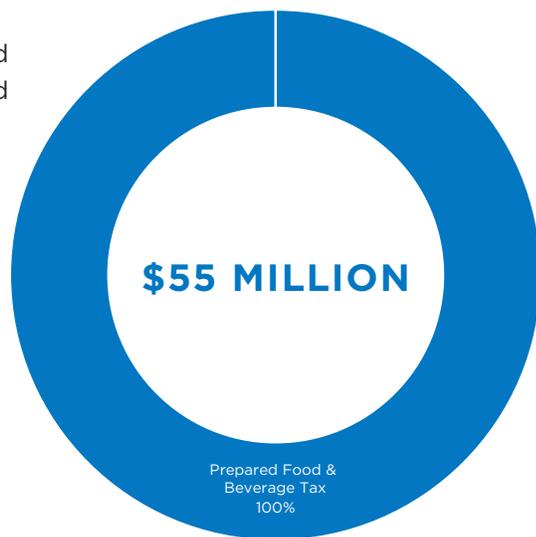
## CROWN COLISEUM

The Crown Coliseum, which opened in 1997, is a 10,880-seat arena located within the Crown Complex, a multi-purpose entertainment and convention destination located in south Fayetteville, NC (3.4 miles from Downtown Fayetteville).

The entire Complex, which originally opened with only the Theatre and Arena in 1967, is owned by the Cumberland County Civic Center Commission and has been managed by Spectra since 2013. After the expected closure of the Theatre and Arena in 2025, the Crown Coliseum will be the only operational venue for ticketed events at the Complex.

The Crown Complex cost over \$55 million to originally construct and was funded through capitalized increases in the County’s food and beverage tax and occupancy tax.

CROWN COLISEUM	
Capacity	10,880
Year Opened	1997
Project Cost	\$55 M
Funding	100% Public
Annual Attendance	220,000



The Coliseum currently serves as the home to the Fayetteville Marksmen of the Southern Professional Hockey League (SPHL) and the Cape Fear Heroes of American Arena League (AAL) and hosts over 55 to 60 events annually, including a variety of concerts, family shows, sporting events, and graduations, which generate over 200,000 annual visitors. The chart below depicts the event detail for events at the Crown Coliseum during FY19.

<b>CROWN COLISEUM EVENT UTILIZATION (FY19)</b>			
<b>Event Category</b>	<b># of Events</b>	<b>Average Attendance</b>	<b>Total Attendance</b>
Hockey	30	1,555	46,661
Arena Football	6	648	3,890
Other Sports	5	6,630	33,152
Concerts	7	3,473	24,312
Family Shows	2	13,635	27,270
Graduations	5	15,079	75,394
Other	2	4,449	8,898
<b>TOTAL</b>	<b>57</b>	<b>3,852</b>	<b>219,577</b>

The Fayetteville Marksmen host 28 regular season games each season, which they drew an average turnstile attendance of 1,555. Season tickets for the Marksmen range from \$252 (\$9.00 per game) in the corner to \$560

(\$20.00 per game) rinkside. Tickets for the Cape Fear Heroes range from \$8.00 for children to \$10.00 or \$20.00 for adults, depending on location; however, the Heroes recently suspended operations for the 2020 season.

In FY19, the Crown Coliseum generated net revenue of approximately \$630,000, which accounted for approximately 43 percent of revenue generated by the Crown Complex.

## SEGRA STADIUM

The 4,786-seat Segra Stadium opened in 2019 in downtown Fayetteville and serves as the home of the Class A Fayetteville Woodpeckers of the Carolina League. The ballpark has served as the economic catalyst to more than \$120 million in new mixed-use development in downtown, including the renovation of the adjacent Prince Charles Hotel and a new Hay Street parking garage that will serve as the base of a new 12-story structure that will include a new Hyatt Place Hotel, 105,000 square feet of Class A office space, and 6,000 square feet of retail. The ballpark is owned by the City of Fayetteville and operated by the team, which has a 30-year lease with the City.

SEGRA STADIUM	
Capacity	4,786
Year Opened	2019
Project Cost	\$37.8 M
Funding	100% Public
Annual Attendance	247,000

The \$37.8 million ballpark itself is was funded publicly by Cumberland County through the implementation of a special tax district (i.e., tax increment financing) that encompasses the ballpark and the new mixed-use development. It is expected that 100 percent of the incremental taxes collected within the tax district will be dedicated to project funding for the first five years, decreasing to 75 percent over the following 15 years.

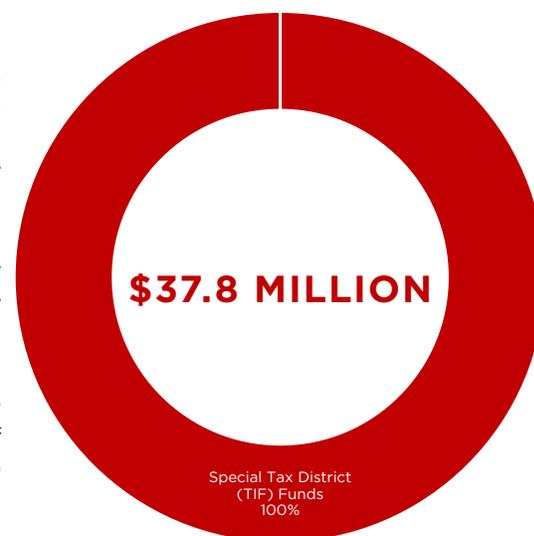
General season tickets for the Woodpeckers begin at \$625 (\$9.00 per game) for berm seating in left field and increase to \$950 (\$13.50 per game) for Diamond seats behind home plate. In addition to general seating, Segra Stadium also features a variety of premium seating options, including 110 club seats in the AEVEX Veterans Club that are sold annually for \$1,500 each (\$21.50 per game) and multiple rows of 4-Topp tables along the left field line that are sold annually for \$3,300 per table (\$12.00 per seat per game).

Additional premium options that are sold on a game-by-game basis include 10-seat dugout boxes (\$400 per game) located behind the dugouts, four 12-seat field boxes (\$480 per game) located behind home plate, and six 20-ticket luxury suites (\$900 per game) located behind home plate on the press box level. The stadium also features two group areas, including the Corona Party Deck (minimum 50 to 75 tickets, depending on the day of the week) that starts at \$50 per ticket and the Blanton’s Picnic Zone (minimum 20 tickets) that starts at \$35 per ticket. The stadium also features a variety of general admission areas, including a kid’s zone and “rocking porch” (which features multiple rocking chairs) located in left field.

Naming rights for the stadium were sold to Segra, an independent fiber bandwidth company, in 2019; terms of the naming rights agreement were not publicly disclosed.

During its inaugural season in Fayetteville, the Woodpeckers averaged approximately 3,600 attendees over its 68 game home schedule (247,000 total attendees), ranking fourth-highest in the Carolina league and 17 percent above league average. The team’s 2019 average attendance was over 10 times higher than its average attendance in 2018 (359) when it played at its temporary home on the campus of Campbell University as the Buies Creek Astros. In addition to Woodpeckers games, Segra Stadium, in its first year, also hosted a few other sporting events, such as a college baseball invitational.

Because Segra Stadium is primarily utilized as a minor league ballpark, it is not envisioned to be competitive with the proposed Multi-Purpose Event Center outside of competition for discretionary entertainment spending among local and regional residents.





## HUFF CONCERT HALL

Huff Concert Hall is a performance space located on the campus of Methodist University in northern Fayetteville (6.7 miles from Downtown Fayetteville) and is owned and operated by the University. The Hall, which can reach a capacity of 1,160, is part of the John M. Reeves Fine Arts Complex, which, in addition to the auditorium, includes a choral room / chapel, small theatre, ensemble rehearsal room, multiple music classrooms and studios, practice rooms, student lounge, and lobby/gallery.

The Huff Concert Hall serves over 20,000 guests each year through a variety of University and community performances, including concerts, orchestral and choral performances, theater productions, cultural events, lectures, conferences, church events, and symphony performances.

The Hall underwent a \$1.5 million renovation in 2016 as part of a \$41.3 million Methodist University capital campaign to fund a new sciences building, several new athletic facilities, and other renovations to the Reeves Fine Arts Complex. The \$1.5 million renovation was funded through a single donation from Linda and Ralph Huff, for whom the Hall was re-named as a result of their contribution.

The Huff Concert Hall is expected to be limitedly competitive with the proposed Multi-Purpose Event Center but is unlikely to impact Center utilization significantly due to the envisioned size of the facility (i.e., capacity of at least 2,000) and due to event prioritization (i.e., university events). Additionally, given the types of events typically hosted at Huff Concert Hall, including many university events and smaller local performances, it is unlikely that the introduction of the proposed Multi-Purpose Event Center would impact the utilization at the Concert Hall.

HUFF CONCERT HALL	
Capacity	1,160
Year Renovated	2016
Renovation Cost	\$1.5 M
Funding	100% Private
Annual Attendance	20,000



## CAPE FEAR REGIONAL THEATRE

Cape Fear Regional Theatre is a theater production company founded in 1962 that owns and operates a three-story complex near downtown Fayetteville with a 300-seat main stage theater. The company produces a six-show series for its main stage each year that, along with its various outreach and educational programs, attract a total of approximately 49,000 attendees, including 15,000 students.

CAPE FEAR REGIONAL THEATRE	
Capacity	300
Year Opened	1962 (2012 Renovation)
Annual Attendance	49,000

The theater space originally opened in 1962 as the Fayetteville Little Theatre but changed names in 2012 after modest renovations to the adjacent buildings and after its famed creative director of 50 years, Bo Thorp, retired.

For its 2019-20 season, the Theatre offers season tickets in four- and three-show packages. Four-show packages are \$110 (\$95 for “limited” shows on Wednesdays, Thursdays, or Sundays only), while three-show packages are \$90 (\$75 for limited shows). Example shows during the 2019-20 season included “Mamma Mia!”, “Shrek: The Musical”, and “Murder For Two”.

For the 2018-19 season, the Theatre earned 10 Broadway World awards for the Raleigh Metroplex region, and nine Theater alumni performed on national tours and/or Broadway productions. In the same season, the company generated approximately \$1.5 million in revenue, approximately 53 percent of which was derived from ticket sales, and operated at an approximately three percent loss. In addition to revenue from ticket sales, the Cape Fear Regional Theatre is partially funded through the Cumberland County Arts Council via 25 percent of occupancy (hotel) tax collections.

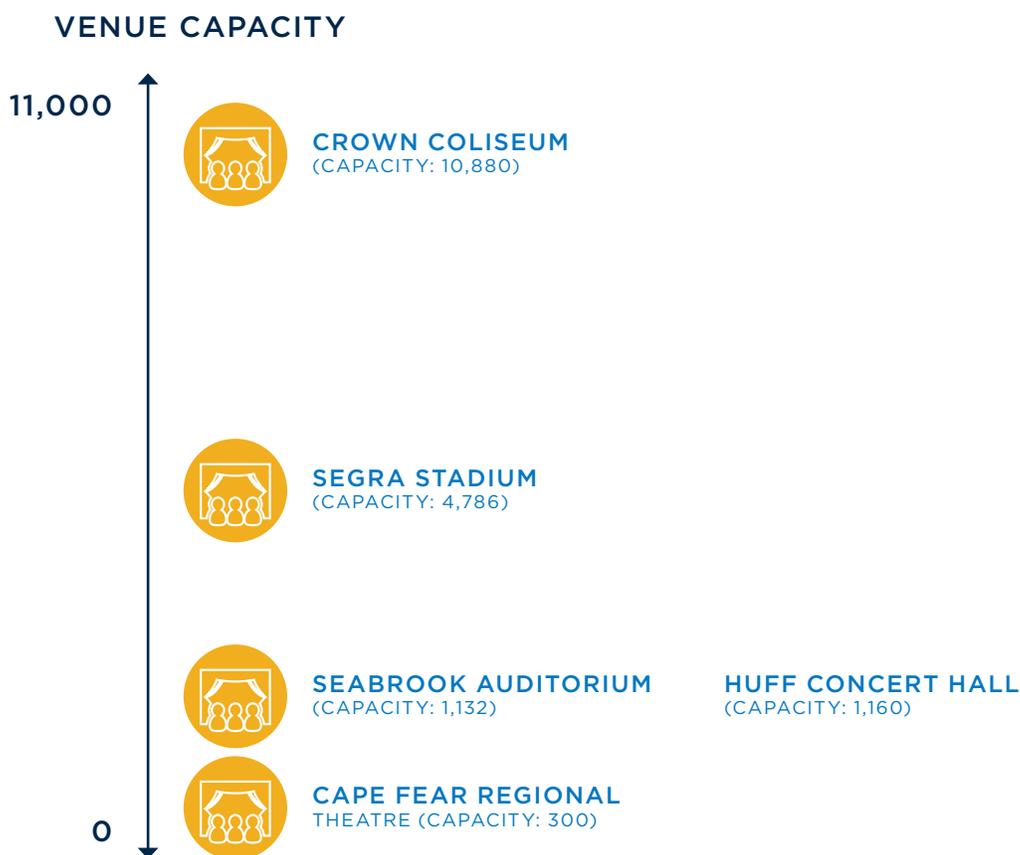
Due to the size of the theater, it is not envisioned that the Theatre and proposed Multi-Purpose Event Center would not be directly competitive with one another, instead likely serving as complementary partners within the greater Fayetteville region. The presence of the Cape Fear Regional Theatre, in conjunction with the new Multi-Purpose Event Center, will be an important contributor to the growing vibrant art market within the Fayetteville area.

# SUMMARY

The following charts depict a summary of key building program and utilization characteristics of the identified competitive venues.

## CAPACITY

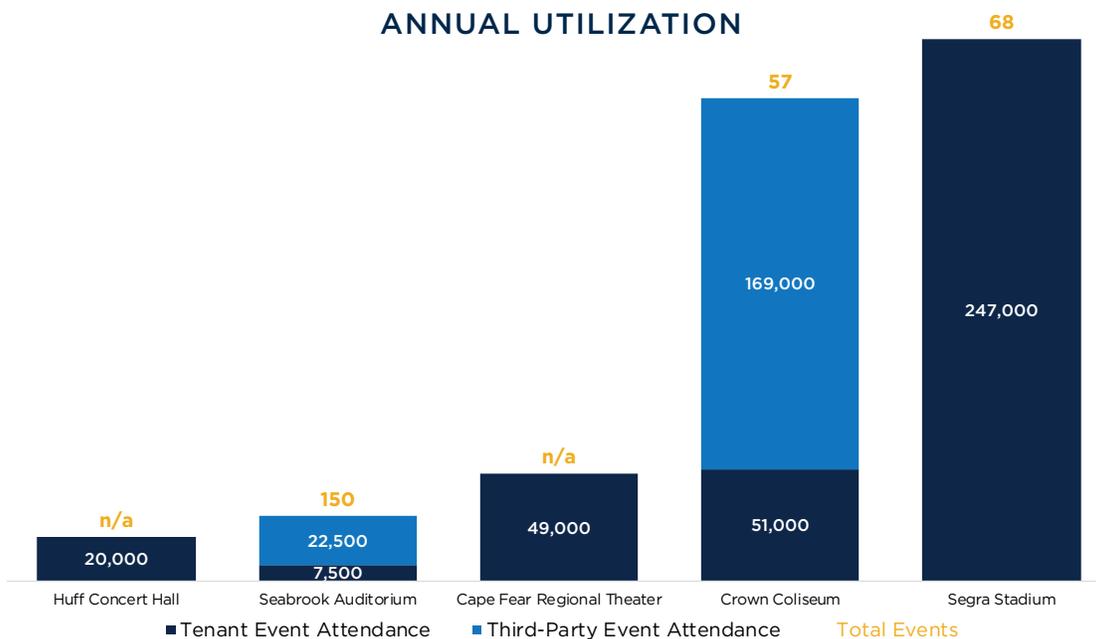
The total capacities of competitive facilities can provide an indication of the market needs in terms of building program for the proposed Multi-Purpose Event Center. The chart below depicts the capacity among identified competitive facilities.



As shown, competitive venues range in capacity from 300 (Cape Fear Regional Theatre) to 10,880 (Crown Coliseum), resulting in an average and median capacity of 3,652 and 1,160, respectively. Because of the wide range in performing arts facilities in the local and regional market, there is a market niche for a new venue with capacity between 1,200 and 10,000. While there are venues in the local and regional area that could host smaller scale events, their operational mission is different than what is envisioned for the proposed Multi-Purpose Event Center as they focus on University events and/or small-scale Broadway and other performances.

## UTILIZATION

The chart below depicts the annual utilization in terms of total attendance and events at the identified competitive venues.



As shown above, the average annual attendance among identified comparable facilities is approximately 113,000, ranging significantly from 20,000 at Huff Concert Hall to 247,000 at Segra Stadium. Of the two venues that host non-tenant or non-university events (Seabrook Auditorium and Crown Coliseum), on average, approximately 82 percent of attendance is derived from non-tenant events. Annual event totals were available for three of the identified competitive venues, the average for which is 92 events, ranging from 57 events at the Crown Coliseum to 150 total events at Seabrook Auditorium.

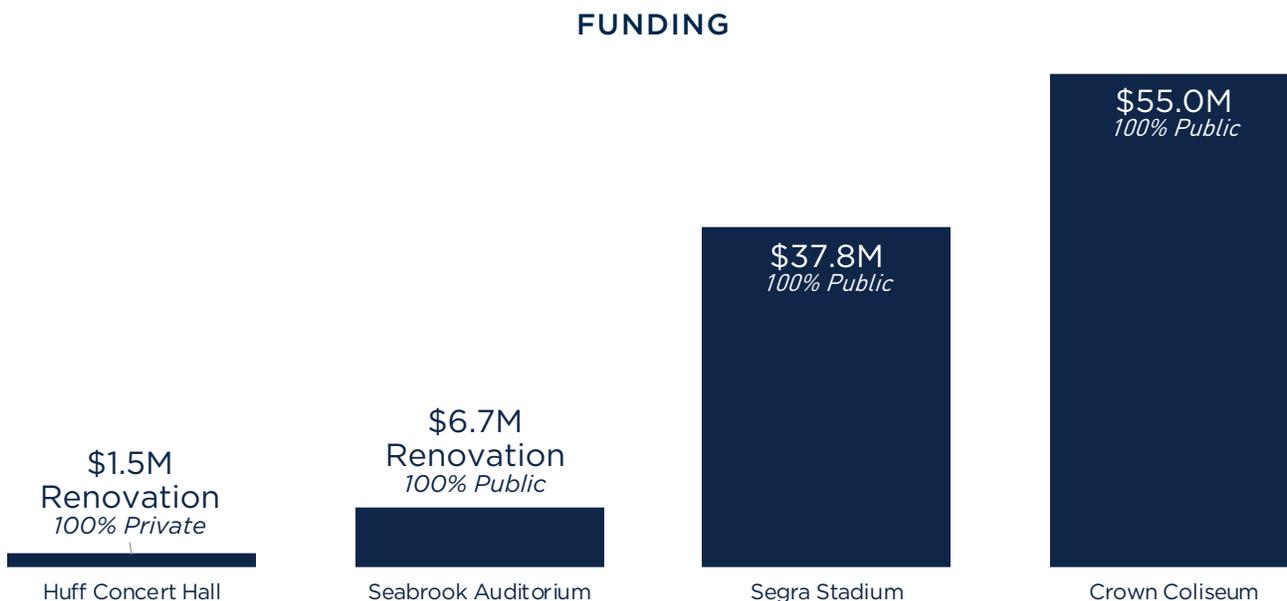
Event priorities for the identified venues range meaningfully from hosting small, in-house theater productions or University theater/choral performances to larger events such as sporting events or arena concerts. While the competitive facilities are envisioned to compete with the proposed Multi-Purpose Event Center for local entertainment spending and spectators, due to this variation in event type and scheduling priorities, none of the identified venues are likely to compete with the proposed Multi-Purpose Event Center at a high level in terms of utilization.

Because the competitive venues are either purpose-built for another use (i.e., Segra Stadium), are small theaters (i.e., 300 to 1,100 seats), or have slightly different operational focus, a Multi-Purpose Event Center with at least 2,000 seats, as is initially envisioned by project stakeholders, would likely not face meaningful competitive pressures from local venues.

Given that the envisioned competitive venues all aim to support the arts and other entertainment opportunities throughout the greater Fayetteville area, it is possible that many of these venues, especially the smaller theaters, could serve as complementary facilities to the proposed Multi-Purpose Event Center, much in the same way that the Durham Performing Arts Center has complemented and co-promoted with the Carolina Theatre in Durham, NC. According to SMU DataArts, which provides annual Arts Vibrancy scores for communities around the country, the creation of additional supply of arts venues within a community can positively contribute to a more vibrant arts community, which can affect the health and sustainability of all arts organizations in the area.

## FUNDING

The chart below depicts the total project cost and funding breakdown for the construction or recent renovation of select competitive facilities.



*Construction cost data for the Cape Fear Regional Theatre was not available at the time of the writing of this report.*

As shown, the average construction cost for new venues (Segra Stadium and the Crown Complex) is \$46.4 million, and each facility was fully publicly funded using tax increment financing and food & beverage and occupancy tax increases, respectively. During the wake of COVID-19, revenue generation from these public sources derived from taxation are likely to be negatively impacted, highlighting the risk of relying on public source for project funding.

The average renovation cost for Huff Concert Hall and Seabrook Auditorium was \$4.1 million. Huff Concert Hall renovations were funded entirely through a single title donation while Seabrook Auditorium renovations were funded publicly through State contributions.

# REGIONAL COMPETITION

In addition to local competition in terms of event and attendance utilization, the proposed Multi-Purpose Event Center is also expected to face competition from regional facilities, which will compete largely for a limited supply of touring events, including Broadway, theater, concerts, family shows, performing arts, etc.

Accordingly, the chart below depicts the potential competitive performing arts centers and theaters within the regional Fayetteville area (approximately 300-mile radius).

**REGIONAL PERFORMING ARTS CENTERS & THEATERS**

Venue	Location	Setting	Level of Competition	Total Capacity	Distance from Fayetteville (miles) <sup>(1)</sup>
Carolina Civic Center	Lumberton, NC	Historic Theater	Limited to None	440	35
Givens Performing Arts Center	Pembroke, NC	Collegiate	Limited	1,600	39
Mann Center of North Carolina	Sanford, NC	Non-Profit / Private	Limited to None	300	40
Fuquay-Varina Arts Center	Fuquay-Varina, NC	Arts Center	Limited to None	294	41
Owens Auditorium at BPAC	Pinehurst, NC	Collegiate	Limited to None	600	42
Garner Performing Arts Center	Garner, NC	Municipal	Limited to None	471	57
Paramount Theatre	Goldsboro, NC	Historic Theater	Limited to None	501	59
Duke Energy Center for the Performing Arts	Raleigh, NC	Municipal	Moderate	2,277	61
Durham Performing Arts Center	Durham, NC	Municipal	Moderate	2,712	75
Francis Marion University Performing Arts Center	Florence, SC	Collegiate	Limited	850	88
Kenan Auditorium	Wilmington, NC	Collegiate	Limited	1,000	91
Jones Performing Arts Center	Louisburg, NC	Collegiate	Limited	1,200	93
Steven Tanger Center for the Performing Arts	Greensboro, NC	Municipal	Moderate	3,000	94
Kannapolis Performing Arts Center	Kannapolis, NC	High School	Limited to None	1,900	122
Ovens Auditorium	Charlotte, NC	Municipal	Moderate	2,403	126
Belk Theater	Charlotte, NC	Private	Moderate	2,100	130
Knight Theater	Charlotte, NC	Private	Limited	1,191	131
Township Auditorium	Columbia, SC	Municipal	Moderate	3,072	165
North Charleston Performing Arts Center	North Charleston, SC	Municipal	Moderate	2,341	200
Charleston Music Hall	Charleston, SC	Historic Theater	Limited to None	965	201
Peace Center Concert Hall	Greenville, SC	Private	Limited	2,115	237
Harrah's Cherokee Resort Event Center	Cherokee, NC	Casino	Limited	3,000	310
<b>AVERAGE</b>				<b>1,561</b>	<b>111</b>
<b>MEDIAN</b>				<b>1,400</b>	<b>92</b>

**VENUES WITH MODERATE COMPETITIVE IMPACTS TO THE PROPOSED MULTI-PURPOSE EVENT CENTER IN FAYETTEVILLE, NC.**

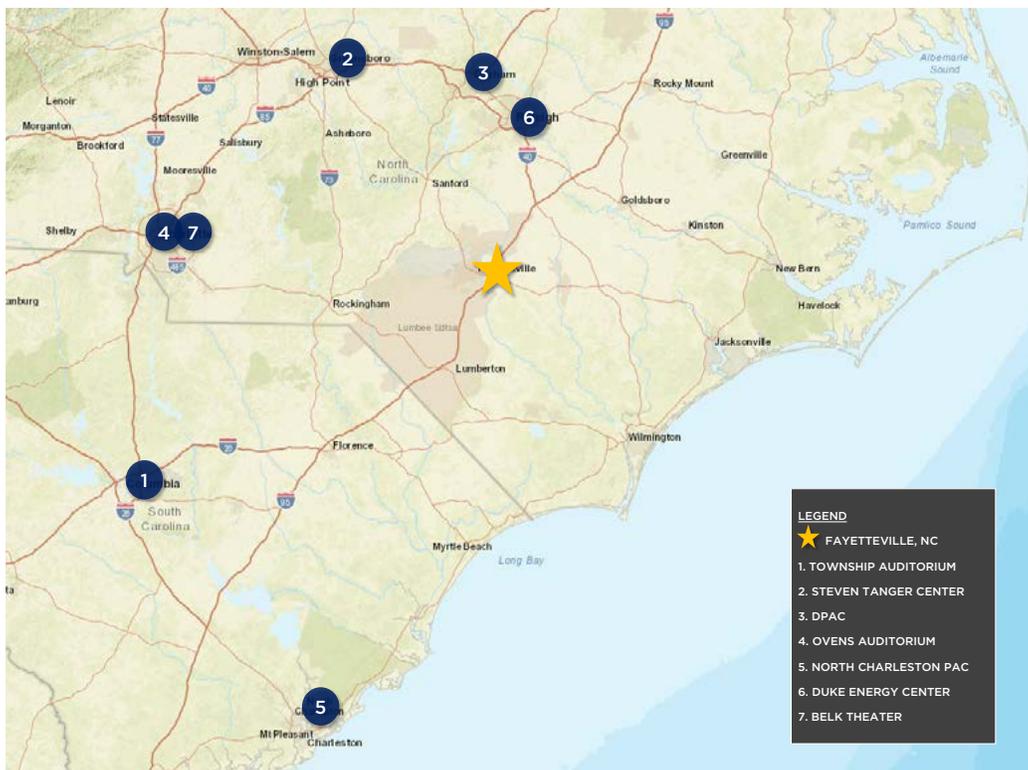
Note: Sorted by distance from Fayetteville, NC.

(1) Source: Google Maps.

Note: Sorted by distance from Fayetteville, NC.

As shown above, there are 22 regional performing arts centers and theaters within 300 miles of Fayetteville, including 13 within 100 miles of Fayetteville. Of the 22 facilities, seven have been identified as at least moderately competitive based on venue setting (e.g., non-collegiate, etc.), total capacity (i.e., between 1,500 and 3,000), and distance from Fayetteville.

While these moderately-competitive venues will likely compete with the proposed Multi-Purpose Event Center in terms of the ability to book touring events, it is also possible that these venues can be complementary to the proposed Multi-Purpose Event Center with the ability to route touring shows from venue to venue within the region. The map below depicts the moderately-competitive regional venues in relation to Fayetteville to depict potential tour routing.



As shown above, most of the identified competitive regional venues are located between 50 and 100 miles away from each other, which prevents any of them from competing directly in terms of attendance utilization. Because their primary markets (i.e., typically within a one-hour drive time) do not overlap, these venues serve primarily as complementary venues allowing for a natural tour route between them for popular touring events such as Broadway shows or concerts.

While Fayetteville is similarly located at least 50 miles away from any of the regionally competitive venues, the wide availability of high-quality performing arts centers within the region could represent a source of meaningful competition for the proposed Multi-Purpose Event Center in terms of the ability to attract touring shows such as concerts and Broadway shows. That said, should the proposed Multi-Purpose Event Center be able to effectively compete within the regional market, it is likely that the venue could naturally fit into these existing tour routes, such as from Raleigh to Charlotte or Columbia. Under such a scenario, these identified competitive venues would likely serve more as complementary facilities. Additionally, due to Fayetteville’s proximity to the coastal Carolina cities relative to the regional competition, the proposed Multi-Purpose Event Center could draw attendees from these smaller markets, such as Myrtle Beach, Wilmington, and Jacksonville, which do not have primary Multi-Purpose Event Centers within their markets.

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*Local market conditions and competition are considered together with the historical operations of comparable venues to draw conclusions regarding the market potential for the proposed Multi-Purpose Event Center in Cumberland County*



**PERFORMING  
ARTS CENTER  
BENCHMARKING**

## COMPARABLE FACILITIES

The purpose of this section is to provide an assessment of the physical, operational, and financial characteristics of comparable performing arts centers to serve as a benchmark to assess the viability of the proposed Multi-Purpose Event Center in Fayetteville, NC. These venues were identified based on a combination of the following physical and/or operational criteria:

- venues built or renovated within the past 20 years;
- located in similar markets in terms of population and diversity;
- approximate capacity of 1,500 to 3,000 seats;
- other physical and programming characteristics;
- similar performing arts venues located in the regional Fayetteville area; and,
- other venues identified by project stakeholders for further research and analysis.

The following table presents a summary of 10 selected venues that were subject to further case study analysis.

### COMPARABLE FACILITIES

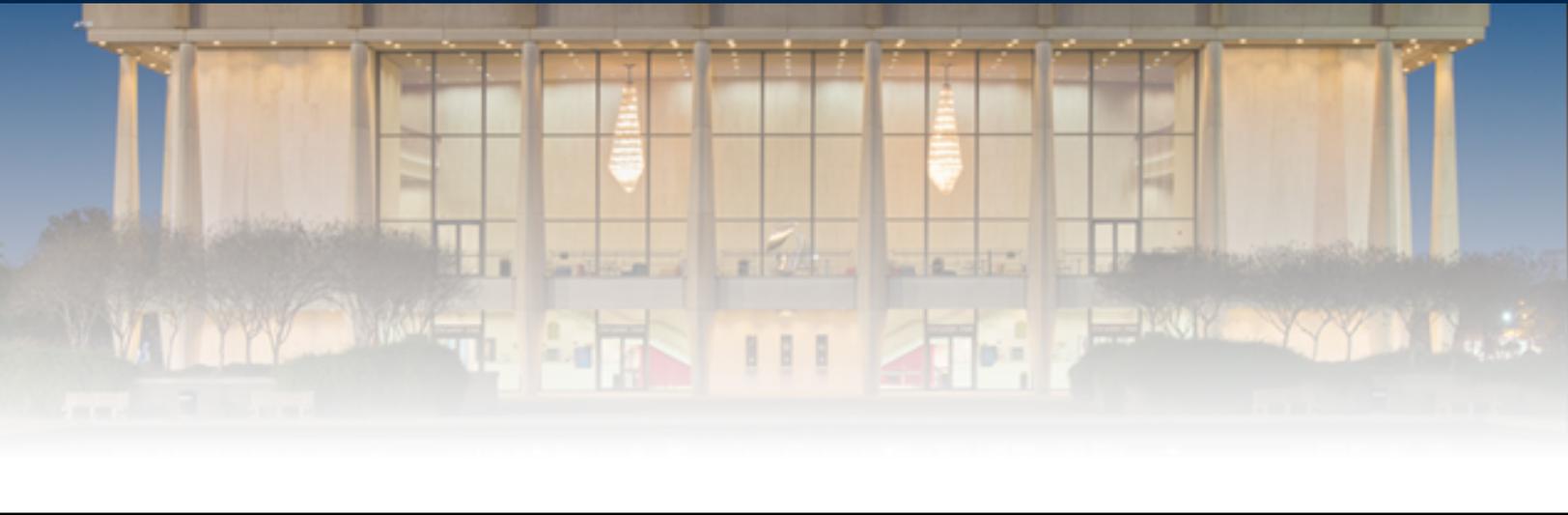
Venue	Location	Year Opened / (Renovated)	Capacity	60-Minute Drive Time Population
Chrysler Hall	Norfolk, VA	1971 (2022)	2,473	1.7 M
Ovens Auditorium	Charlotte, NC	1955 (2020)	2,403	2.6 M
Steven Tanger Center for the Performing Arts	Greensboro, NC	2020	3,000	2.1 M
William B. Bell Memorial Auditorium	Augusta, GA	1938 (2019)	2,690	0.7 M
Township Auditorium	Columbia, SC	1930 (2009)	3,072	1.1 M
Durham Performing Arts Center	Durham, NC	2008	2,712	2.4 M
Sandler Center for the Performing Arts	Virginia Beach, VA	2007	1,308	1.6 M
Fox Cities Performing Arts Center	Appleton, WI	2002	1,964	0.9 M
Duke Energy Center for the Performing Arts	Raleigh, NC	1932 (2001)	2,277	2.3 M
North Charleston Performing Arts Center	N. Charleston, SC	2000	2,341	0.8 M
<b>AVERAGE</b>		<b>2011</b>	<b>2,424</b>	<b>1.6 M</b>

*Note: Ordered by Year Opened/(Renovated)*

*Note: For complexes with multiple venues, capacity reflects that of the main performance halls.*

*Note: Fayetteville 60-minute drive time population is approximately 1.1 million.*

The remainder of this section provides in depth case studies of the identified comparable venues.



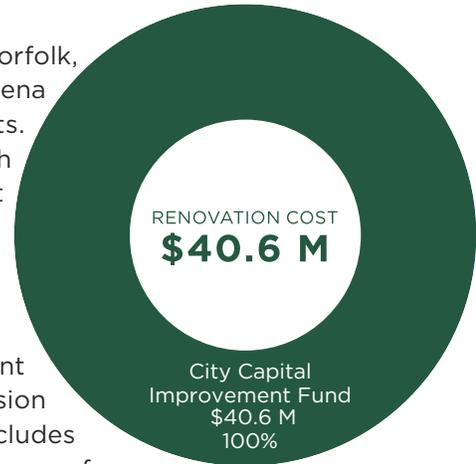
VENUE NAME	LOCATION	YEAR OPENED / (RENOVATED)	RENOVATION COST	FUNDING	CAPACITY
Chrysler Hall	Norfolk, VA	1971 (2022)	\$40.6 M	% Public:100% % Private:0%	2,473
OWNER	OPERATOR	SETTING	EVENTS	ATTENDANCE	FINANCIAL OPERATIONS
City of Norfolk	SevenVenues	Downtown	180	235,000	N/A

Opened in 1971, Chrysler Hall is a 2,473-seat theater located in downtown Norfolk, Virginia, and is situated adjacent Norfolk Scope, an 11,000-seat multi-purpose arena that is home to a minor league hockey tenant and a variety of third-party events. The venue is owned by the City of Norfolk and operated by SevenVenues, which serves as the Entertainment Bureau for the City of Norfolk under the Department of Cultural Facilities, Arts, and Entertainment. The facility is home to the Virginia Symphony Orchestra, Virginia Ballet, Norfolk Forum, Broadway in Norfolk, Generic Theater, and the Virginia Arts Festival.

A planned renovation in 2022 is expected to include an approximate eight percent increase in capacity to 2,665 seats, the addition of new restroom facilities, expansion of the lobby, and upgrades to other building systems. The renovation also includes the construction of a 2,400 square foot performance venue and rehearsal space for the symphony. All funding for the \$40.6 million renovation is expected to come from the City’s Capital Improvement Fund, which is financed via a variety of public sources, including general fund surplus cash contributions and allocations from a variety of City-operated funds, including parking facilities, public amenities, storm water management, waste water utility, and water utility, among others.

Currently, the 2,473-seat venue has seats located across four levels including: orchestra (1,340 seats), dress circle (412 seats), balcony (583 seats), and pit (138 seats). In terms of artist/tenant accommodations, Chrysler Hall is equipped with 11 dressing rooms, ranging in size from a capacity of two to 24.

In 2019, Chrysler Hall hosted 180 ticketed events that had an average paid attendance of 1,306 (total annual attendance of approximately 235,000) and an average ticket price of \$52. The events consisted of 145 Broadway shows (81 percent), 23 concerts (13 percent), six family shows (three percent), and six other entertainment acts (three percent). A variety of acts have played Chrysler Hall including Hamilton, Wicked, Fiddler on the Roof, Steve Martin, Martin Short, Gladys Knight, and Styx, among others.





Chrysler Hall features the Stage Left Lounge, a premium amenity located on the balcony level of the complex. The Lounge offers early entry to Chrysler Hall, use of the lounge 90 minutes prior to performance and during intermissions, two complimentary beverages (including beer and wine), a selection of hors d'oeuvres and desserts, and private restrooms. Lounge passes can be purchased by any ticket buyer as an upgrade on an event-by-event basis. The Lounge is offered on an event-by-event basis for an additional \$38.50 per ticket. Chrysler Hall is operated as one of seven cultural facilities by the City's organization SevenVenues. As such, financial information related to venue operations could not be separated. Overall, the Department of Cultural Facilities, Art & Entertainment, which mainly includes SevenVenues, has an annual budget of approximately \$6.4 million.

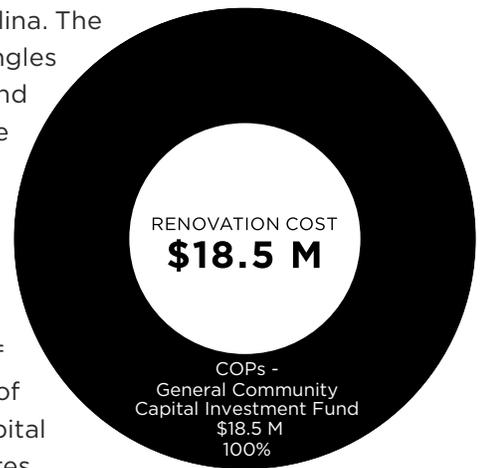




VENUE NAME	LOCATION	YEAR OPENED / (RENOVATED)	RENOVATION COST	FUNDING	CAPACITY
Ovens Auditorium	Charlotte, NC	1955 (2020)	\$18.5 M	% Public:100% % Private:0%	2,403
OWNER	OPERATOR	SETTING	EVENTS	ATTENDANCE	FINANCIAL OPERATIONS
City of Charlotte	Charlotte Regional Visitors Authority	City	118	190,000	Break Even

Ovens Auditorium is a civic auditorium/theater located in Charlotte, North Carolina. The facility opened in 1955 in conjunction with the opening of the 8,600-seat Bojangles Coliseum, providing the City of Charlotte its first major civic auditorium and dedicated sports venue. The Auditorium is approximately 68,452 gross square feet and has a capacity of 2,403.

In 2002, a \$5.0 million renovation of Ovens Auditorium was completed which included improvements to restrooms and other facilities within the venue. A new building, called The Link is being added to connect Ovens Auditorium to Bojangles Coliseum and is expected to be complete by 2020 at a cost of \$18.5 million. The project is being funded through \$18.5 million in Certificate of Participation bonds backed by the City of Charlotte General Community Capital Investment Fund, which is supported through a portion of City property tax rates.



The addition will create 6,000 square feet of multi-purpose hospitality space and is expected to be utilized as pre-event space and potential event rentals, while also adding kitchen and production space, create additional restroom capacity and concession points of sale, and ease the ingress and egress crowd circulation for both the Auditorium and Coliseum.

In 2019, CRVA and Bojangles signed a 10-year naming rights deal, worth \$2.85 million (\$285,000 annually), to name the campus of the Coliseum and Auditorium, The Bojangles' Entertainment Complex.

The Auditorium's 2,403 seats are located across three levels including: orchestra (1,309 seats), mezzanine (595 seats), and balcony (474 seats). In addition, the complex contains 25 ADA wheelchair accessible seats. In terms of performer accommodations, the Auditorium is equipped with seven dressing rooms.



In 2019, Ovens Auditorium hosted 127 events, 118 of which were ticketed events (93 percent) which had an average paid attendance of 1,610 and an average ticket price of \$50. Events consisted of 63 concerts (53 percent), 48 Broadway shows (41 percent), four family shows (three percent) and four other entertainment acts (three percent). A variety of acts have played Ovens Auditorium including Aziz Ansari, Bob Dylan, Dancing with the Stars, and PJ Masks Live!, among others.

Season membership packages are sold in quantities of eight- and-nine show Broadway series packages, varying in price based on seat location. Eight-show season packages range in price from a low of \$253 (\$32 per show) to a high of \$915 (\$114 per show). Nine-show season packages range in price from a low of \$285 (\$32 per show) to a high of \$1,018 (\$113 per show). Season membership holders receive a guaranteed seat location, access to seats with the best sightlines and access to invitation-only events. Ovens Auditorium does not include any premium seating.

The CRVA operates four venues: Ovens Auditorium, Bojangles Coliseum, the NASCAR Hall of Fame, and the Charlotte Convention Center. In FY19, the four venues operated at a \$1.8 million deficit, generating \$30.5 million in operating revenue and \$32.3 million in operating expenses. In FY19, Ovens Auditorium operated at a fiscal break even, generating a total \$2.5 million in both operating revenues and expenses.

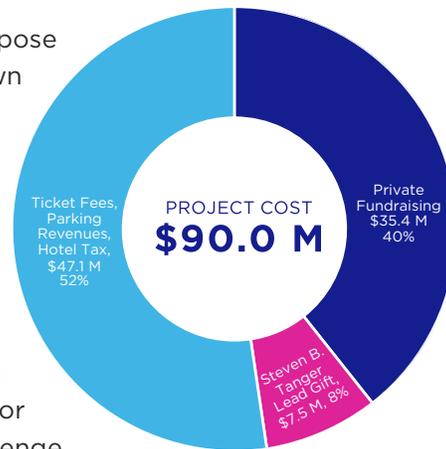




VENUE NAME	LOCATION	YEAR OPENED	PROJECT COST	FUNDING	CAPACITY
Steven Tanger Center for the Performing Arts	Greensboro, NC	2020	\$90.0 M	% Public: 52% % Private: 48%	3,000
OWNER	OPERATOR	SETTING	EVENTS	ATTENDANCE	FINANCIAL OPERATION
City of Greensboro	City of Greensboro	Downtown	149	293,100	\$2.4M Revenue

The Steven Tanger Center for the Performing Arts is a new 3,000-seat multi-purpose performance venue that was scheduled to open in March 2020 in downtown Greensboro, North Carolina, but has been postponed due to the COVID-19 outbreak. The venue replaces the 2,400-seat War Memorial Auditorium in the Greensboro Coliseum Complex.

The project cost totaled \$90 million, of which \$42.9 million was privately fundraised, and the remaining \$47.1 was funded via City of Greensboro limited obligation bonds backed by a portion of the city’s hotel tax revenue, ticket and user fees, and premium parking fees. Private fundraising was initiated by a community challenge made by Steven B. Tanger, president, CEO and a director of Tanger Factory Outlet Centers, who announced his own \$7.5 million challenge pledge, contingent on fundraisers collecting a total of \$35 million in private support. That contingent fundraising eventually totaled \$35.4 million, and, with the additional \$7.5 million from Steven Tanger, the success of the private fundraising efforts resulted in the biggest private-public partnership in Greensboro’s history.



The venue’s 3,000 seats are located across three levels including: orchestra (960 seats), grand tier (1,246 seats), and loge (794 seats). The facility features an 8,000 square foot limestone and glass lobby, Philips Hall, and over 325 on-site parking spaces.



The Tanger Center will host primarily touring shows, including Broadway acts, concerts, and comedy shows, as well as accommodate regional and local productions. The facility is projected to host 149 events in year three of operations, generating 293,100 total attendees (approximately 1,970 per event). During the Center's first season of operations will feature six premier Broadway shows. Broadway shows expected to be hosted during the Center's inaugural season include: *Wicked*, Disney's *The Lion King*, *Dear Evan Hansen*, *Beautiful-The Carole King Musical* *Come from Away*, and *Mean Girls*. The concerts, comedy and family shows that were originally scheduled for the 2020 season include Jay Leno, *Sesame Street Live*, *Celtic Woman*, *The Price is Right Live*, and *The Bachelor Live*.

The Tanger Center offers a membership program for 138 seats located within the orchestra level at a cost of \$1,000 per seat. The purchase of a membership includes tickets to each of six Broadway shows, President's Club lounge access, VIP parking, and first right to purchase other ticketed events.

According to a 2012 study commissioned by the City of Greensboro, the Center is expected to operate at an \$86,000 deficit during the first stabilized year of operations (year three of operations), generating approximately \$2.4 million in operating revenues while incurring \$2.5 million in operating expenses. The Center was estimated to reach positive net operating income by year five.





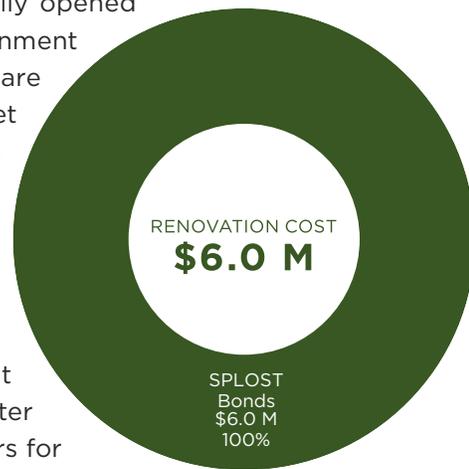
VENUE NAME	LOCATION	YEAR OPENED / (RENOVATED)	RENOVATION COST	FUNDING	CAPACITY
William B. Bell Memorial Auditorium	Augusta, GA	1938 (2019)	\$6.0 M	% Public:100% % Private:0%	2,690

OWNER	OPERATOR	SETTING	EVENTS	ATTENDANCE	FINANCIAL OPERATION
Augusta-Richmond County	Coliseum Authority	Downtown	56	70,300	\$0.6M Deficit

Located in Augusta, Georgia, the William B. Bell Memorial Auditorium originally opened in 1938 and has a capacity of 2,690. The theater is part of the Augusta Entertainment Complex, which houses the 8,000 seat James Brown Arena and a 14,600 square foot exhibition hall. The Auditorium comprises approximately 10,000 square feet and is home to the Symphony Orchestra Augusta’s Pops! series. The facilities are owned by Augusta-Richmond County Coliseum Authority and operated by Spectra.

In 2016, the Richmond County Coliseum Authority issued a total of \$6 million in Special Purpose Local Option Sales Tax (“SPLOST”) bonds to fund renovations to the facility in 2019. Renovations included new carpeting, the addition of permanent sound and lighting equipment, and a new large curtain, which can cut off the theater and change the capacity of the venue for different shows. In addition, new chairs for floor seating and a new chiller unit improving the air circulation within the venue were added.



The 2,690 seats are located across two levels including: floor (700 seats) and balcony (1,990 seats). In addition, the Auditorium features a proscenium stage and ten dressing rooms.

In 2019, William B. Bell Memorial Auditorium hosted 70 events, of which 56 were ticketed, and attracted over 70,000 annual attendees. Ticketed events had an average paid attendance of 1,256 and an average ticket price of \$56 and consisted of 19 Broadway shows (34 percent), 16 concerts (29 percent), 11 other entertainment acts (20 percent) and 10 family shows (18 percent). A variety of acts have played William B. Bell Memorial Auditorium including Diana Ross, The Beach Boys, Kevin Gates, The Sound of Music, and Paw Patrol Live!, among others.

The Auditorium does not include premium seating amenities.

In FY19, the Augusta Entertainment Complex generated \$1.9 million in gross revenue, while incurring \$2.5 million in total operating expenses resulting in an approximate \$590,000 operating deficit.





VENUE NAME	LOCATION	YEAR OPENED / (RENOVATED)	RENOVATION COST	FUNDING	CAPACITY
The Township Auditorium	Columbia, SC	1930 (2009)	\$12.1 M	% Public:100% % Private:0%	3,072

OWNER	OPERATOR	SETTING	EVENTS	ATTENDANCE	FINANCIAL OPERATION
Richland County	Richland County	Downtown	48	73,500	\$0.1M income

Originally opened in 1930, Township Auditorium is a historic, 3,072-seat auditorium located in Columbia, South Carolina. The facility is owned and operated by Richland County as a non-profit facility.

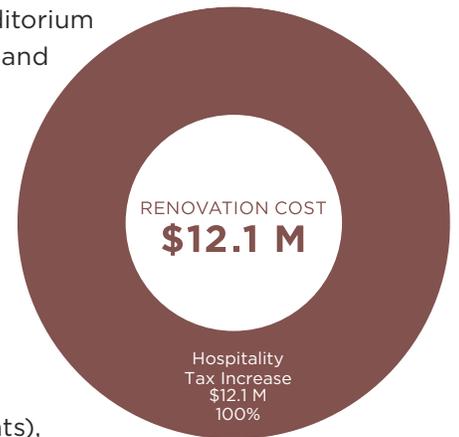
In 2009 the Auditorium closed its doors for a year and underwent a \$12.1 million renovation. The \$12.1 million renovation was funded entirely through a one percent increase to the local hospitality tax on food and beverage. The renovation included replacing all 3,072 seats in the auditorium, renovating the stage, floors, dressing rooms, box office, concession areas, and adding new theatrical rigging.

The 3,072 seats are located across four levels including: orchestra (899 seats), first balcony (1,000 seats), second balcony (778 seats), and gallery (395 seats). The Auditorium has the ability to accommodate an additional 311 patrons for shows that require general admission floor standing, increasing the capacity to 3,383 for certain events. There is approximately 6,000 square feet of exhibition space within the auditorium.

In 2019, Township Auditorium hosted 48 ticketed events. Ticketed events had an average paid attendance of 1,531 and average ticket price of \$78 and consisted of 19 Broadway shows (40 percent), 17 concerts (35 percent), nine other entertainment acts (19 percent), and three family shows (six percent). A variety of acts have played The Township Auditorium including Tyler Perry’s Madea’s Farewell Play Tour, Bring It! Live, The Charlie Wilson Band, Tony Braxton, Kidz Bob World Tour, and the 2019 Miss South Carolina Finals, among others.

Township Auditorium offers four Friends of the Township annual memberships ranging in price from a low of \$100 to a high of \$1,000. The Friends of the Township is a tax-deductible membership program that aims to provide educational outreach to the community and assistance to local non-profits in using the Auditorium. All member levels receive advance notice to purchase tickets to events, have exclusive access to the VIP Lounge & Bar and invitations to Foundation special events.

In FY18, the Township Auditorium operated at a minor profit, generating approximately \$1.7 million in total revenues, of which approximately 22 percent were generated through contributions of grants, for a net operating income of approximately \$28,000 (two percent operating margin), which is remitted to the County general fund.





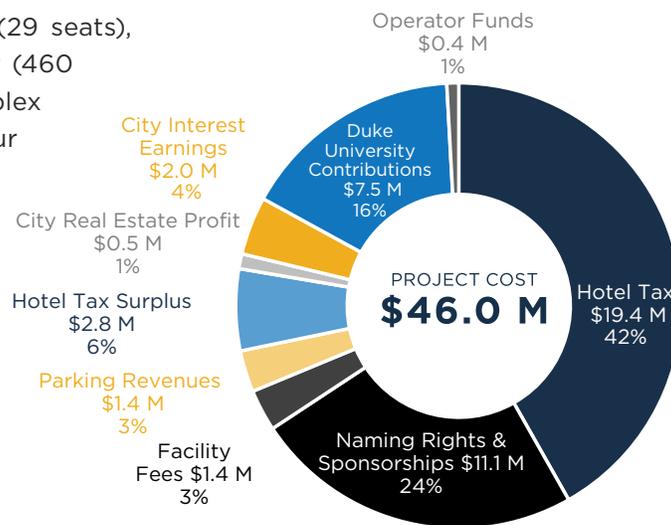


VENUE NAME	LOCATION	YEAR OPENED	PROJECT COST	FUNDING	CAPACITY
Durham Performing Arts Center (DPAC)	Durham, NC	2008	\$46.0 M	% Public:60% % Private:40%	2,712
OWNER	OPERATOR	SETTING	EVENTS	ATTENDANCE	FINANCIAL OPERATIONS
City of Durham	Nederlander	Downtown	240	522,700	\$5.0M Income

Opened in 2008 in the American Tobacco District in Durham, the 2,712-seat Durham Performing Arts Center (“DPAC”) is owned by the City of Durham and operated by the Nederlander Organizations, one of the largest operators of theaters and music venues in the United States.

DPAC was constructed at a total cost of \$46 million, with 60 percent of funding stemming from various public funding mechanisms and 40 percent of funding coming from a variety of private funding sources. Public sources included hotel tax revenues (\$19.4 million), hotel tax surplus revenues (\$2.8 million), interest earnings (\$2.0 million), parking revenues (\$1.4 million), and city real estate profits (\$500,000). Private funding was generated through the sales of naming rights and sponsorships (\$11.1 million), a contribution from Duke University (\$7.5 million), facility fees (\$1.4 million), and operator revenues (\$400,000).

The venue’s 2,712 seats are located across five levels: pit (29 seats), orchestra (1,391 seats), grand tier (519 seats), front balcony (460 seats) and rear balcony (313 seats). In addition, the complex contains four star dressing rooms, three principal rooms, four chorus rooms, a green room, and a wardrobe room.





Over the last 10 years, the venue has consistently ranked within the top 10 among worldwide theaters according to Pollstar, including first in 2011 and, most recently, fifth in 2019. During the 2018-19 season, DPAC attracted over 535,000 guests and recorded 163 total sellout performances. In 2019, DPAC hosted 240 ticket events. Ticketed events had an average paid attendance of 2,178 and an average ticket price of \$110 and consisted of 104 Broadway shows (43 percent), 67 concerts (28 percent), 45 family shows (19 percent), and 24 other entertainment acts (10 percent). A variety of acts have played DPAC including Ringo Starr, Chicago, Cats, and Jay Leno, among others.

DPAC has six Grand Suites located on the grand tier level that can be leased for \$57,500 per season. Suites offer seating for four to six and include tickets to all events, wait service, VIP parking, Johnson Lexus President's Club Hospitality Area access, and use of the theater for a private event.

DPAC also offers a membership program for the 266 seats in the first 12 rows in the center of the orchestra section. The purchase of a membership includes tickets to each of eight SunTrust Broadway shows, Johnson Lexus President's Club Hospitality Area access, complimentary parking, a \$100 food and beverage credit per seat, and first right to purchase other ticketed events. Memberships cost \$2,250 to \$3,050 per seat.

Per the management agreement, the City receives 39 percent of the first \$3.0 million in operating profit and 20 percent of remaining profit. In FY18, the most recent year for audited financial information, DPAC generated \$31.4 million in gross operating revenues and a net income, after \$2.0 million in City profit sharing, of approximately \$5.0 million.



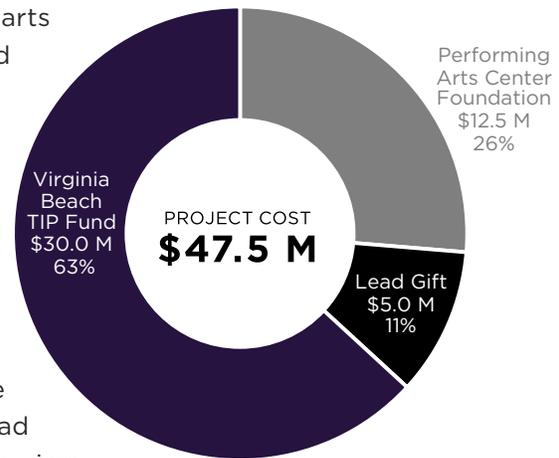


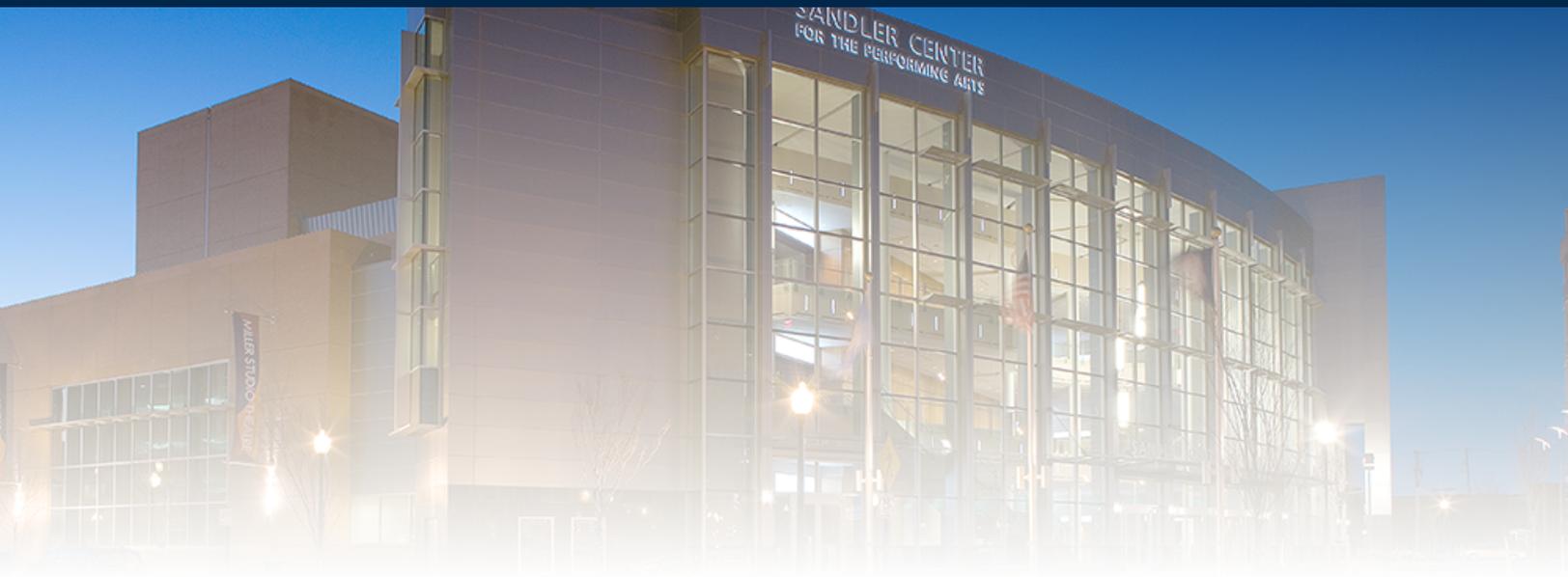
VENUE NAME	LOCATION	YEAR OPENED	PROJECT COST	FUNDING	CAPACITY
Sandler Center for the Performing Arts	Virginia Beach, VA	2007	\$47.5 M	% Public: 63% % Private: 37%	1,308
OWNER	OPERATOR	SETTING	EVENTS	ATTENDANCE	FINANCIAL OPERATIONS
City of Virginia Beach	Spectra	City	144	165,600	N/A

The Sandler Center for the Performing Arts is a 1,308-seat performing arts theater located in Virginia Beach, Virginia. The venue opened in 2007 and is owned by the City of Virginia Beach Office of Cultural Affairs and operated by Spectra. The venue is home to Ballet Virginia, Symphonocity, Tidewater Winds, Virginia Arts Festival, Virginia Beach Chorale, Virginia Beach Forum, Virginia Musical Theater, and the Governor’s School for the Arts. The facility has more than 3,000 free parking spaces within close proximity to the venue.

The cost to construct the Sandler Center for the Performing Arts totaled \$47.5 million. Funding consisted of \$12.5 million generated through private donations to the Performing Arts Center Foundation, \$5.0 million from a lead gift and \$30.0 million in contributions from the City of Virginia Beach’s Tourism Investment Program Fund (“TIP Fund”). The TIP Fund was created in 2011 to both fund construction for the Sandler Center, Convention Center, and a parking expansion for the Virginia Aquarium, and to promote tourism and growth in the Virginia Beach area. The TIP Fund is primarily funded through taxation on restaurants (1.06 of 5.5 cents), hotel rooms (five of eight percent), amusement admissions (all of 10 percent tax), and cigarette purchases (five of 65 cent tax).

The venue’s 1,308 seats are located across three levels including: orchestra (643 seats), balcony (320 seats), and mezzanine (345 seats). In addition, the Sandler Center features a 2,400 square foot studio theater that can be set up for a theatrical production, and a 900 square foot Wood Founders Room, which provides a more intimate event location for approximately 60 guests, as well as two classrooms equipped with audio and visual capabilities to accommodate a meeting or a lecture. The Sandler Center for the Performing Arts also features an art gallery on its second and third floors, with pieces of art from the Virginia Beach Public Art program.





In 2019, Sandler Center for the Performing Arts hosted 458 events, 144 of which were ticketed. Ticketed events had an average paid attendance of 1,150 and average ticket price of \$52 and consisted of 79 Broadway shows (55 percent), 36 concerts (25 percent), and 29 other entertainment acts (20 percent). A variety of acts have played Sandler Center for the Performing Arts including Travis Tritt, Three Dog Night, Michael Feinstein, among others. Non-ticketed events included a variety of senior programming, such as dance and summer camps, private rentals, and City functions and gatherings.

The Sandler Center for the Performing Arts does not include premium seating amenities.

In FY19, the Sandler Center generated approximately \$2.0 million in gross ticket revenue and generated expenses of approximately \$547,000. The Sandler Center limits its direct operational expenditures as the facility is operated by the Office of Cultural Affairs, which places some expenditures, such as staffing and other organizational aspects, on its own pro forma. Total expenditures for the Office of Cultural Affairs in FY19 was approximately \$2.7 million, the vast majority is supported through general City support.





VENUE NAME	LOCATION	YEAR OPENED	PROJECT COST	FUNDING	CAPACITY
Fox Cities Performing Arts Center	Appleton, WI	2002	\$60.2 M	% Public: 20% % Private: 80%	1,964

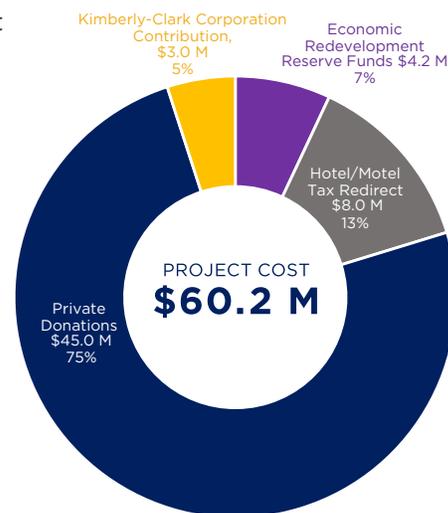
  

OWNER	OPERATOR	SETTING	EVENTS	ATTENDANCE	FINANCIAL OPERATIONS
Fox Cities Performing Arts Center, Inc.	Fox Cities Performing Arts Center, Inc.	Downtown	129	177,400	\$0.2M Deficit

Opened in 2002, the Fox Cities Performing Arts Center is a two-venue, performing arts complex, located in Appleton, Wisconsin. The venue is owned and operated by Fox Cities Performing Arts Center, Inc., a non-profit organization with a mission to serve as a community gathering place where community members can engage in educational opportunities and enhance the enjoyments of life through the creation and presentation of the arts. The facility hosts four annual series including Broadway, Boldt Arts Alive!, Spotlight, and Community First Community Engagement.

The complex is comprised of two main venues, Thrivent Hall and Kimberly-Clark Theater. Thrivent Hall is a 1,964-seat theater with seats located across four levels: the main orchestra (886 seats), dress circle (325 seats), grand tier (334 seats), and the family circle (419 seats). The Hall is equipped with three loading docks and eight dressing rooms. The Kimberly-Clark Theater is an open black box theater space equipped with retractable telescopic seating risers and a portable stage platform that is utilized for a variety of performances and community meetings. The theater has approximately 4,102 square feet of floor space and a capacity of 450.

Approximately 20 percent (\$12.2 million) of the \$60.2 million Center was funded through public mechanisms and approximately 80 percent (\$50 million) was funded through various private sources. Public funding included \$8.0 million from the City redirecting hotel/motel tax revenues and \$4.2 million in funds from the economic redevelopment reserve. Private funding sources included \$48 million in donations, \$45 million of which was raised in a fundraising campaign from over 2,700 local residents and businesses and \$3.0 million of which came from a contribution from the Kimberly-Clark Corporation.



In 2019, Fox Cities Performing Arts Center hosted 442 events, 129 of which were ticketed (29 percent). Ticketed events had an average paid attendance of 1,375 and an average ticket price of \$57 and consisted of 78 Broadway shows (60 percent), 49 concerts (38 percent), and two family shows (two percent). A variety of acts have played Fox Cities Performing Arts Center including Hamilton, Anastasia, Chicago, Goo Goo Dolls, and the Underwater Bubble Show, among others.

Season membership packages are sold for the Broadway series in quantities of five- and six-show packages, varying in price based on seat location. Five-show season packages range in price from a low of \$219 (\$44 per show) to a high of \$669 (\$134 per show). Six-show season packages range in price from a low of \$249 (\$42 per show) to a high of \$769 (\$128 per show). Season membership holders receive a guaranteed seat location, access to seats with the best sightlines, and access to invitation-only events. The Center does not include any premium seating.

According to the Center's 2018 financial statement (the latest year the data is available), the venue generated approximately \$7.7 million in revenue, including \$2.2 million in private contributions, \$3.1 million in program services, \$2.0 million in investment income, and \$400,000 from other revenue sources (such as asset sales, royalties, etc.) Operating expenses totaled approximately \$8.0 million, including \$2.7 million in salaries. The Center operated at a deficit of approximately \$243,000 in 2018.

In 2014, the Center realized a net income of approximately \$1.8 million. Private contributions to the Center have decreased significantly over the past five years. In 2014, private contributions totaled approximately \$4.5 million and in 2018, private contributions were approximately \$2.2 million, a decrease of 50 percent. With operating expenses increasing each season, the decrease in private contributions has contributed to the Center operating at a deficit the last two seasons.

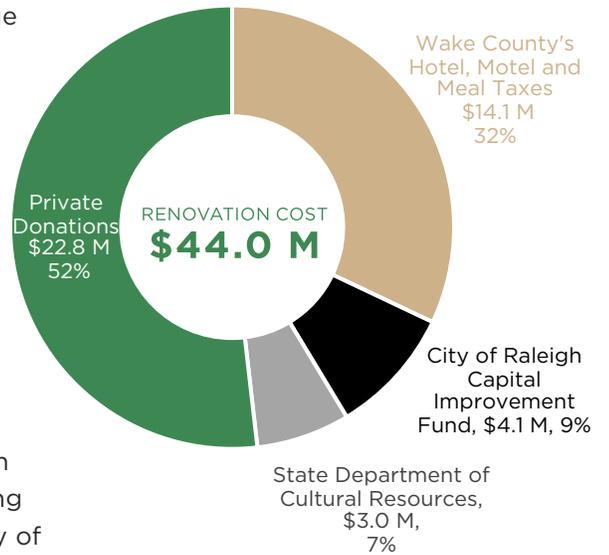




VENUE NAME	LOCATION	YEAR OPENED / (RENOVATED)	RENOVATION COST	FUNDING	CAPACITY
Duke Energy Center for the Performing Arts	Raleigh, NC	1932 (2001)	\$44.0 M	% Public: 48% % Private: 52%	2,277
OWNER	OPERATOR	SETTING	EVENTS	ATTENDANCE	FINANCIAL OPERATIONS
City of Raleigh	City of Raleigh	Downtown	192	182,000	\$0.5M Deficit

Duke Energy Center for the Performing Arts is a four-venue performing arts complex located in Raleigh, North Carolina. The complex originally opened in 1932 with the construction of the standalone Memorial Auditorium. In 2001, the complex underwent a major renovation to improve the venue and add new facilities to the complex. Today, the complex consists of Raleigh Memorial Auditorium (2,277 seats), Meymandi Concert Hall (1,747 seats), Fletcher Opera Theater (604 seats), and Kennedy Theater (200 seats). The Center home to the Carolina Ballet, North Carolina Theater, North Carolina Symphony, and the North Carolina Opera.

Project costs to add new venues and renovate Raleigh Memorial Auditorium totaled \$44 million in 2001. Funding for the expansion and improvements included \$21.2 million in public support consisting of \$14.1 in Wake County hospitality taxes, \$4.1 million from the City of Raleigh’s Capital Improvement Fund, and \$3.0 million from the State Department of Cultural Resources. The remaining \$22.8 million of project costs were funded by the private sector through founding partner contributions and private donations generated through fundraising. In 2005, Duke Energy purchased naming rights to the facility for \$375,000 annually over a 20-year period.



The main Auditorium’s 2,277 seats are distributed across four levels including: dress circle (700 seats), orchestra (688 seats), mezzanine (389 seats), and balcony (500 seats). The Auditorium is equipped with seven dressing rooms, two chorus rooms, and is supported by the additional performance spaces which offer a range of capacities from 150 to 1,700 seats to accommodate various users, as well as an outdoor plaza with a capacity for 2,000 patrons.



In 2019, the Duke Energy Center for the Performing Arts hosted 341 ticketed events, 192 of which took place in Raleigh Memorial Auditorium. Ticketed events had an average paid attendance of 948 and an average ticket price of \$48 and consisted of 106 Broadway shows (55 percent), 58 concerts (30 percent), and 29 other entertainment acts (15 percent). A variety of acts have played the Duke Energy Center for the Performing Arts including Hozier, Jason Mraz, Harry Potter in Concert, and Shen Yun Performing Arts, among others.

Duke Energy Center for the Performing Arts does not offer premium seating.

In FY19, the Duke Energy Center generated revenues of approximately \$6.5 million and expenditures of approximately \$7.0 million for a net operating loss of approximately \$468,000. Financial operations of the Duke Energy Center are controlled by the City of Raleigh Convention Center and Performing Arts Complex Operating Fund, which also financially operates the Raleigh Convention Center and the Red Hat Amphitheater. Net operating losses are covered by funding reserves from the Operating Fund. In addition to operating revenue, which accounts for approximately 40 percent, the Fund is primarily financed through the Convention Center Financing Fund, which is backed entirely through Wake County hotel-motel tax revenues (the County remits the City's portion of the taxes for this purpose).

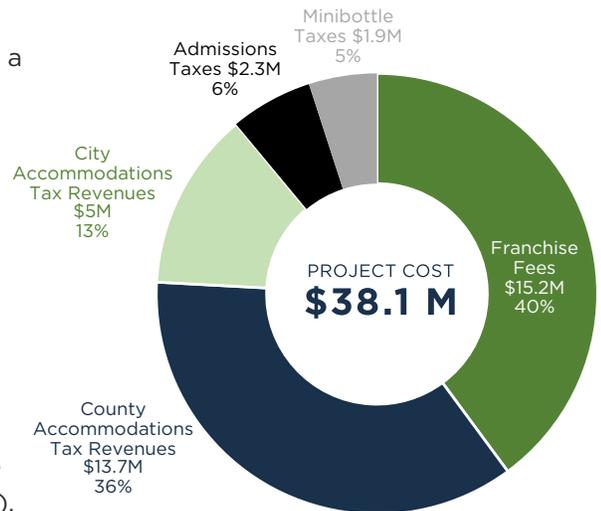




VENUE NAME	LOCATION	YEAR OPENED	PROJECT COST	FUNDING	CAPACITY
North Charleston Performing Arts Center	N. Charleston, SC	2000	\$38.1 M	% Public:100% % Private:0%	2,341
OWNER	OPERATOR	SETTING	EVENTS	ATTENDANCE	FINANCIAL OPERATIONS
City of North Charleston	SMG	Downtown	78	102,300	N/A

Opened in 2000, the North Charleston Performing Arts Center is a 2,341-seat theater that is part of the North Charleston Convention Center Complex and includes the North Charleston Coliseum (a 14,000-seat multi-purpose arena), and the 202,000 square foot North Charleston Convention Center. The Complex owned by the City of North Charleston and operated by SMG.

Along with the North Charleston Convention Center, the cost to construct the North Charleston Performing Arts Center totaled \$38.1 million. The public sector funded the entirety of the development through a variety of public revenue sources, including proceeds of a 3.0 percent franchise fee collected on the sales of businesses within the City (approximately \$15.2 million), County contributions from accommodations taxes (approximately \$13.7 million), City contributions from accommodations taxes (approximately \$5.0 million), collections from a 5.0 percent admissions tax (approximately \$2.3 million), and proceeds from a mini bottle tax levied on the sales of alcohol under two ounces in size on Sundays (approximately \$1.9 million).

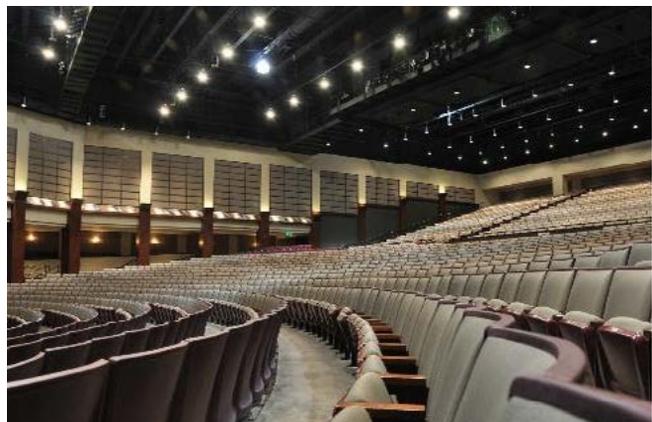
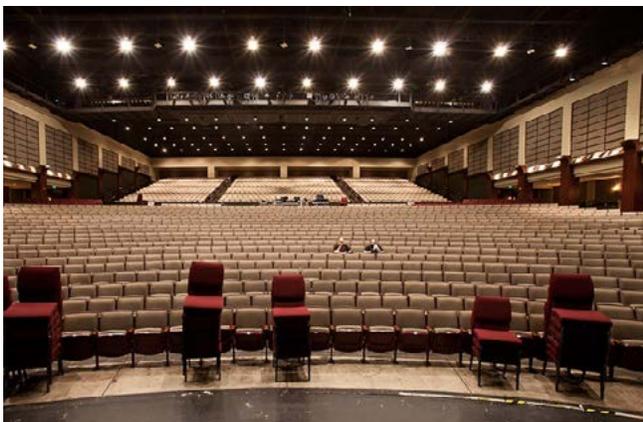




The 2,341 seats are located across three levels including: orchestra (1,306 seats), grand tier (970 seats), and pit (65 removable seats). In addition, the facility features a 110' x 40' stage, eight dressing rooms, two chorus rooms, a green room and a wardrobe room.

The North Charleston Convention Center Complex hosts approximately 300 events annually, including 78 ticketed events which consisted of 31 Broadway shows, 30 concerts, nine other entertainment acts, and eight family shows. Total attendance at the complex is approximately 300,000 annually, with ticket events comprising 34 percent of activity (102,000) in 2019. A variety of acts have played the North Charleston Performing Arts Center including Willie Nelson, Chicago, Alice Cooper, Disney's Lion King, Jersey Boys, Jerry Seinfeld, and PJ Masks Live!, among others. Ticketed events had an average ticket price of approximately \$53.00 in 2019.

The venue offers a "Best of Broadway" season ticket membership for approximately \$218 and includes a ticket to five shows (\$44 per show) for the 2020 season, including; The Lion King, Waitress, The Color Purple, Cats, and A Bronx Tale. In addition, a "Best of Broadway" membership includes free parking and a priority entrance to the Center. Additionally, the facility imposes a \$1.00 capital facilities fee on every paid ticket. Moreover, the performing arts center can be rented and utilized for an event for \$5,000 to \$20,000, depending on ticket revenue split, time of year, and event type. The North Charleston Performing Arts Center does not include any premium seating.



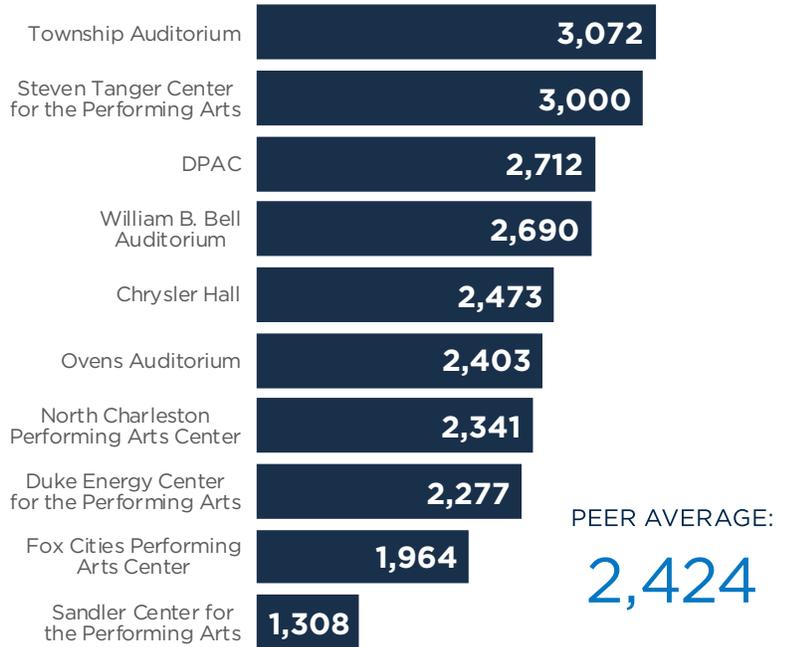
# SUMMARY

The following charts depict a summary of key building program and utilization characteristics of identified comparable venues.

## SEATING CAPACITY

In order to provide a benchmark to assess the planned seating capacity of the proposed Multi-Purpose Event Center, the chart to the right depicts the capacity of the identified comparable venue's main performance hall.

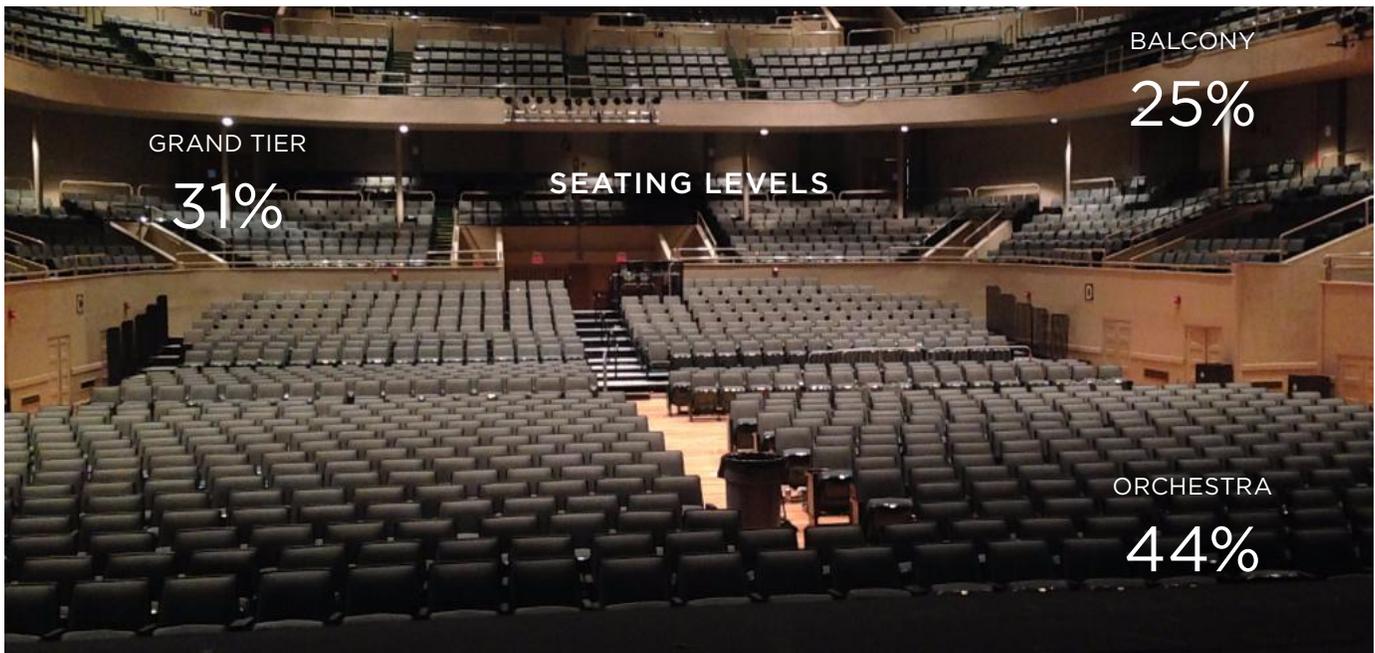
As shown, among 10 comparable venues, the average facility has a seating capacity of 2,424, ranging from a low of 1,308 at the Sandler Center for the Performing Arts in Virginia Beach, VA to a high of 3,072 at the Township Auditorium in Columbia, SC.



## SEATING LEVELS

Seating at performing arts centers are typically distributed across multiple levels. On average, comparable venues have three levels of seating, ranging from two levels to five. The most common configuration is orchestra, grand tier, and balcony.

The chart below shows the overall distribution of seats among the 10 comparable venues. As shown, 44 percent of seats are at orchestra level, 31 percent at grand tier, and 25 percent at balcony.



## OTHER FUNCTIONING SPACES

A key characteristic of performing arts centers that can impact the utilization of the venue is the inclusion of other functioning spaces within the venue such as smaller black box theaters and art galleries. The following chart depicts the number of other functioning spaces at the identified comparable venues.

### OTHER FUNCTIONING SPACES

Venue	Black Box Theater	Gallery / Exhibition Space	Meeting / Classrooms	Chorus Room / Green Room	Founders Room / Premium Lounge	Grand Lobby	Total Other Functioning Spaces (Of 6)
Duke Energy Center for the Performing Arts	✓	✓	✓	✓	✗	✓	5
Steven Tanger Center for the Performing Arts	✗	✓	✓	✓	✓	✓	5
Fox Cities Performing Arts Center	✓	✗	✓	✓	✗	✗	3
Sandler Center for the Performing Arts	✗	✓	✓	✗	✓	✗	3
Chrysler Hall	✗	✓	✗	✓	✓	✓	3
DPAC	✗	✗	✗	✓	✓	✗	2
Ovens Auditorium	✗	✓	✗	✗	✗	✗	2
Township Auditorium	✗	✓	✗	✗	✓	✗	2
North Charleston Performing Arts Center	✗	✗	✗	✓	✗	✗	1
William B. Bell Auditorium	✗	✗	✗	✓	✗	✗	1

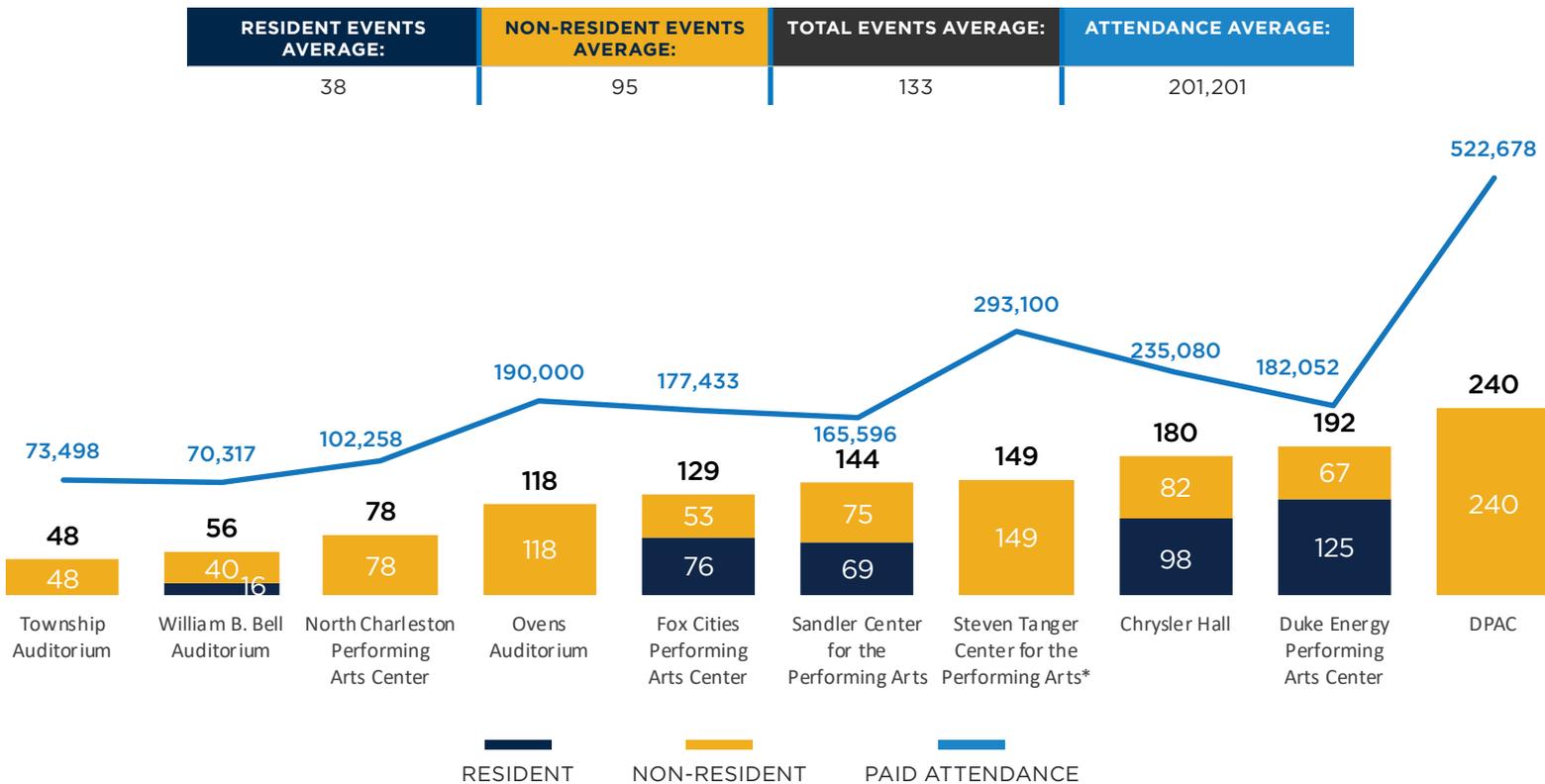
*Note: sorted by the total number of other functioning spaces at the facility.*

As shown, of the six identified functioning spaces often included in performing arts centers, comparable venues generally include an average of three other functioning spaces in addition to the main performance space, ranging from one other functioning space (North Charleston Performing Arts Center and William B. Bell Memorial Auditorium) to five spaces (Duke Energy Center for the Performing Arts and Steven Tanger Center for the Performing Arts).

## UTILIZATION

The ability of the proposed Multi-Purpose Event Center to accommodate a variety of events that generate revenues to support venue operations will be critical to its success. The following chart summarizes the resident and non-resident event activity and total attendance hosted by comparable venues in a recent year of operations.

### ANNUAL UTILIZATION (TICKETED EVENTS)



Note: (\*) Utilization figures are based on estimates. The opening of the Steven Tanger Center for the Performing arts has been delayed due to COVID-19.

Overall, annual event activity at comparable performing arts centers averaged 133 events (median of 137 events) per year, ranging from a low of 48 events at Township Auditorium to a high of 240 events at DPAC.

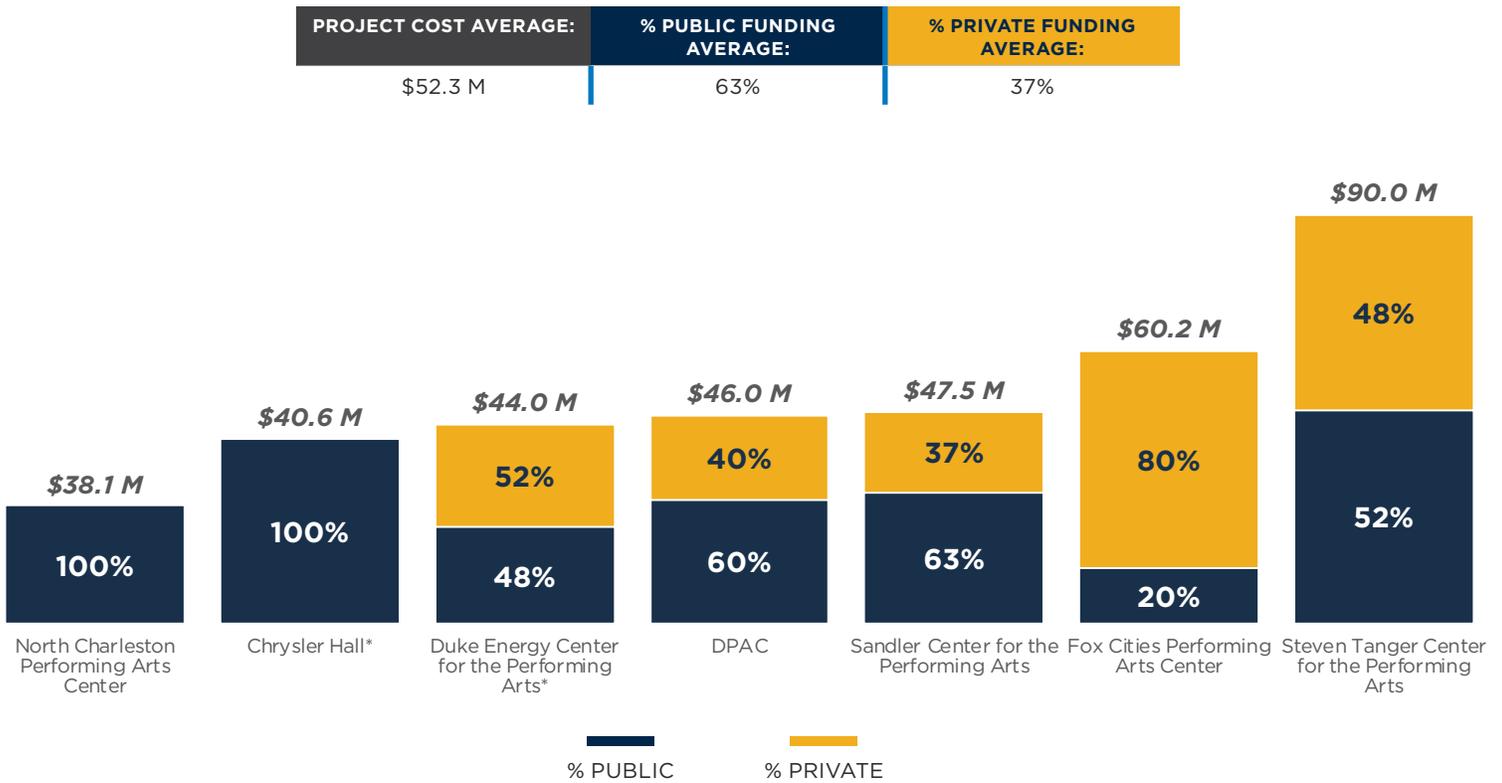
Five of 10 comparable venues have one or more resident organizations that provide a stable base of event activity and attendance each year, accounting for upwards of 51 percent of venue utilization, on average. In terms of non-resident events, comparable performing arts centers hosted an average of 95 events, with a low of 48 at Township Auditorium to a high of 240 at DPAC. Non-resident events typically included Broadway tours, concerts, family shows and often represent higher profitability than resident events such as a local and regional symphony, and ballet.

Annual paid attendance at comparable venues averaged 201,201 (median of 179,743), ranging from a low of 70,317 at Township Auditorium to a high of 522,678 attendees per year at DPAC.

## FUNDING

A review of funding of comparable venues can be useful in identifying the various levels of public and private participation previously required to construct new or complete major renovations to performing arts centers. The following chart summarizes total project costs and the proportion of public and private funding contributions for comparable performing arts centers.

### PUBLIC-PRIVATE FUNDING PARTICIPATION NEW & MAJOR RENOVATIONS



(\*): Major Renovation Cost

Note: Minor renovation costs excluded from analysis (Ovens Auditorium, William B. Bell Auditorium, and Township Auditorium).

All comparable performing arts centers utilized public sources to construct the venue, with five of seven comparable venues also utilizing private funding sources. As shown, the average comparable venue cost \$52.3 million, with the public sector funding an average of 63 percent and the private sector funding an average of 37 percent. The most commonly used public funding include an increase/redirect in local hotel/motel taxes, tourism/hospitality taxes and food and beverage taxes, and facility fees. Private sources utilized for funding include private fundraising campaigns and naming rights.

# SUMMARY

The following table presents a summary of the 10 selected comparable venues that were analyzed in detail throughout this section.

VENUE	Proposed Performing Arts Center	Chrysler Hall	Ovens Auditorium	Steven Tanger Center for the Performing Arts	William B. Bell Auditorium	Township Auditorium	Durham Performing Arts Center	Sandler Center for the Performing Arts	Fox Cities Performing Arts Center	Duke Energy Center for the Performing Arts	North Charleston Performing Arts Center	AVERAGE (Excluding Fayetteville)
<b>VENUE CHARACTERISTICS</b>												
Location	Fayetteville, NC	Norfolk, VA	Charlotte, NC	Greensboro, NC	Augusta, GA	Columbia, SC	Durham, NC	Virginia Beach, VA	Appleton, WI	Raleigh, NC	N. Charleston, SC	--
Year Opened / (Renovated)	N/A	1971 (2022)	1955 (2020)	2020	1938 (2019)	1930 (2009)	2008	2007	2002	1932 (2001)	2000	2011
Number of Venues	N/A	3	2	5	1	2	2	3	3	5	1	3
Capacity	N/A	2,473	2,403	3,000	2,690	3,072	2,712	1,308	1,964	2,277	2,341	2,424
Pollstar Top 200 Rank <sup>(1)</sup>	N/A	99	140	--	160	--	5	--	97	--	119	103
Project Cost / Renovation Cost	N/A	\$40.6 M*	\$18.5 M^	\$90.0 M	\$6.0 M^	\$12.1 M^	\$46.0 M	\$47.5 M	\$60.2 M	\$44.0 M*	\$38.1 M <sup>(2)</sup>	\$52.3 M <sup>(3)</sup>
% Public	N/A	100%	100%	52%	100%	100%	60%	63%	20%	48%	100%	63%
% Private	N/A	0%	0%	48%	0%	0%	40%	37%	80%	52%	0%	37%
Revenue	N/A	--	\$2.5 M	\$2.4 M	\$1.9 M	\$1.7 M	\$31.4 M	\$2.0 M	\$7.7 M	\$6.5 M	--	\$7.0 M
Expenses	N/A	--	\$2.5 M	\$2.5 M	\$2.5 M	\$1.6 M	\$26.4M	\$0.5 M	\$8.0 M	\$7.0 M	--	\$6.4 M
Profit/(Loss)	N/A	--	\$0.0 M	(\$0.1 M)	(\$0.6 M)	\$0.1 M	\$5.0 M	\$1.5 M	(\$0.3 M)	(\$0.5 M)	--	\$0.6 M
<b>DEMOGRAPHIC CHARACTERISTICS</b>												
Population	1.1 M	1.7 M	2.6 M	2.1 M	0.7 M	1.1 M	2.4 M	1.6 M	0.9 M	2.3 M	0.8 M	1.6 M
Minority Population	50%	48%	39%	40%	44%	45%	44%	49%	14%	42%	39%	41%
Diversity Index	70.9	64	61.8	62.2	59.5	59.0	65.3	64.3	29.3	64.6	57.1	59.8
Median Age	35.9	36.5	37.7	39.2	38.4	37.4	36.7	36.3	39.9	36.9	37.2	37.5
<b>SOCIOECONOMIC CHARACTERISTICS</b>												
Median Household Income	\$48,712	\$64,105	\$61,954	\$51,312	\$51,513	\$52,508	\$65,301	\$64,480	\$60,789	\$66,768	\$60,089	\$58,866
Corporate Base	971	2,019	9,040	2,802	595	1,121	2,855	1,984	1,903	2,886	974	2,468
Unemployment Rate	4.9%	4.6%	4.2%	4.1%	5.8%	4.7%	3.5%	4.5%	2.1%	3.5%	3.5%	4.1%
<b>ARTS, CULTURE &amp; ENTERTAINMENT PROFILE</b>												
% of Population that went to the live theater	8.6%	12.1%	10.4%	10.1%	9.1%	9.9%	11.5%	12.2%	9.5%	11.4%	10.8%	10.5%
% of Population that contributed to the Arts	3.3%	4.8%	4.2%	4.1%	3.6%	3.9%	4.7%	4.8%	3.7%	4.7%	4.3%	4.2%
Arts Vibrancy Score (Out of 500)	300	423	400	410	345	402	475	423	412	451	475	411

Note: Table sorted based renovation/construction date.

\*Major renovation cost.

^Minor renovation cost.

(1) Rank based on the Top 200 Worldwide Theaters report compiled by Pollstar, a live music industry publication. Rank is based on annual reported ticket sales.

(2) The Multi-Purpose Event Center is part of a larger project cost that also includes a 202,000 sq. ft. conventions center.

(3) Minor renovation costs excluded from average.

\*\*\*\*\*

*Comparable Facilities provide an important benchmark in assessing the market potential for the proposed Multi-Purpose Event Center.*

An aerial photograph of a city street corner, featuring a large brick building with a red roof and dormer windows. A blue diagonal banner is overlaid on the left side, and a yellow diagonal banner is overlaid on the right side. The number '10' is printed in white outline on the blue banner.

10

**COMMUNITY  
SURVEYS**

## INTRODUCTION

A key component of evaluating the need and viability of a new Multi-Purpose Event Center in Cumberland County is to receive feedback from the local community through the results of a market-wide survey. The survey, which was distributed in July 2021 and resulted in over 1,300 completed responses, with a statistically-significant margin of error of 2.8 percent, was designed to evaluate how residents of Cumberland County consume entertainment events in the market, attitude and interest in a new multi-purpose performance venue, and demand for new events and seating products, among other attributes.

The market survey was distributed utilizing the Crown Complex email database and social media channels as well as through databases and social media avenues for the following local and regional organizations:

- Cumberland County;
- City of Fayetteville;
- Fayetteville/Cumberland Economic Development Commission;
- Greater Fayetteville Chamber; and,
- Visit Fayetteville.

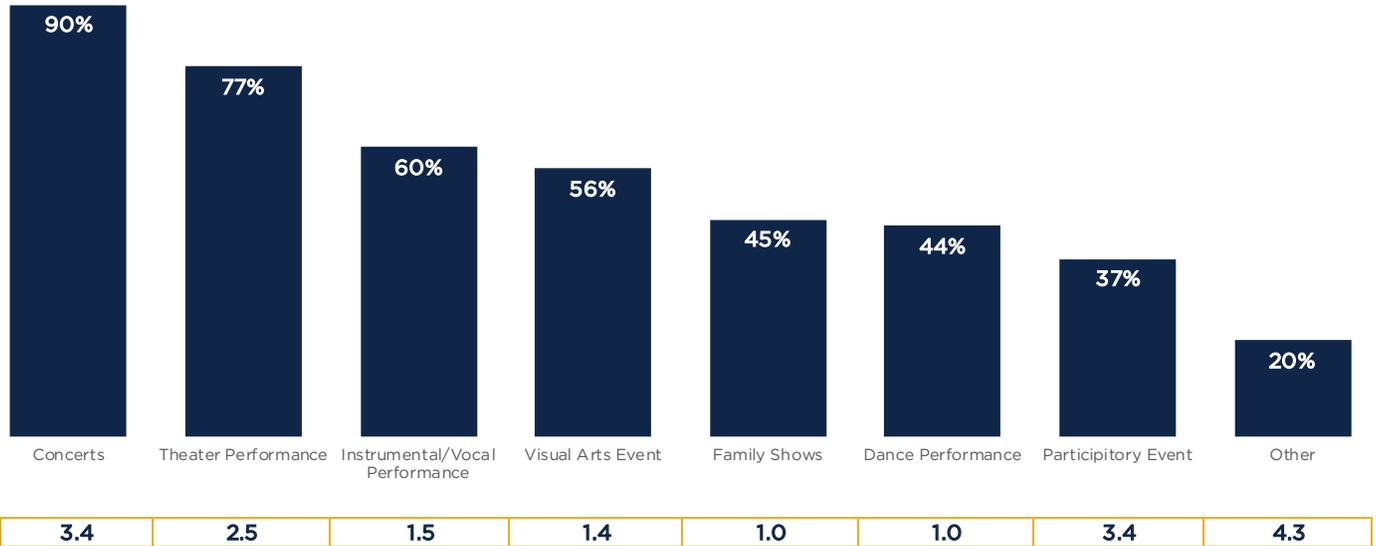
The remainder of this section presents findings and research from the market survey and is presented in the following sections:

- Current Entertainment Event Utilization;
- New Multi-Purpose Performance Venue;
- Community Statements;
- New Venue Preferences;
- Community Impacts;
- Demographic & Socioeconomic Characteristics; and,
- Summary.

## CURRENT ENTERTAINMENT EVENT EVALUATION

To evaluate the need for a new multi-purpose event venue, it is important to understand the current climate for entertainment events in the Cumberland County market. To that end, the chart below depicts the types of entertainment events that survey respondents currently attend, as well as their frequency of attendance.

### ENTERTAINMENT EVENT ATTENDANCE

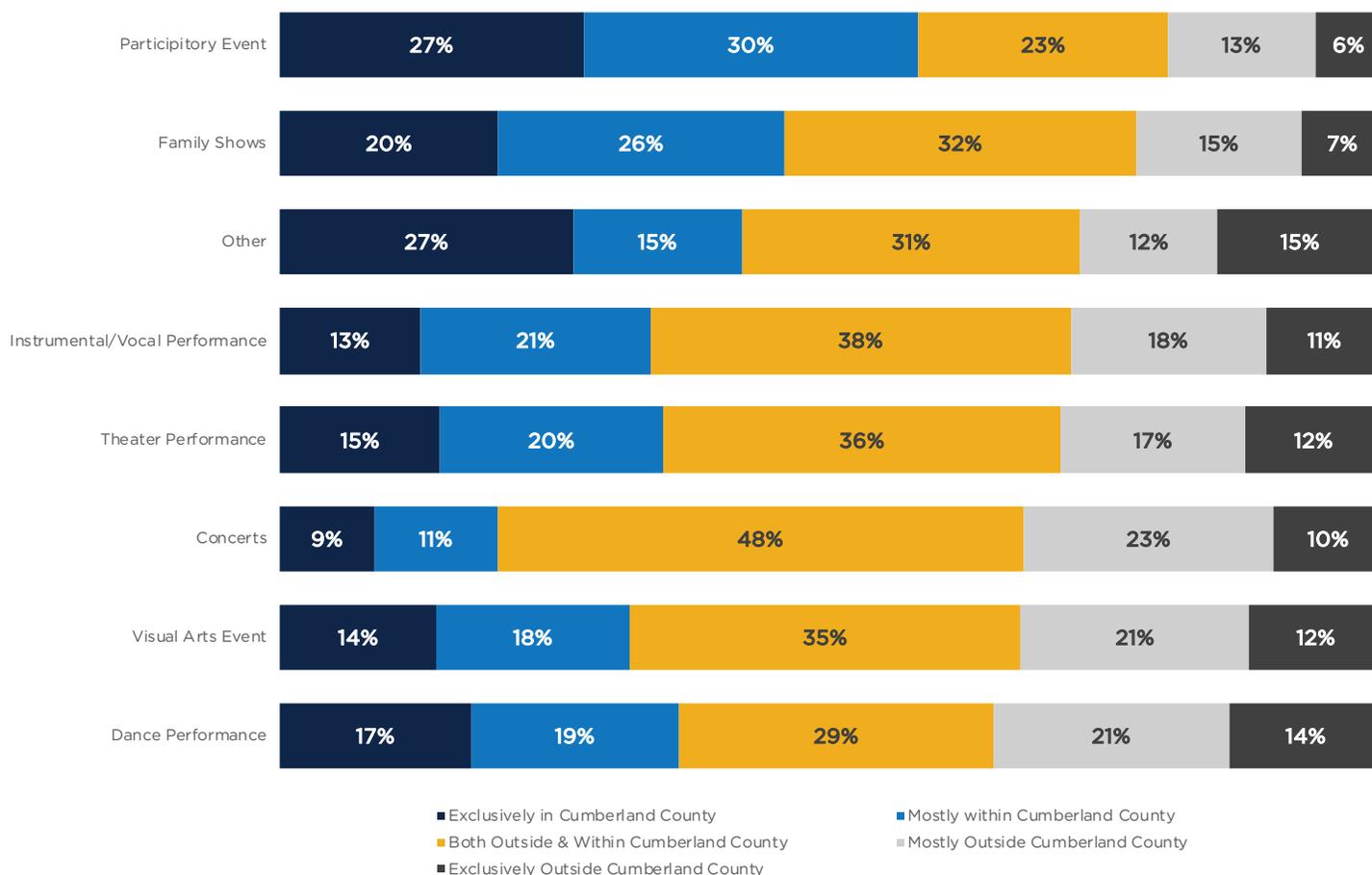


### NUMBER OF EVENTS ATTENDED ANNUALLY

As shown, the most common entertainment events attended on an annual basis are concerts (90 percent), theater performances (77 percent), and instrumental/vocal performances (60 percent). The most frequented events on an annual basis are concerts (3.4 times per year), participatory events (3.4 times per year), and other events (4.3 times per year). Other events include trade shows, fashion shows, comic cons, sporting events, and festivals, among others.

Identifying where respondents attend entertainment events on an annual basis can serve as an indicator of the potential need for a new multi-purpose venue in Cumberland County. The chart on the following page depicts where the attended events are taking place.

## ENTERTAINMENT EVENT LOCATION

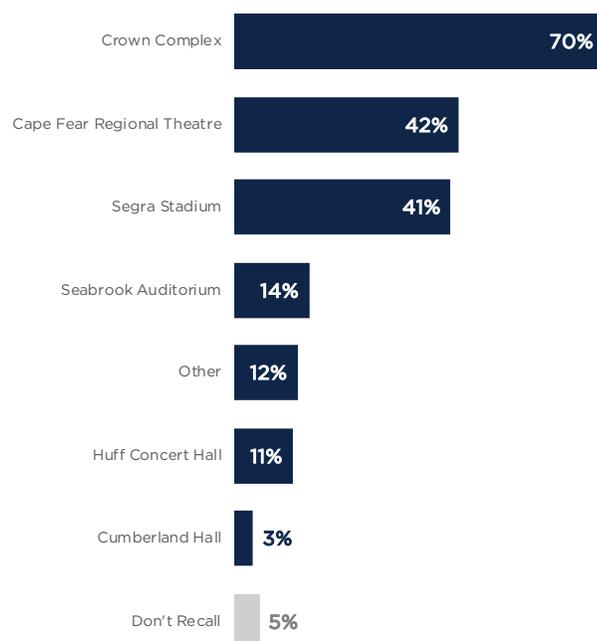


As shown in the chart above, the types of entertainment events that most often take place within Cumberland County are participatory events (e.g., classes, workshops, etc.), family shows, and other events. The types of entertainment events that most often take place outside of Cumberland County, and thus provide the highest upside to capture in a new venue, include dance performances, visual arts events, and concerts.

Among events that take place in Cumberland County facilities, the most common facilities utilized are shown in the chart to the right.

As shown, the most commonly utilized facilities in Cumberland County include the Crown Complex, Cape Fear Regional Theatre, and Segra Stadium. This underscores the level of event activity that would be lost through the closure of the Crown Theatre and Arena.

## CUMBERLAND COUNTY FACILITY UTILIZATION



It is also important to understand which facilities outside of Cumberland County are most frequently utilized to understand the programmatic need of a new venue in Cumberland County. The most commonly-attended facilities outside of Cumberland County are shown in the chart to the right.

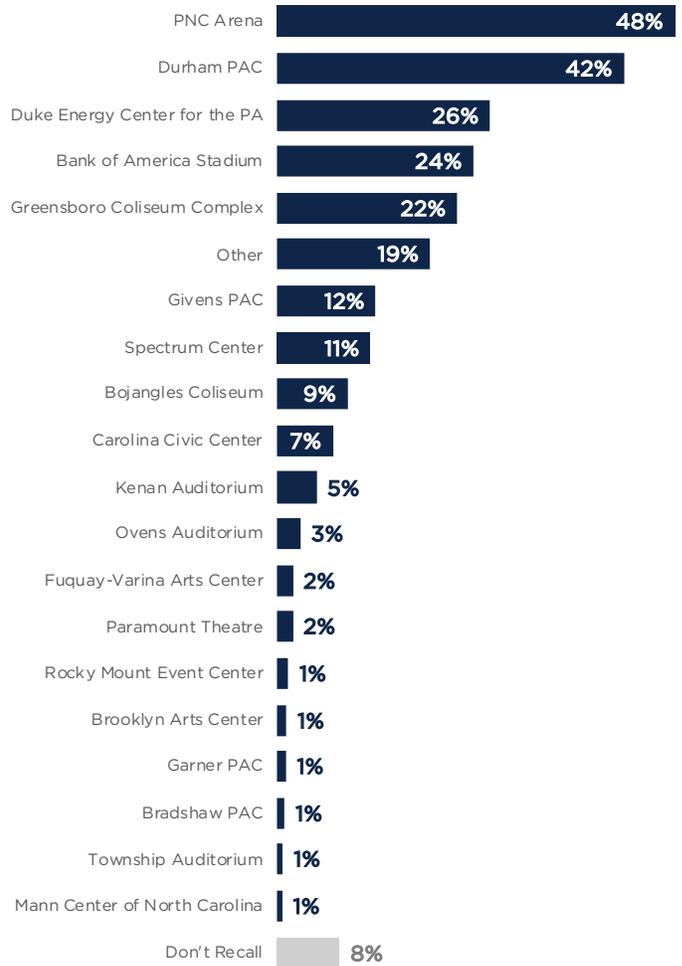
As shown, the most frequented facilities are PNC Arena (Raleigh, 75 miles away), the Durham Multi-Purpose Event Center (92 miles away), and Duke Energy Center for the Performing Arts (Raleigh, 67 miles away), underscoring that respondents often leave the Cumberland County market to attend popular event types, such as concerts and theater productions.

To understand why respondents leave the market, the chart on the right depicts the most common reasons.

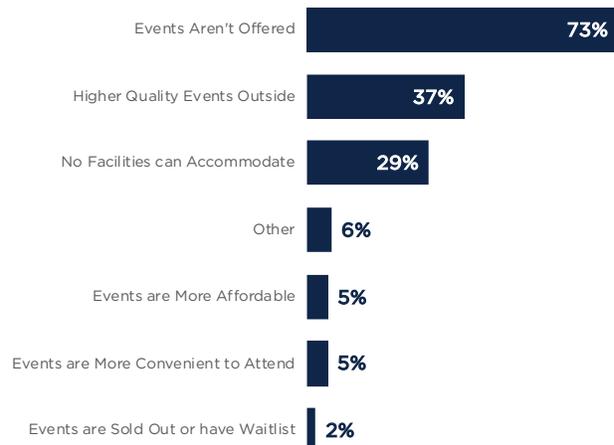
As shown, the most common reason for leaving the Cumberland County market is because a specific event is not hosted in the market. Respondents also indicated that they leave the market because higher quality events are outside of the market and that there are currently no facilities in the area capable of hosting their preferred event types.

This indicates that the construction of a new venue capable of hosting a variety of entertainment events could accommodate significant demand in the marketplace and retain a certain level of entertainment and disposable income expenditures in the local area.

**NON- CUMBERLAND COUNTY FACILITY UTILIZATION**

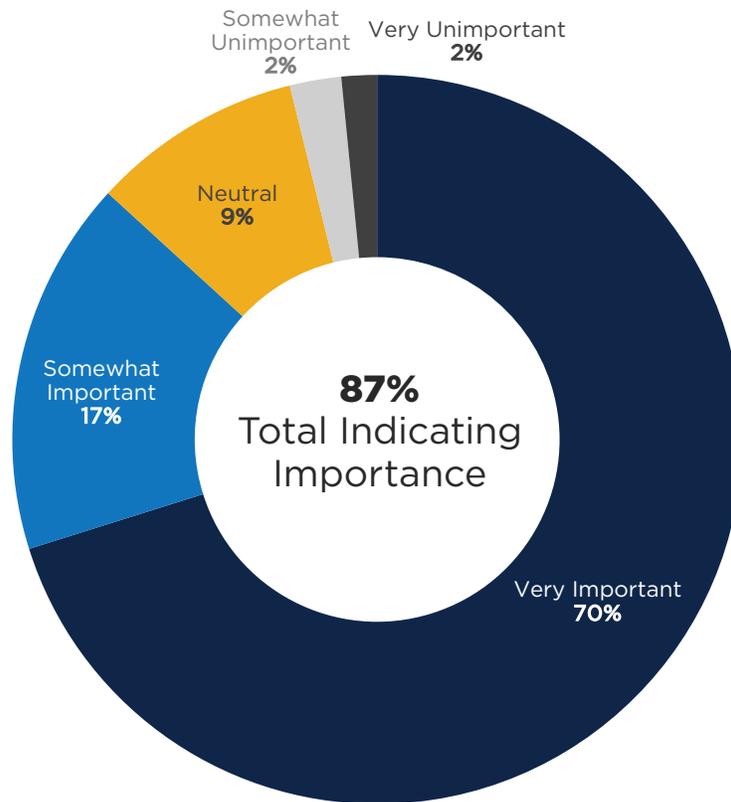


**WHY NOT ATTEND IN CUMBERLAND COUNTY**



To understand the relative importance of a new venue, it is helpful to evaluate the perception of the Crown Complex today. The chart below depicts the importance of events hosted at the Crown Complex to the local community.

## IMPORTANCE OF CROWN COMPLEX EVENTS



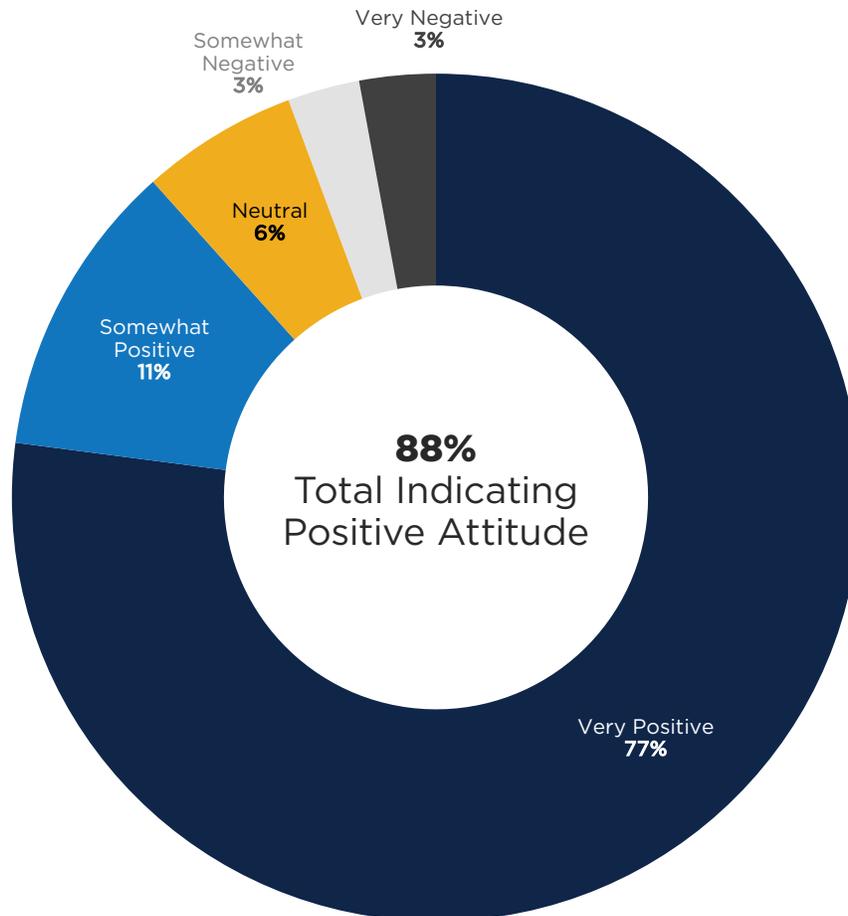
As shown, approximately 87 percent of respondents indicated that Crown Complex events are at least somewhat important to the local community, underscoring the importance of retaining those events after the Arena and Theatre are closed.

Only 41 percent of respondents indicated they were aware that the Crown Arena and Theatre were closing prior to taking the market survey. When asked how the closing of the Crown Arena and Theatre would impact them personally, respondents gave a variety of responses, but one key theme is that closing the venues would limit the number of live events in the market, be detrimental to the livelihood of the artistic community in the area, and limit the ability to host local community events and performances.

## NEW MULTI-PURPOSE PERFORMANCE VENUE

Upon establishing respondent annual entertainment event activity and the importance of Crown Complex events to the area, respondents were asked to describe their attitude toward a potential new multi-purpose venue in Cumberland County.

### ATTITUDE TOWARD NEW MULTI-PURPOSE PERFORMANCE VENUE



As shown, overall, 88 percent of respondents had a positive attitude toward the construction of a multi-purpose venue in Cumberland County. Key reasons why respondents felt this way include:

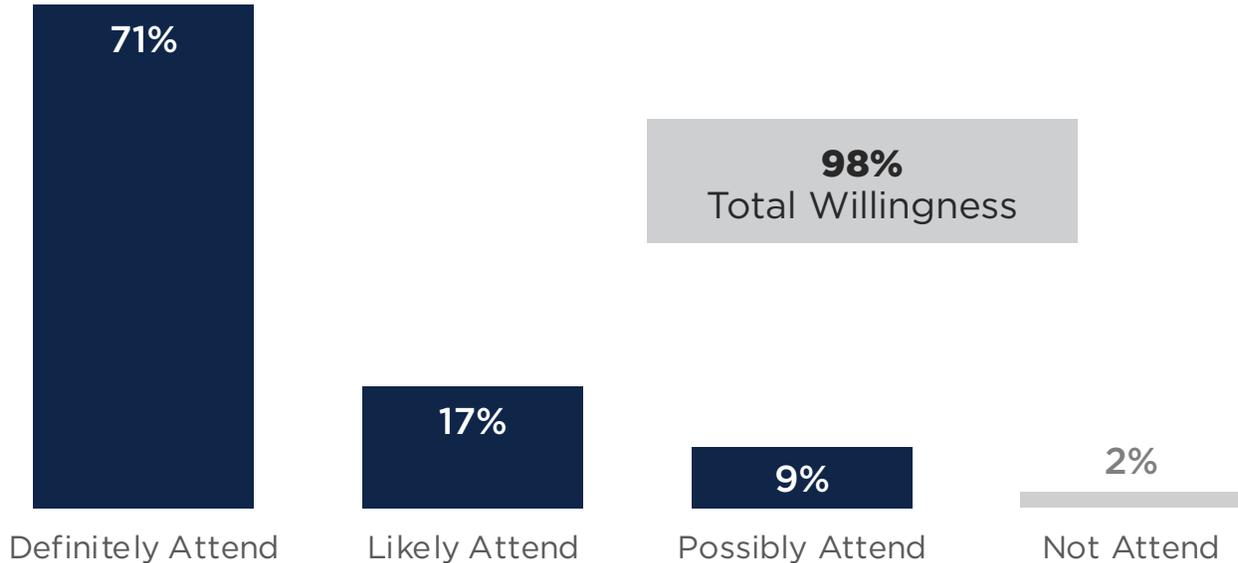
- A market like Fayetteville could use a high-caliber, appropriately-sized venue to represent the community;
- A new venue could bring new performers and acts to the market for increased diversity of offerings;
- Any addition to the performance and artistic landscape in the community serves the community positively; and,
- A new venue could bring in visitors from outside of the market.

Only six percent of respondents indicated a negative attitude toward the construction of the venue, and key reasons those respondents felt that way included:

- If there is limited demand for events at the Crown Complex, then a new venue would not increase that demand;
- There are other projects in the County that could use this kind of public support; and,
- There is limited need for this type of cultural space in Fayetteville.

The chart below depicts the willingness of respondents to attend events at a new Multi-Purpose Event Center,

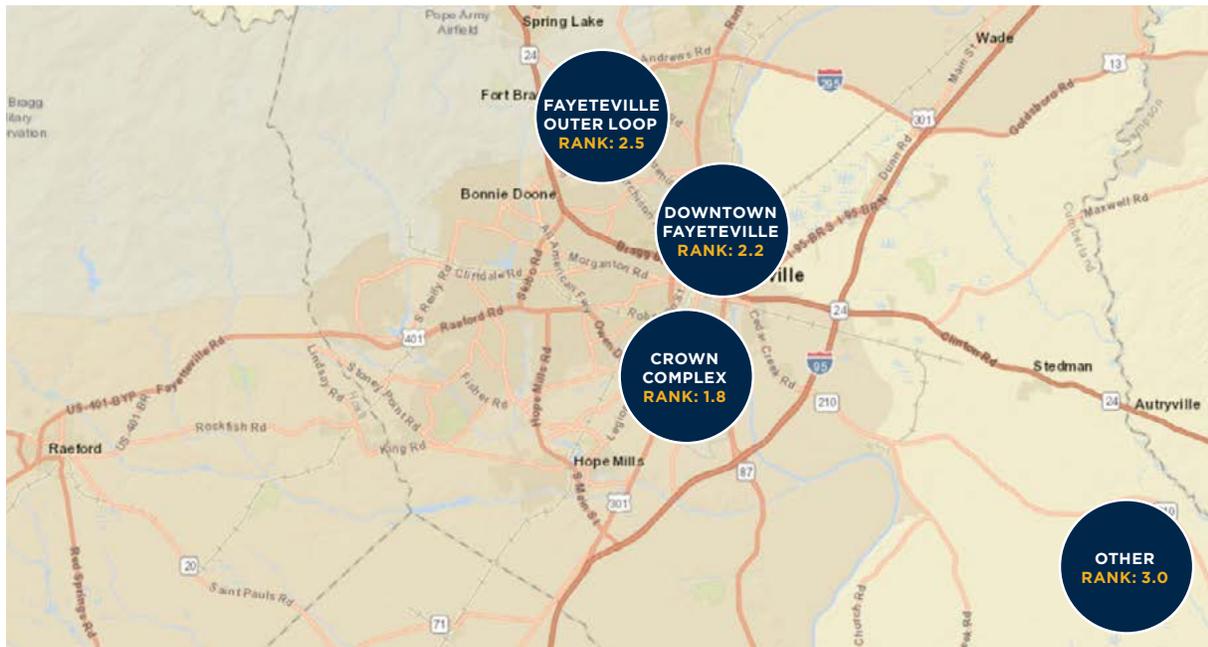
### WILLINGNESS TO ATTEND NEW MULTI-PURPOSE EVENT CENTER



As shown, approximately 98 percent of respondents would at least possibly attend events at a new venue, indicating strong support within the community for a new venue.

To gauge potential interest by location within Cumberland County, respondents were shown a variety of potential venue locations and asked to rank the potential options, with a ranking of 1 representing their most preferred location and a ranking of 4 representing their least preferred location. Potential locations and their relative rankings are shown in the graphic below.

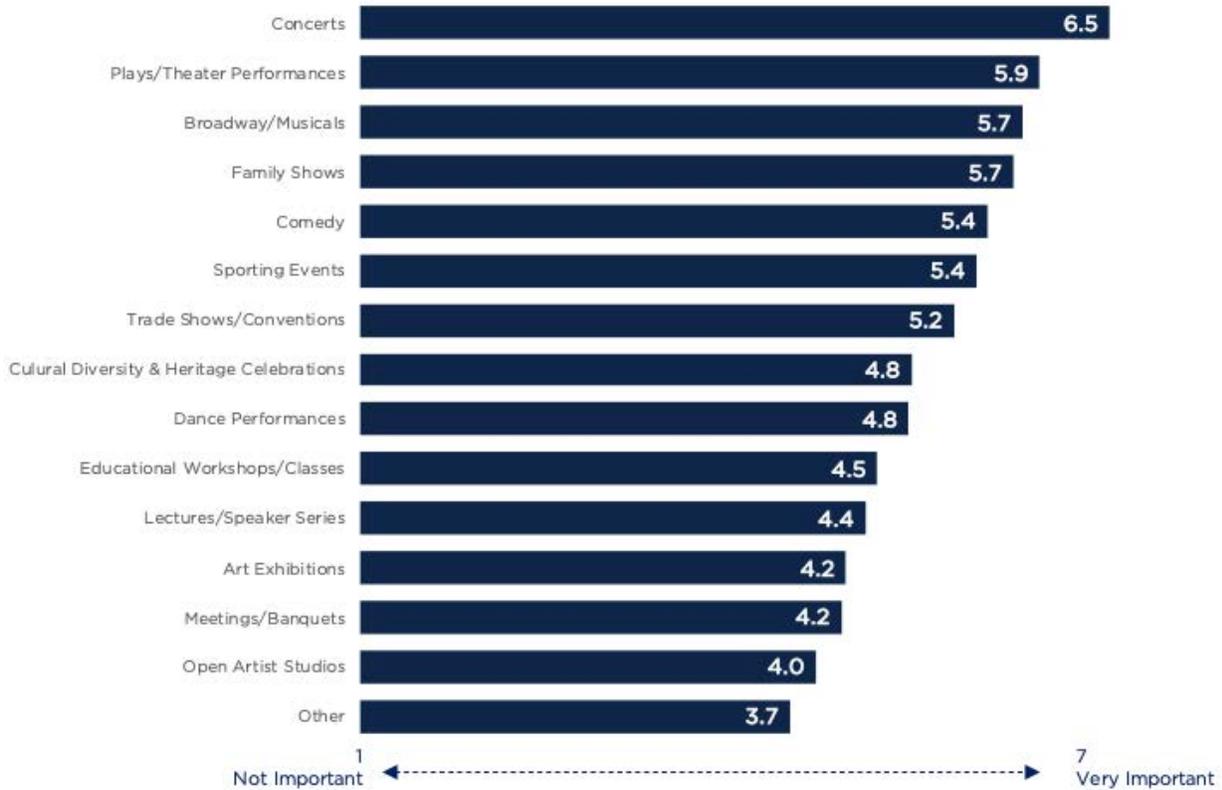
## POTENTIAL PROJECT SITE RANKINGS



Overall, the Crown Complex site was the most preferred site with an average rank of 1.8. The next most preferred sites were Downtown Fayetteville (2.2), Fayetteville Outer Loop (2.5), and “Other” (3.0). “Other” site suggestions most commonly included were Fort Bragg, Grays Creek, Haymount, Hope Mills, and Spring Lake.

Respondents were asked to rank the importance of various event types that could be hosted the proposed Multi-Purpose Event Center on a scale of 1 to 7 with “1” being “Not Important” and “7” being “Very Important”, as shown in the chart below.

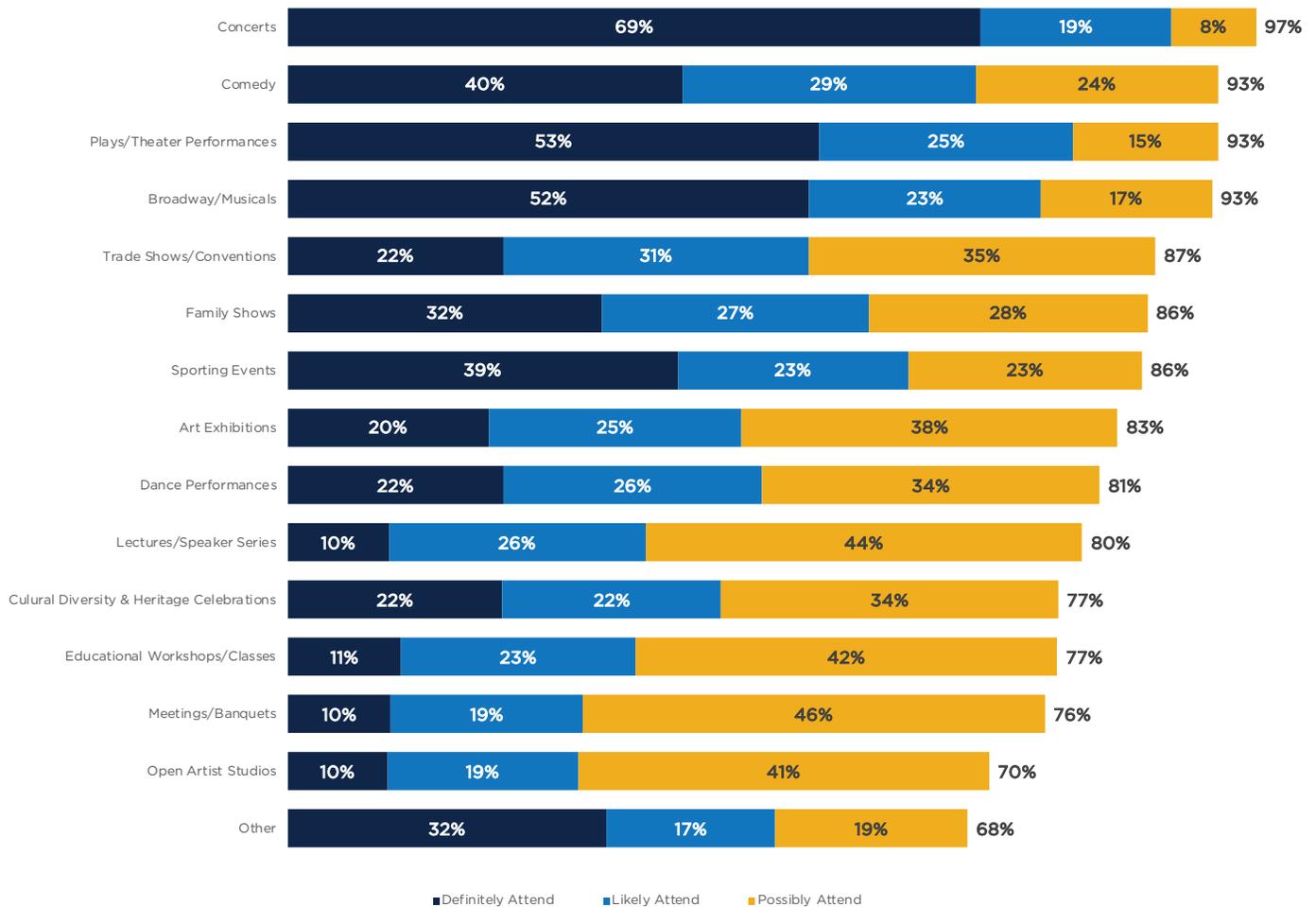
### IMPORTANCE OF EVENT TYPES AT NEW VENUE



As shown, the most important event types that could be hosted at a new venue, on a scale of 1 (less important) to 7 (more important), include concerts (6.5), theater performances (5.9), Broadway/musicals (5.7), and family shows (5.7). The least important event types were art exhibitions (4.2), meetings/banquets (4.2), open artist studios (4.0), and other events (3.7).

Similarly, respondents were asked to indicate the likelihood of attending different event types at a potential new venue, as shown in the chart on the following page.

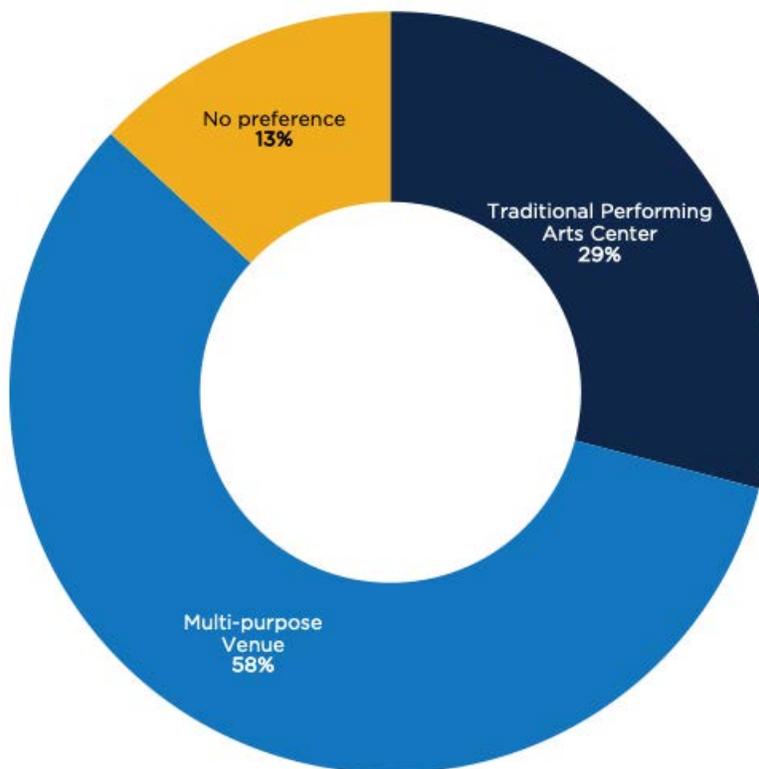
## LIKELIHOOD OF ATTENDANCE BY EVENT TYPES AT NEW VENUE



As shown, the most preferred event types to attend at a new venue include concerts (97 percent), comedy (93 percent), theater performances (93 percent), and Broadway/musicals (93 percent). Least preferred event types included meetings/banquets, open artist studios, and other events. Taken in consideration with the previous chart, top priorities for potential attendees at a new venue specifically include concerts, plays, musicals, family shows, and comedy.

In terms of building program, as shown in the chart below, respondents most preferred a multi-purpose venue (58 percent) over a traditional performing arts venue (29 percent).

### BUILDING PROGRAM REFERENCE



**Traditional Performing Arts Center**



**Multi-Purpose Venue**

## COMMUNITY STATEMENTS

As part of the market survey, respondents were asked to indicate how much they agree or disagree with a series of statements related to the impact of a new Multi-Purpose Event Center on the greater Fayetteville and Cumberland County community. The series of seven questions and their level of agreement are shown in the chart below.

### COMMUNITY STATEMENTS

Statement	% Strongly Agree	% Agree	% Neither Agree or Disagree	% Disagree	% Strongly Disagree	Total Agreement
A new multi-purpose performance venue that could host concerts, comedy shows, Broadway tours, performing arts events, family shows, sporting events, trade shows, local and regional events, meetings and banquets, and other events would <u>enhance the quality of life</u> for local residents.	77%	13%	6%	3%	2%	90%
It is important that the venue is designed in a way that it can <u>accommodate as many different types</u> of events/users as possible.	64%	25%	7%	3%	1%	89%
A new multi-purpose performance venue will help <u>spur additional private investment</u> in the immediate vicinity of the venue and throughout the City by encouraging restaurant, retail, hotel, housing, and commercial development.	59%	27%	9%	4%	1%	86%
A new multi-purpose performance venue that hosts a variety of entertainment events would help <u>increase Cumberland County's regional and national exposure</u> through coverage in newspapers, television, internet, and other media-related forums.	61%	25%	10%	3%	1%	86%
A new multi-purpose performance venue would help improve and/or further <u>diversify the community's visitor attractions</u> and would <u>grow the visitor base</u> to the area.	65%	21%	9%	3%	2%	85%
The business activities associated with the construction and operations of a new multi-purpose performance venue will benefit all local residents by <u>expanding the tax base and increasing tax revenues</u> generated to the public sector.	48%	30%	15%	4%	2%	78%
It is important that the diversity of programming/events at a new multi-purpose performance venue <u>reflect the diversity of the Cumberland County community</u> .	54%	24%	16%	3%	3%	78%

As shown, at least 78 percent of all respondents at least agreed with all seven statements. On the high end, respondents most agreed with the statements indicating that a new venue would increase quality of life, should be designed to accommodate a wide variety of users, and would spur additional investment into the surrounding community.

## NEW VENUE PREFERENCES

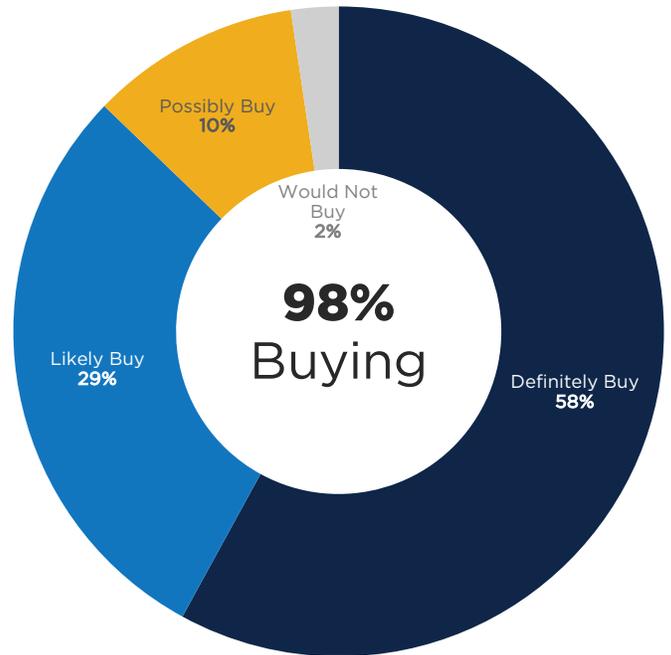
As a means of estimating potential demand for and interest in the proposed Multi-Purpose Event Center, respondents were asked a series of questions to potential ticket purchase/utilization and event preferences. The chart below depicts overall interest for purchasing tickets to events at a new multi-purpose event venue.

As shown to the right, 98 percent of respondents indicated at least some purchase intent for tickets at a new venue, demonstrating strong potential demand for events at the facility.

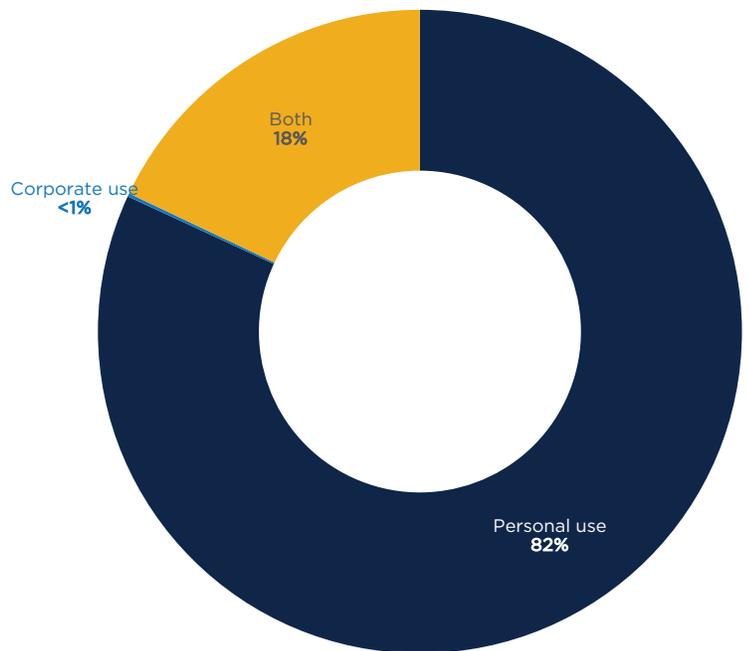
The chart below depicts the anticipated ticket use among those interested in purchasing tickets.

As shown, a large majority (82 percent) of respondents would utilize their tickets for personal use, 18 percent would utilize their tickets for both personal and corporate use, and less than one percent would utilize their tickets for strictly corporate purposes.

## TICKET PURCHASE INTEREST

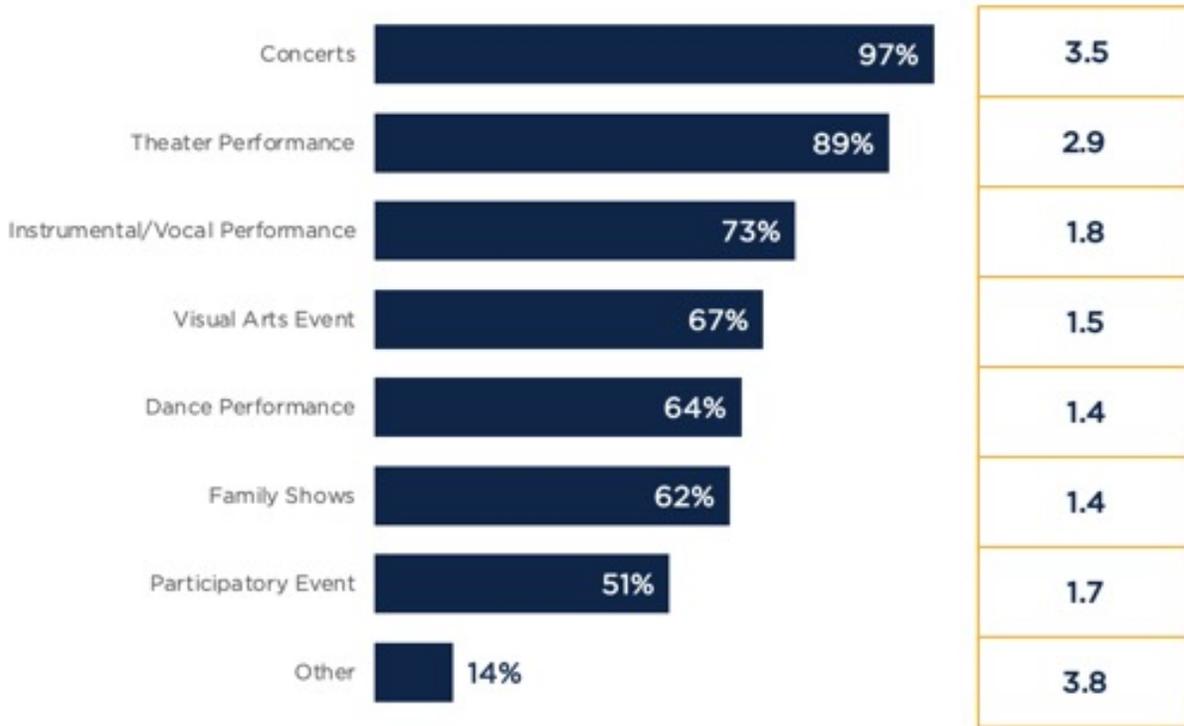


## ANTICIPATED TICKET UTILIZATION



Survey respondents were asked to identify which type and how many events they anticipate they would purchase at a new multi-purpose event venue, as shown in the chart below.

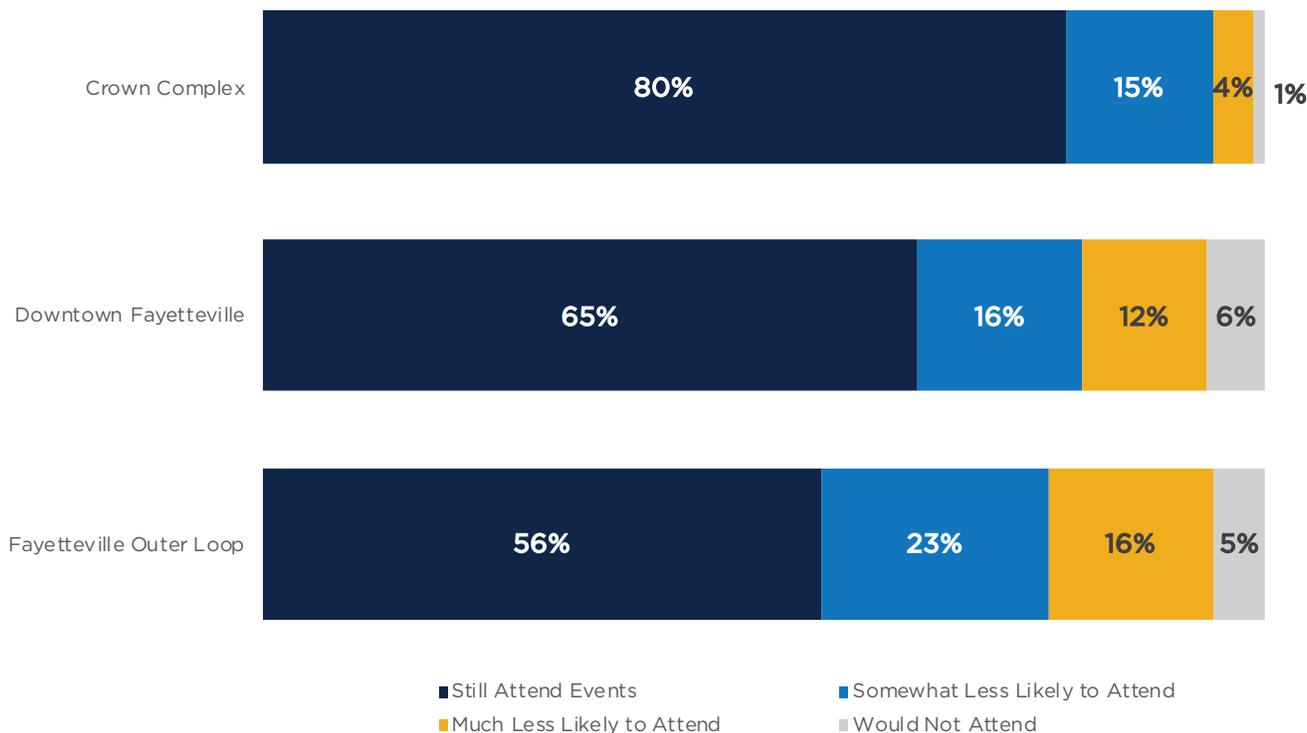
### NEW VENUE EVENT INTEREST



As shown, respondents were most interested in concerts, with 97 percent of respondents indicating interest in attending at a new venue at a frequency of 3.5 events per year, the highest of any event type. The next highest event type was theater performance, which had an interest rate of 89 percent and frequency of 2.9 events per year, followed by instrument/vocal performances, visual arts events, dance performances, and family shows.

When asked about how their attendance would be impacted by the site of the proposed venue, as shown in the chart on the following page, respondents were most likely to attend events if the venue was located at the Crown Complex (80 percent), decreasing to 65 percent in Downtown Fayetteville and 56 percent along the Outer Loop.

## VENUE LOCATION IMPACT



In addition to general seating tickets for potential events, respondents were also asked about their interest in potential premium seating options that could be included at the new venue. Potential premium seating options included:

- **Luxury Suites** - Private seating areas for 10 to 20 people with access to a private lounge with in-suite catering, private entrances, and VIP parking. Potential pricing ranges from \$25,000 to \$40,000 per year
- **Small Group Seating** - Semi-private box seating for four to eight people with opportunities to purchase enhanced food and beverage, access to private entrances, and VIP parking. Potential pricing ranges from \$15,000 to \$25,000 per year.
- **Club Memberships** - A membership would provide first right of refusal to purchase event tickets to wider, more comfortable seats in prime locations in the venue with access to a modern club lounge with private restrooms, enhanced food and beverage, and private entrances. Potential pricing ranges from \$750 to \$1,250 per year.



Example Luxury Suite



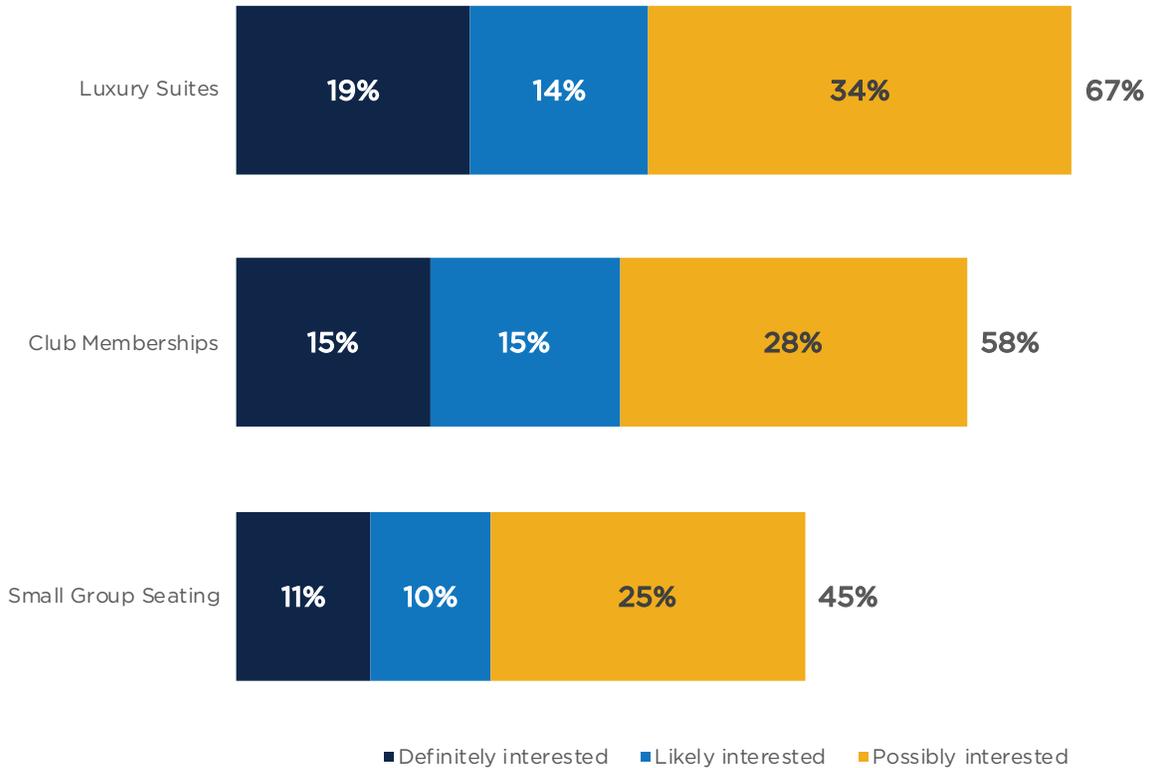
Example Small Group Seating



Example Club Membership Lounge

Initial interest in the potential premium seating concepts is shown in the chart below.

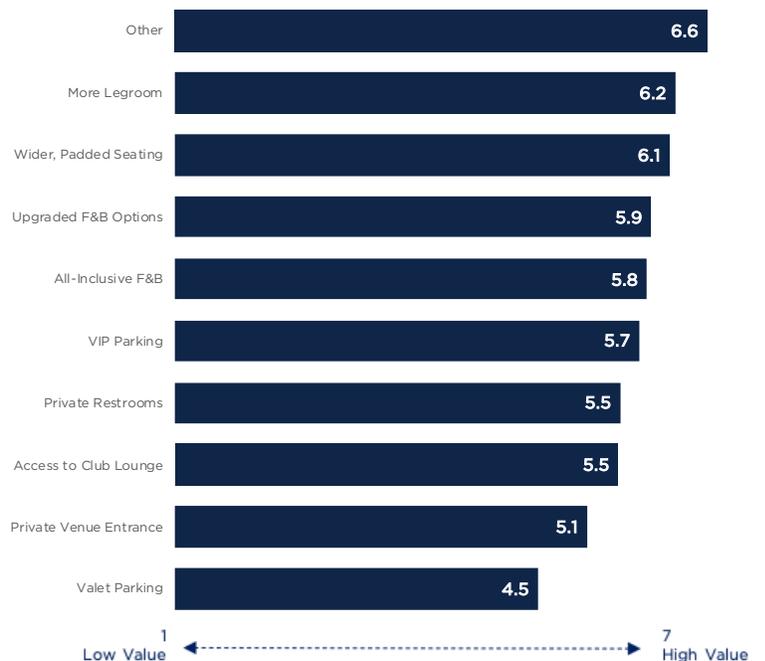
### PREMIUM SEATING INTEREST



As shown, total interest was highest for luxury suites (67 percent), followed by club memberships (58 percent) and small group seating (45 percent). The preferred capacity for luxury suites was 10 seats, and the preferred capacity for small group seating was six seats.

When asked about potential amenities that could be associated with the purchase of premium seating on a scale of 1 to 7 with 1 being “Low Value” and 7 being “High Value”, as shown to the right, top amenities preferences included “other”, additional legroom, wider padded seating, and upgraded food and beverage options. “Other” amenities include early access to tickets, meet & greets with performers, and other experiential artist amenities.

### PREFERRED PREMIUM AMENITIES



Respondents were also asked about their potential interest in a membership program that would provide special benefits, such as annual gifts, invitations to special events, and recognition in event programs. Potential interest is shown in the chart to the right.

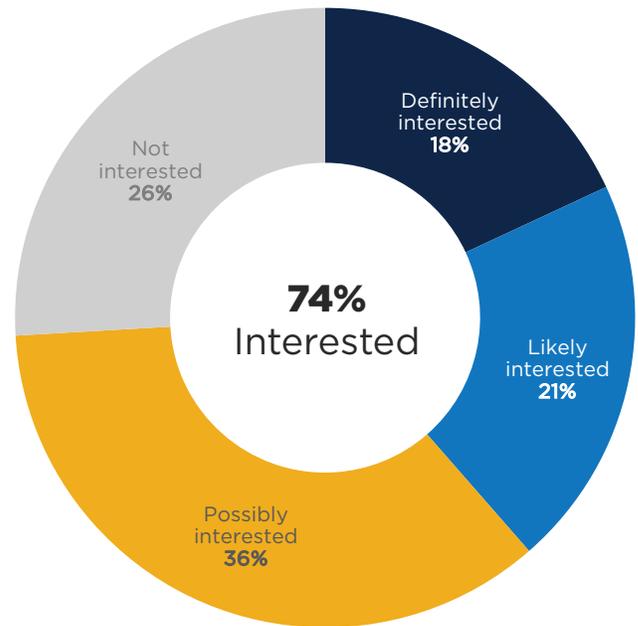
As shown, total interest in the program totaled 74 percent, with just 18 percent signifying they were definitely interested.

Among those who were interested in the membership program, respondents were asked to identify their maximum level of giving to purchase an annual membership, as shown in the chart to the bottom right.

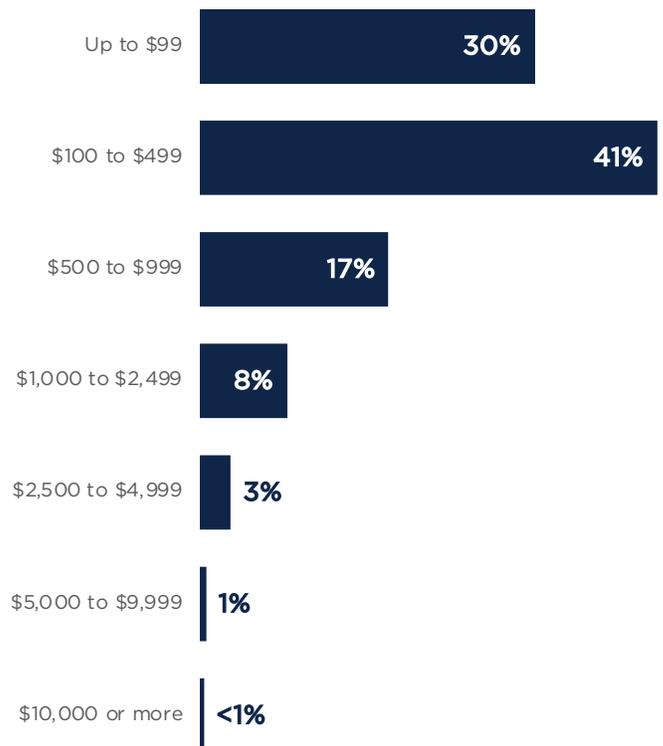
As shown, a vast majority of respondents (88 percent) preferred a membership cost of less than \$1,000, with the median response being between \$100 and \$499.

When asked about potential amenities that could be associated with the purchase of a membership on a scale of 1 to 7 with 1 being “Low Value” and 7 being “High Value”, as shown on the following page, top amenities preferences included the ability to purchase tickets early, “other”, special discount to events, and preferred parking. “Other” amenities included backstage access, food and beverage discounts, and seat upgrades when available.

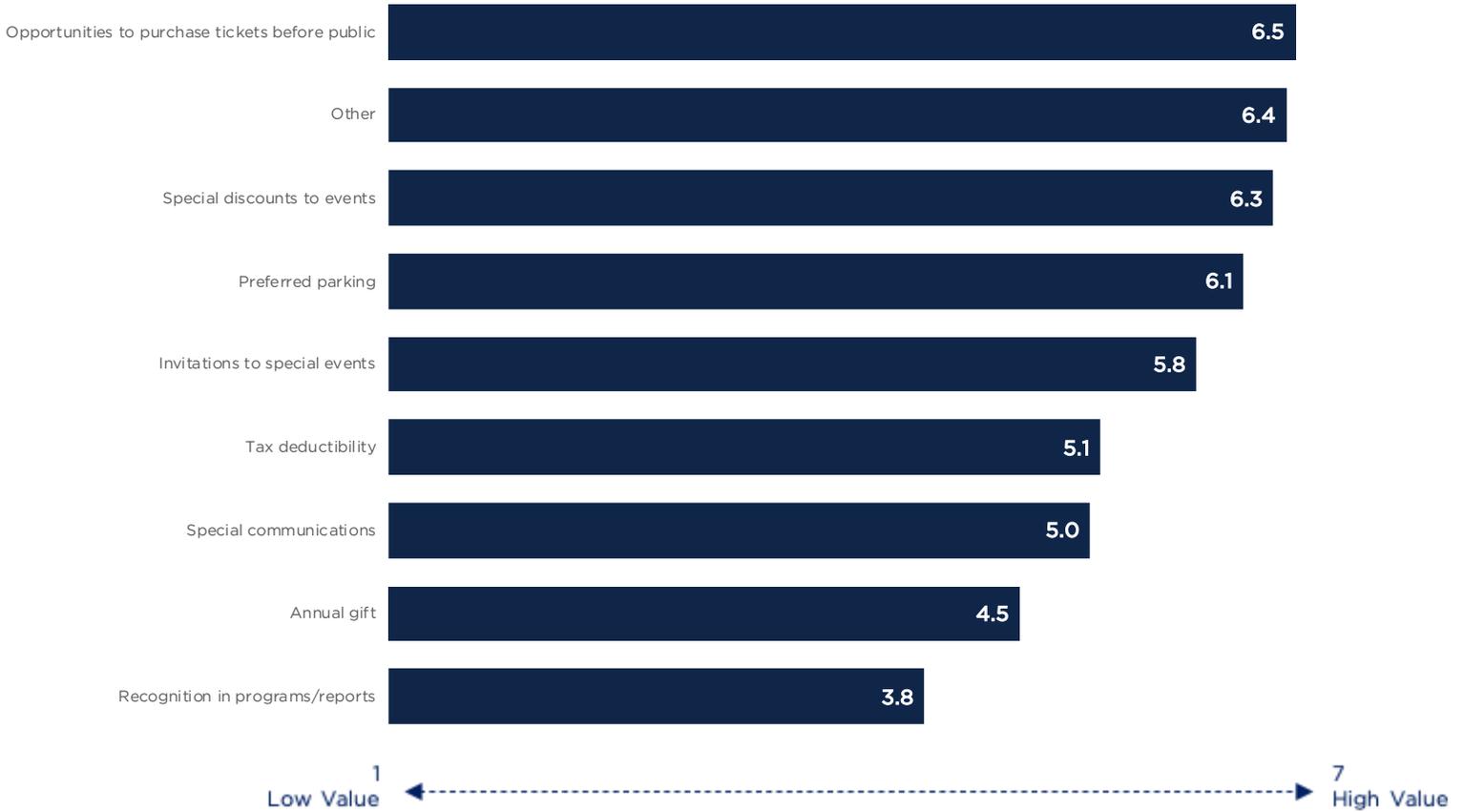
### MEMBERSHIP PROGRAM INTEREST



### MEMBERSHIP PROGRAM PURCHASE RANGE



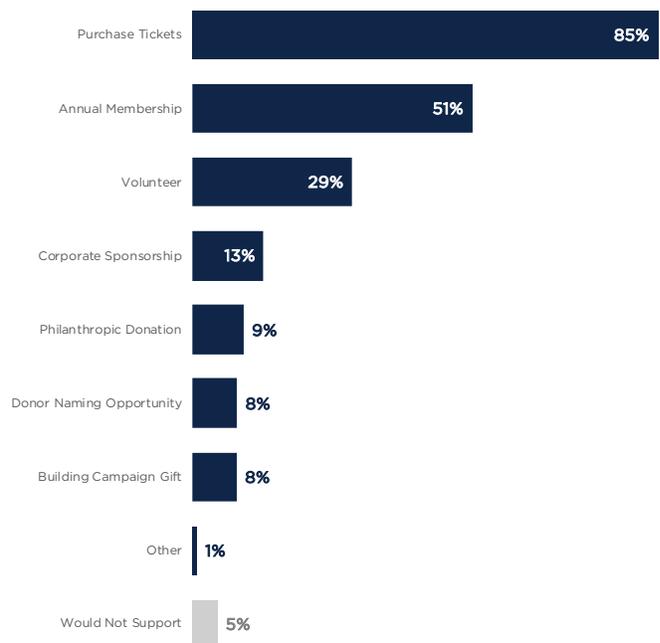
## MEMBERSHIP PROGRAM AMENITIES



Respondents were asked about how they would, among the options shown to them previously, most likely support a new multi-purpose performance venue. Results are shown to the right.

As shown, the most common method to support a new venue is to purchase tickets (85 percent), followed by annual memberships (51 percent), volunteering (29 percent), and corporate sponsorship (13 percent). Only five percent of respondents indicated they would not support a new venue in some way.

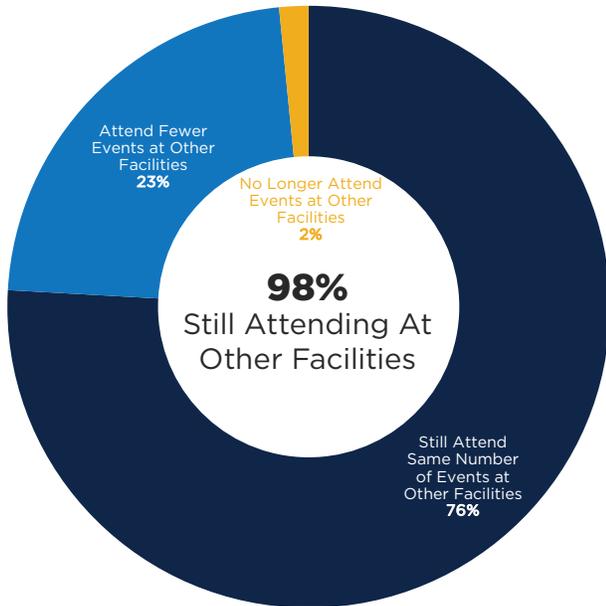
## PREFERRED METHOD OF SUPPORT



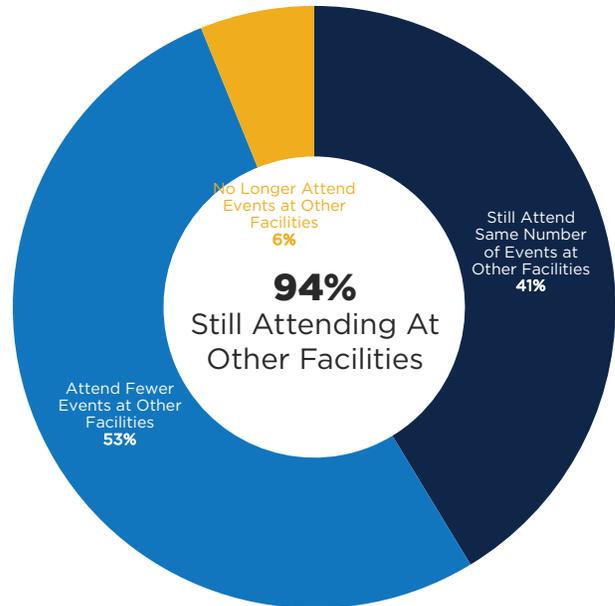
## COMMUNITY IMPACTS

To gauge the potential impact a new multi-purpose event venue could have on other facilities within and outside Cumberland County, respondents were asked how their attendance at other venues would be influenced by a new facility, as shown in the charts below.

**ATTENDANCE IMPACT AT CUMBERLAND COUNTY FACILITIES**



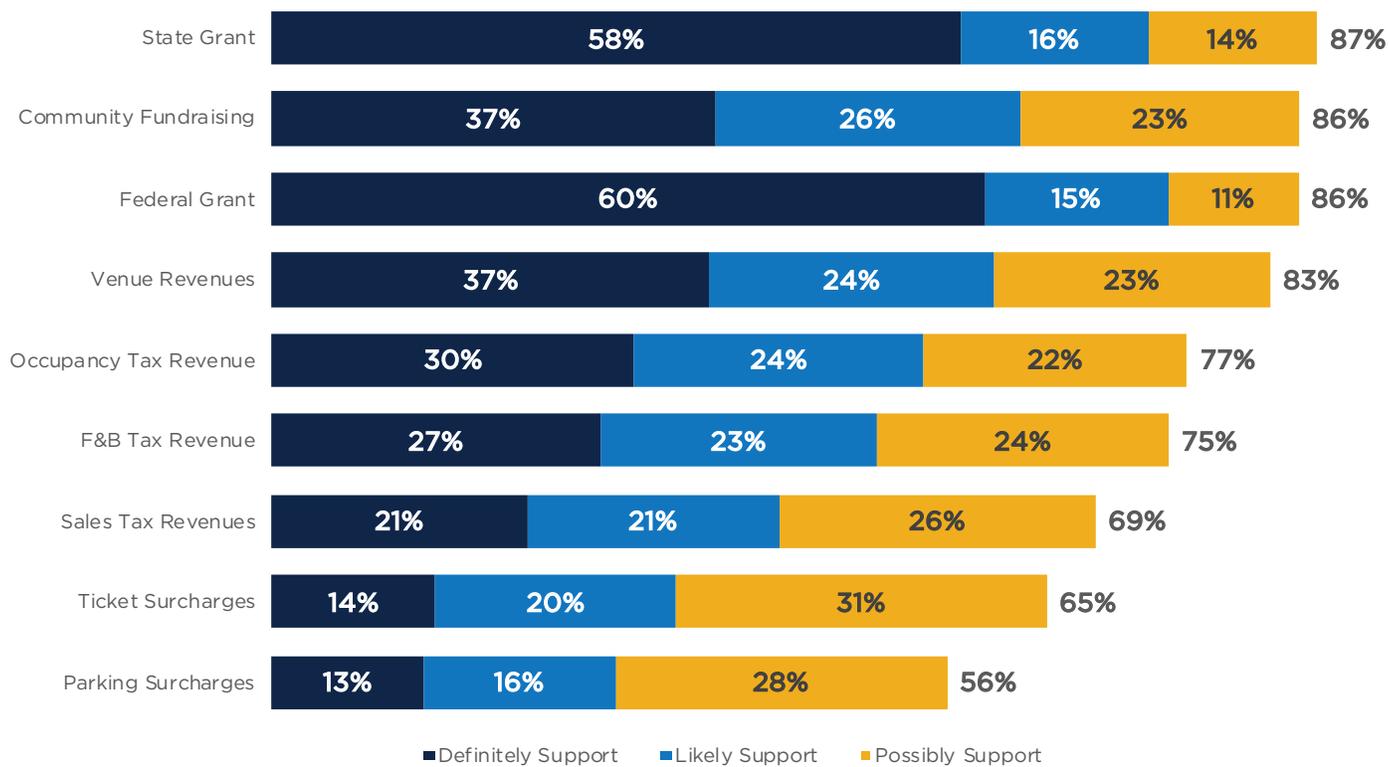
**ATTENDANCE IMPACT AT NON-CUMBERLAND COUNTY FACILITIES**



As shown, among venues currently within Cumberland County, attendance would mostly remain the same, with 76 percent of respondents indicating they would still attend the same number of events at these facilities after construction of a new venue. However, among venues outside of Cumberland County, attendance would likely decrease after construction of a new venue in Cumberland County, with 59 percent of respondents indicating they would at least attend fewer events at facilities outside of the County.

Additionally, in terms of community support, it is important to understand the appetite among the public for potential sources of funding to construct the new multi-purpose event venue. As such, respondents were asked to identify their relative support for various types of public and private funding sources, as shown in the chart on the following page.

## FUNDING SOURCE SUPPORT



As shown, support for funding sources was strongest among state grants, community fundraising, federal grants, and venue revenues. Funding sources support was lowest among tax revenue and surcharge sources (i.e., sources that “tax” an individual user), including parking surcharges, ticket surcharges, sales taxes, and food and beverage taxes.

## SUMMARY

The market survey overall depicted meaningful support for a new multi-purpose event venue in Cumberland County. Key takeaways from the market survey include:

- The most popular types of events that respondents attend are concerts and theater performances, both of which are often not hosted within Cumberland County on a regular basis, indicating a need for a potential new venue within the County to account for this demand.
- Two of the three most frequented out-of-County facilities for entertainment events are regional Performing Arts Centers, indicating a desire for patrons to attend entertainment events within the market.
- Respondents show a positive attitude and strong willingness to attend events at a new multi-purpose event venue in Cumberland County.
- The event types with the most attendance interest in a new venue are concerts, theater performances, musicals, comedy, and family shows, among others.
- Respondents generally preferred a venue location at the Crown Complex, followed closely by Downtown Fayetteville.
- Respondents largely agreed that a new venue would increase quality of life, should be designed to accommodate a wide variety of users, and would spur additional investment into the surrounding community.
- Respondents were largely supportive of a new venue and would prefer to support a new venue mainly through purchasing tickets, purchasing a membership, or volunteering.
- The construction of a new venue would likely capture a portion of attendees who otherwise would have left the County to see entertainment events.

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*The market survey results provide an important benchmark in assessing the market potential for the proposed Multi-Purpose Event Center.*



11

**ESTIMATED  
DEMAND**

## ESTIMATED DEMAND

The purpose of this section is to estimate the potential utilization for the proposed Multi-Purpose Event Center. It is envisioned that the proposed Multi-Purpose Event Center would host a wide range of programming and events to maximize utilization and serve the community. To ensure the venue meets the needs of a variety of potential users, an extensive number of interviews were conducted with event organizers representing a wide range of events and activities.

The results of these interviews, combined with an assessment of the historical utilization experienced at comparable facilities and the existing Crown Theatre and Arena, which the new facility would replace, serve as a foundation in estimating the potential events and attendance that could be attracted to the proposed Multi-Purpose Event Center. Accordingly, this section is presented in the following components:

- Potential User Interviews;
- Comparable Benchmarking;
- Existing Crown Complex Utilization; and,
- Estimated Demand Summary.

## POTENTIAL USER INTERVIEWS

To estimate the potential utilization of the proposed Multi-Purpose Event Center, CSL considered feedback from industry professionals and community organizations in the context of comparable venue benchmarking data presented previously. Interviews with these local, regional, and national industry professionals, who are responsible for promoting and booking events that could be hosted at the proposed venue, provided insight into the number and type of events that could reasonably be held at the proposed Multi-Purpose Event Center, including:

- Touring concerts, comedy, & family shows;
- Touring theater;
- Local & regional performing arts;
- Community events; and,
- Private rentals.

Representatives from the 20 following organizations were interviewed as part of this analysis:

- Arts Council of Fayetteville;
- Black on Black Project (Visual Art Exchange);
- Cape Fear Regional Theatre;
- CHMF Entertainment, Inc;
- Cumberland County Schools;
- Fayetteville Area Convention & Visitors Bureau;
- Fayetteville Cumberland County Economic Development Corporation;
- Fayetteville State University;
- Fayetteville Symphony Orchestra;
- Feld Entertainment;
- Fort Bragg;
- Gilbert Theatre;
- Greater Fayetteville Chamber of Commerce;
- Indigo Moon Film Festival;
- Live Nation;
- National Artists Corporation;
- Peachez, Inc;
- Premier Productions;
- Shakespeare Sweet Tea; and,
- The Capitol Encore Academy.

The following pages present summaries of the interviews conducted and related qualitative feedback from which potential venue utilization can be considered.

## TOURING CONCERTS, COMEDY, & FAMILY SHOWS

It is anticipated that concerts, comedy shows, and family shows will represent prominent event segments at the proposed Multi-Purpose Event Center. To gauge the market for these entertainment events, interviews were conducted with a number of local, regional, and national promoters such as CHMF Entertainment, Inc, Feld Entertainment, Live Nation, National Artists Corporation, and Premier Productions.

From a scheduling perspective, most indoor venue concert tours occur during the late fall, winter, and early spring months. In general, concert and live entertainment promoters consider the following factors when selecting where to route touring acts: anticipated revenue potential from the sale of tickets, concessions, and merchandise, financial terms with venue, backstage space/amenities, event floor size, capable local event staff, market size and demographics, parking availability, show power capabilities, stage requirements, rigging capacity, venue seating capacity, and venue ticketing system, among other factors.

Key insights from local, regional, and national promoters regarding potential events at the proposed Multi-Purpose Event Center include:

- Generally, local, regional, and national promoters indicated that the current Arena and Theatre facilities at the Crown Complex are outdated and do not have the modern amenities often desired by artists (such as a high-end hotel near the venue, lack of quality dressing rooms, and a lack of restaurants within close proximity), with several citing the age of the venues as a primary driver for not booking more shows in the market. Most promoters believe that there is a need for a new venue in the market to replace the dated facilities.

- Several promoters noted the saturation of the Carolinas as a barrier to Fayetteville attracting more performances to the market, especially with the City considered as a secondary or tertiary market in terms of tour route planning. Promoters currently book performances at other venues in larger cities within the broader regional area, such as the DPAC and the Duke Center for the Performing Arts (Raleigh), among others. Promoters indicated that there are fewer artists that reach this depth on their tours. A new modern facility could expect to absorb the existing shows that take place at the Crown Arena and Theatre and attract a limited number of additional acts to the market.
- Although the market is not a primary destination for promoters in the region, many cited the strong ticket sales at previous shows as a main driver for continued show booking in the City and anticipate at least maintaining the number of shows they schedule in Fayetteville if a new Multi-Purpose Event Center was constructed.
- Promoters indicated that the live entertainment industry is built on relationships, and all promoters interviewed indicated a good working relationship with Spectra. Future utilization of a new Multi-Purpose Event Center would be contingent, to a degree, on the maintenance of these relationships as it relates to a new venue.
- In terms of location, most promoters preferred a downtown venue, as these areas typically offer a variety of ancillary activities for event attendees to pair with the event or show (i.e. convenient ability to visit restaurants or bars before/after a show) and drive economic impact to the region. However, some did indicate that it could be a less desirable entertainment experience if there is a limited amount of parking available downtown when events are hosted concurrently at Segra Stadium and the new Multi-Purpose Event Center.
- Promoters preferred a seating capacity similar to that of the Arena and Theatre facilities at the Crown Complex to accommodate their current shows and events. In a new multi-use facility, promoters would prefer a total capacity between 2,500 and 3,000, with the ability to partition or curtain off seating areas to create a more intimate seating capacity if the show or event requires it.
- On-site parking for tour staff and the accessibility to the venue were key amenities cited by promoters for a new Multi-Purpose Event Center. Other amenities mentioned by promoters that are available in modern venues which enhance the artist and production experience and encourage repeat bookings include a minimum of two (2) loading docks for easy load-in/load-out, ample backstage space including production and promoter offices, and multiple entry points to the building and seating area.
- When asked about the possibility of the Multi-Purpose Event Center being constructed as a multi-use venue (similar to The Anthem in Washington D.C., for example) instead of a traditional theater (similar to DPAC, for example), most promoters believed that this would make the most sense for the market and allow for maximum utilization as it would be able to be booked for a variety of shows across a broad spectrum of genres.

Currently, the Crown Theatre and Arena host an average of 19 touring shows annually, including 13 concerts, four family shows, and two comedy shows. Based on promoter feedback, it is estimated that the proposed Multi-Purpose Event Center could attract additional touring shows to Fayetteville given the improved amenities, updated technology, and improved fan experience. Overall, it is estimated that the proposed Multi-Purpose Event Center could host an average of 31 touring shows annually, including 20 concerts, six family shows, and five comedy shows.

## TOURING THEATER

Touring theater represents an additional event segment which can generate revenue for the proposed Multi-Purpose Event Center. Like concerts, the touring theater season typically runs from late fall through early spring, and event promoters present touring theater productions in smaller markets based on the show's routing through larger markets. Touring theater promoters such as Peachez Inc as well as local theater companies such as Cape Fear Regional Theatre, Gilbert Theatre, and Shakespeare Sweet Tea, were interviewed to identify any niche in the market to host these kinds of events.

The following is a summary of feedback regarding the potential utilization of the proposed Multi-Purpose Event Center:

- Overall, touring theater promoters indicated that the Fayetteville market is a “strong B-market” and fits the size of performances for the artists they book into similarly sized markets, such as Tallahassee, Florida and Savannah, Georgia. Generally, these promoters indicated that previous shows booked in the Fayetteville market have been successful.
- In terms of overall design for the proposed Multi-Purpose Event Center, representatives from touring theater organizations indicated that a traditional theater setup would be necessary to host a significant amount of performing arts and Broadway programming.
- A downtown location was preferred by touring theater promoters for the proposed Multi-Purpose Event Center as they believe that it could be integrated with existing development such as Segra Stadium, restaurants, and other such offerings to create an entertainment district. However, they did see some benefit to building the new venue at the Crown Complex given the familiarity of the area by residents and current tour promoters, as well as the ample parking available.
- An overall seating capacity of 2,000 to 2,500 is the most appropriate for touring theater and performing arts events at a new Multi-Purpose Event Center. Although most seats can be sold as general reserved seating, some promoters said having limited premium seating available would improve the visitor experience but would be revenue-neutral for most promoters since these seats would often be off-manifest for revenue sharing purposes.
- Other amenities mentioned by touring theater promoters that should be considered during the design phase for the venue include flat-graded loading docks (ability to load onto the stage without using elevators or stairs), power connections for trucks and buses so that they do not have to run them on engines/gasoline, a platform near the stage for interpreters for ADA compliance requirements for certain shows, and upper-level seating that is not built at too steep of a grade (if the building includes an upper level).
- Regional theater groups indicated that there is a lack of affordable performance spaces in the area. Representatives stressed the importance of having rental rates that allow easy access to the facility for community theater groups and hosts programming that does not directly compete with these organizations for attendees and performing arts philanthropy patronage each year.

Based on the feedback of touring theater promoters, the characteristics of the Fayetteville market, the presence of other regional theaters in the area, and the six performing arts shows currently hosted at the Crown currently, it is anticipated that the proposed Multi-Purpose Event Center could attract limited, single night performances to the area. Considering these factors, it is estimated that the proposed Multi-Purpose Event Center will host approximately five touring theater performances annually.

## LOCAL & REGIONAL PERFORMING ARTS

Local and regional performing arts groups produce a variety of event types such as musicals, plays, dance, and symphony performances, among others. Many local and regional groups currently utilize the Crown Arena and/or Crown Theatre and expressed interest in using the proposed Multi-Purpose Event Center for their events after the Arena and Theatre facilities at the Crown Complex close. Key feedback from local and regional performing arts organizations, such as Black on Black Project (Visual Art Exchange), Fayetteville Symphony Orchestra, Indigo Moon Film Festival, and The Capitol Encore Academy, include:

- Representatives from traditional performing arts organizations are excited about the potential construction of a new Multi-Purpose Event Center. They believe that the current facilities at the Crown Complex are outdated and in need of major upgrades.
- In terms of location, representatives from these organizations indicated that downtown would be the most preferred site for the proposed Multi-Purpose Event Center to utilize existing restaurants and other entertainment venues to create a destination for event attendees.
- Generally, representatives from traditional performing arts organizations believed a total seating capacity of the large performance space should be between 1,500 and 2,000 seats.
- For traditional performing arts groups, specific amenities preferred in the proposed Multi-Purpose Event Center included state-of-the-art acoustics such as sound towels on the ceiling that can be controlled mechanically to suit different types of performances, a rehearsal hall, multiple spaces within the venue for different types of performances, such as a small black box theater (150 to 300 seats) in addition to the main multi-purpose performance hall, VIP reception areas, a variety of back-of-house areas such as storage and dressing rooms, ADA accessibility and seating, and marquees and billboards that could be sold to local companies for advertising sales.
- Overall, representatives from traditional performing arts organizations indicated that they would utilize the proposed Multi-Purpose Event Center between three and 10 times annually per organization (30 total events). Tickets for these performances were estimated to range from \$25.00 to \$50.00 on average.
- In defining success for the proposed Multi-Purpose Event Center, representatives from traditional performing arts organizations indicated that they would like to see an even mix of community events and/or local arts performances and major touring shows and/or concerts. Providing space for educational components of arts programs was an important aspect of operations for these organizations, including a number of small meeting rooms ranging in capacity size from 10 to 100.
- Several organizations noted that the proximity of DPAC could provide strong competition for the proposed Multi-Purpose Event Center. They worried that this established venue could lessen the ability of the facility to attract major concerts and touring shows that would be necessary to help subsidize their use of the venue at more affordable rental rates.

Based on feedback from local arts organizations and performing arts troupes, it is estimated that the proposed Multi-Purpose Event Center will host approximately 30 performances from local and regional performing arts groups annually.

## COMMUNITY EVENTS

Local community events will also be an event segment that is anticipated to be hosted at the proposed Multi-Purpose Event Center. For purposes of this report, this segment is assumed to include a variety of events including student theater, film festivals, school district events/performances, art shows, speakers, and other similar events. Key insights from community users such as the Arts Council, Cumberland County Schools, Fayetteville State University, and Fort Bragg regarding potential events at the proposed Multi-Purpose Event Center include:

- Representatives indicated that there is a lack of performance space within the market to accommodate all the various types of events hosted throughout the year. They often have to tailor their shows to available venues and would welcome a more flexible space that can accommodate their various performance needs.
- The Fayetteville area has a number of existing smaller theater and performance venues. Several community organizations interviewed expressed concern that the proposed Multi-Purpose Event Center could be directly competitive with these venues and believe that it is important that the facility have a larger seating capacity between 2,000 and 3,500 seats to differentiate itself from locally owned and operated venues.
- Overall, representatives felt the new venue should be physically configured to be multi-purpose in nature to accommodate as much community usage and variety of arts programs as possible, such as symphony, dance, art shows, and film festivals, among others.
- Typically, community organizations pay a flat rate to rent the Crown Complex facilities or negotiate a percentage of ticket and concessions sales with the venue in lieu of a rent payment. Because of the non-profit status of many community organizations in the area, it is important that rental fees be relatively similar to those currently charged at the Crown Arena and/or Theatre for organizations to utilize the proposed Multi-Purpose Event Center.
- In terms of physical design elements, representatives from community organizations interviewed expressed a desire for the proposed Multi-Purpose Event Center to have individual breakout areas (i.e., classrooms, rehearsal spaces, etc.), a main theater as well as smaller performance areas (i.e., black box theater with a flat floor and flexible seating adjacent to the main theater seating area with seating for 300 to 500 people), gallery and/or exhibit space outside of the main theater which could be street-facing to attract visitors on non-event days, and state-of-the-art lights, projectors, and acoustics.
- Nearly all community organizations interviewed indicated a preference for the proposed Multi-Purpose Event Center to be in the downtown area. They cited the existing and future parking infrastructure within close proximity to downtown and the dining and retail establishments in the area that could help to create a destination for events hosted at the facility as reasons for this preference. However, several organizations noted that events hosted at a downtown facility could face traffic issues if they are hosted on the same night as events hosted at Segra Stadium.
- The popularity of esports has grown exponentially in the last five years. Representatives from community organizations indicated that a multi-purpose style facility would better accommodate these types of events. Additionally, because esports typically appeals to younger people, representatives from Fort Bragg indicated these events would be popular among base members.

Considering the feedback from community organization representatives, it is estimated that the proposed Multi-Purpose Event Center will host approximately 20 community-oriented events annually.

## PRIVATE RENTALS

A recent trend in the public assembly facility industry is a venue design with maximum flexibility to be able to accommodate a number of private rentals, including corporate events, banquets, meetings, weddings and wedding receptions, and other such uses. These events can expand utilization and generate additional revenue for the venue while also potentially filling a gap for meeting and event spaces that exist within the market. To estimate the number of private events that could potentially be held at the proposed Multi-Purpose Event Center, interviews were conducted with a number of business associations, such as the Fayetteville Area Convention & Visitors Bureau, Greater Fayetteville Chamber of Commerce, and the Fayetteville Cumberland County Economic Development Corporation. The following is a summary of feedback regarding the potential utilization of the proposed Multi-Purpose Event Center:

- Overall, representatives indicated that there is a need for meeting space within the Fayetteville area for local businesses. The Crown Complex has been utilized for an average of five banquets or meetings historically each year, and representatives felt that the location of the venue outside of the downtown core has historically contributed to less demand for this type of programming.
- Most representatives saw the new Multi-Purpose Event Center as a community-oriented venue, serving the local residents with a variety of entertainment options and providing opportunities for private events in a unique setting compared to options currently offered within the market.
- To maximize utilization of the venue, representatives believed that rental rates would need to be affordable so that the facility is attractive to companies of all sizes within the area. They noted that area companies could use meeting spaces ranging in capacity from 20 people to 150 people.
- When presented with possible site locations for a new Multi-Purpose Event Center, most representatives of organizations that would host private events at the facility preferred the downtown area. They believe that it would be a key driver of future growth. Additionally, downtown is a central location within the County and is easily accessible to a number of ancillary amenities such as restaurants and other entertainment that would be key in attracting private rental events to the venue.

Based on promoter feedback, it is estimated that the proposed Multi-Purpose Event Center will be privately rented for events such as banquets, corporate events, meetings, weddings, and other such uses for approximately 50 events annually.

## SUMMARY OF ESTIMATED DEMAND

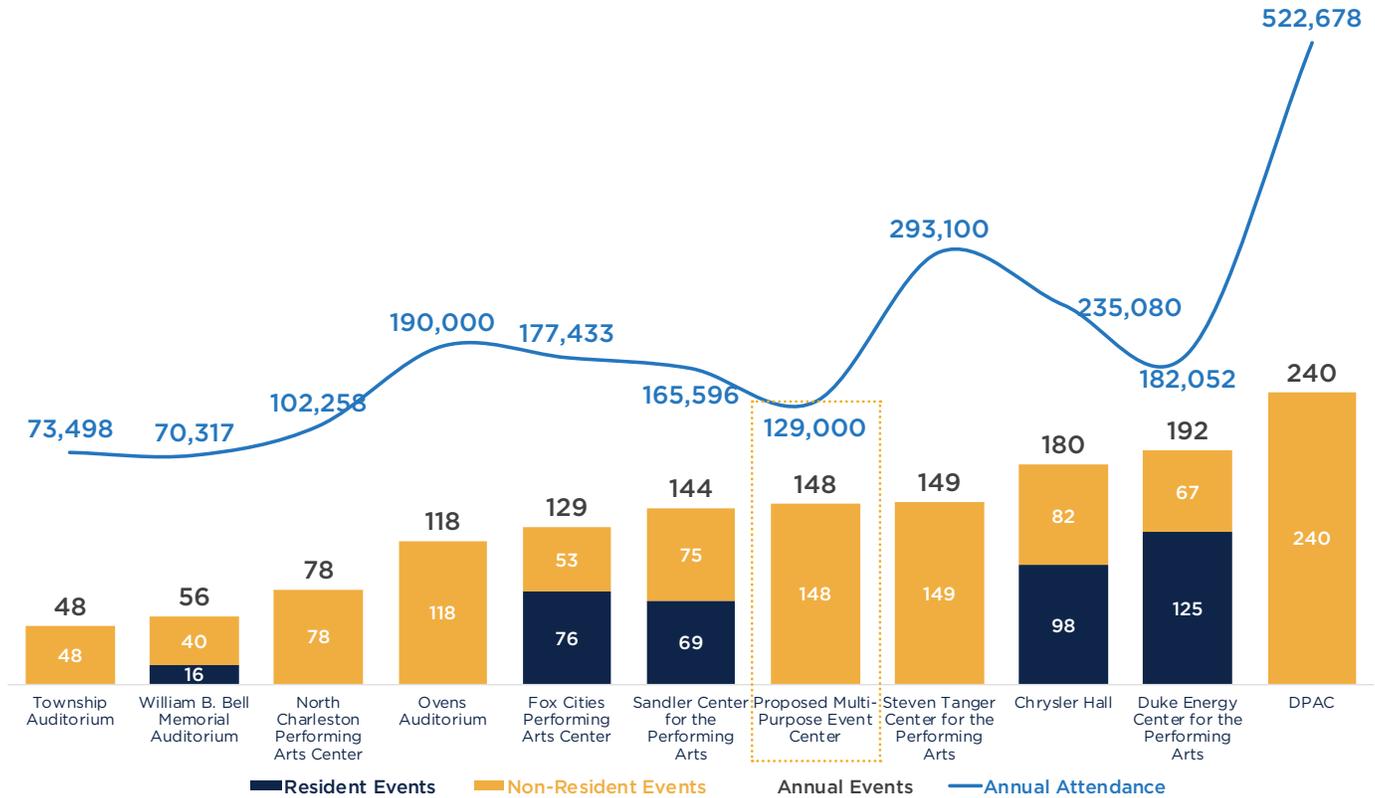
Key feedback provided by promoters and other event distributors considered in conjunction with historical event activity at comparable performing arts centers is used to estimate potential ticketed event utilization at the proposed Multi-Purpose Event Center. It should be noted that the proposed Multi-Purpose Event Center is anticipated to replace the Crown Arena and Crown Theatre as the venues close and which hosted an average of 63 ticketed and non-ticketed events annually over the past three years. The utilization estimate outlined below is therefore inclusive of the historical event activity at these existing facilities that is anticipated to transfer to the new venue. Any events that cannot be accommodated by the proposed Multi-Purpose Event Center are anticipated to be absorbed by the Crown Coliseum.

SUMMARY OF EVENT UTILIZATION			
EVENT TYPE	NUMBER OF EVENTS	AVERAGE ATTENDANCE	TOTAL ATTENDANCE
<b>Ticketed Events</b>			
Major Concerts	10	2,500	25,000
Minor Concerts	10	1,500	15,000
Comedy Shows	5	1,250	6,250
Family Shows	6	1,000	6,000
Touring Theater / Broadway	5	1,750	8,750
Local & Regional Performing Arts	30	750	22,500
<b>TOTAL - TICKETED EVENTS</b>	<b>66</b>	<b>1,265</b>	<b>83,500</b>
<b>Non-Ticketed Events</b>			
Sporting Showcases	5	1,500	7,500
Graduations	7	1,500	10,500
Community Events	20	500	10,000
Private Rentals	50	350	17,500
<b>TOTAL - NON-TICKETED EVENTS</b>	<b>82</b>	<b>555</b>	<b>45,500</b>
<b>TOTAL - ALL EVENTS</b>	<b>148</b>	<b>872</b>	<b>129,000</b>

As shown above, the proposed Multi-Purpose Event Center is expected to host a variety of ticketed events including concerts, comedy shows, family shows, touring theater / Broadway performances and other local and regional performances. In total, it is estimated the proposed Multi-Purpose Event Center could host 66 ticketed events for a total annual attendance of approximately 83,500 in a stabilized year of operations, of which approximately 48 percent is attributable to concerts.

It is important to understand the estimated event demand for the proposed Multi-Purpose Event Center within the context of similar venues supported by comparably-sized markets, as shown in the chart below.

**COMPARABLE EVENT ACTIVITY CONTEXT**



As shown above, the proposed Multi-Purpose Event Center, with 148 total events, is 11 percent higher than the comparable average (133) while the total estimated annual attendance is 36 percent below the comparable average (201,000). Among comparable venues in similarly-sized markets, the proposed Multi-Purpose Event Center is estimated to host 90 percent more events and attract 22 percent more in annual attendance.

An aerial photograph of a city street corner. On the left, a brick church with a tall steeple is visible. The street is lined with multi-story brick buildings, some with red roofs. A yellow vertical bar runs down the center of the image, and a blue vertical bar runs down the left side. The number '12' is printed in white outline on the blue bar.

12

**BUILDING  
PROGRAM  
RECOMMENDATIONS  
& COST ESTIMATE**

# BUILDING PROGRAM RECOMMENDATIONS & COST ESTIMATE

The purpose of this analysis is to define market-supportable building program elements for the proposed Multi-Purpose Event Center, including:



## SEATING CAPACITY

The seating capacity of a venue, among other factors, is a critical determinant as to whether a promoter will book a certain facility. Seating capacity plays a key role in setting ticket prices for a show and must be balanced against potential demand.



## PREMIUM AMENITIES

Premium seating, including VIP seats and boxes, constitutes an important revenue-generating component of performance venues. The level of premium seating that is supportable in the marketplace is impacted by a variety of factors, including the depth and breadth of the local corporate base, the income characteristics of the local population, the drawing power of the venue's events, and the venue's overall event mix.



## OTHER FACILITY ELEMENTS

Ancillary amenities, including patron and artist support spaces such as restrooms, concession stands, dressing rooms, and other spaces including a black box / studio theater, meeting rooms, and/or studios, can play a critical role in cultivating a venue's reputation amongst potential users and attendees.

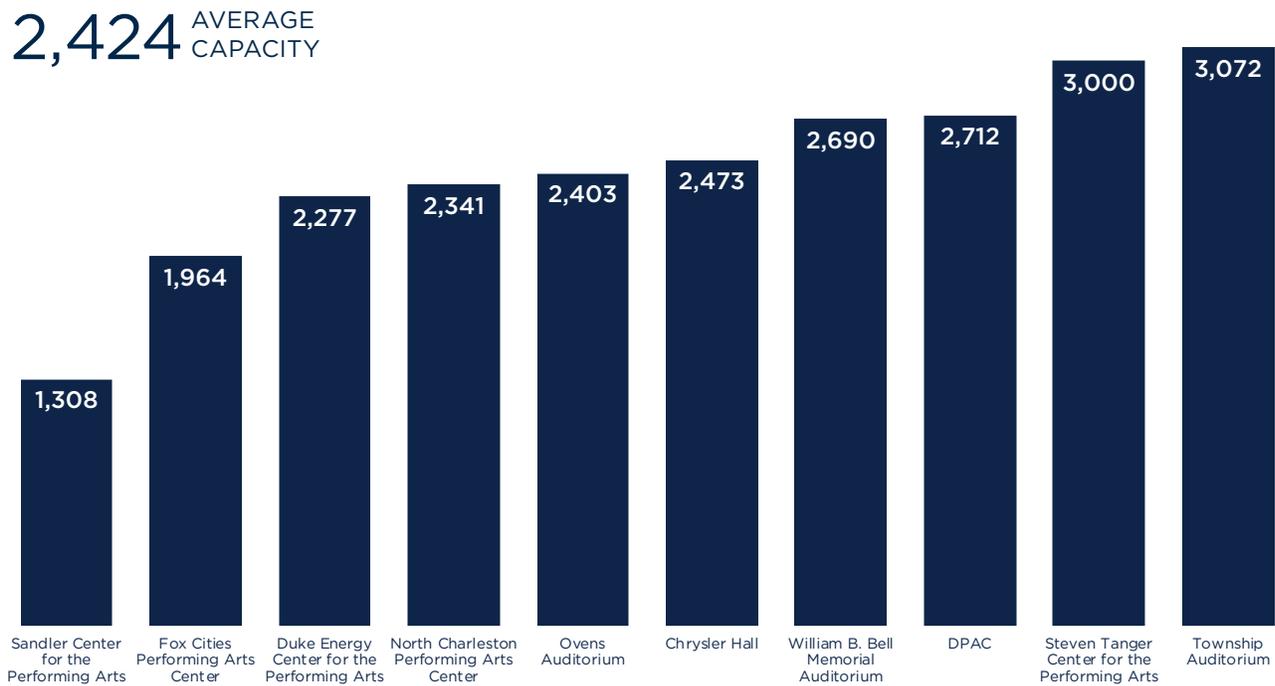
The appropriate building program, as presented over the following pages, was determined by a review of comparable performing arts center characteristics, industry trends, and potential user feedback in the context of previously presented utilization estimates.

## SEATING CAPACITY

### SEATING CAPACITIES IN COMPARABLE MARKETS

In evaluating the market supportable seating capacity for the proposed Multi-Purpose Event Center, it is useful to understand seating capacities of comparable venues. The following chart presents the maximum seating capacities in the main performance hall for 10 comparable performing arts centers.

#### COMPARABLE VENUE SEATING CAPACITY



As shown, among the 10 comparable performing arts centers, the average facility has a maximum seating capacity of approximately 2,400, ranging from a low of 1,308 at Sandler Center for the Performing Arts in Virginia Beach, VA to a high of 3,072 at Township Auditorium in Columbia, SC.

In addition to total seating capacity, it is important to evaluate how often comparable facilities reach, or come close to reaching, their total capacity. The chart on the following page depicts how often comparable facilities reach certain attendance benchmarks (e.g. 90, 75, and 50 percent of total capacity).

### COMPARABLE VENUE SEATING CAPACITY RELATIVE TO ATTENDANCE

COMPARABLE VENUE SEATING CAPACITY RELATIVE TO ATTENDANCE			
Percent of Shows with Attendance:	> 50% Capacity	> 75% Capacity	> 90% Capacity
William B. Bell Memorial Auditorium	61%	21%	5%
Township Auditorium	70%	61%	22%
Duke Energy Center for the Performing Arts	79%	57%	57%
North Charleston Performing Arts Center	79%	52%	24%
Chrysler Hall	83%	43%	23%
Sandler Center for the Performing Arts	88%	63%	25%
Ovens Auditorium	89%	71%	61%
DPAC	95%	73%	46%
Fox Cities Performing Arts Center	100%	93%	74%
<b>Average</b>	<b>83%</b>	<b>59%</b>	<b>37%</b>

As shown above, comparable facilities reach 90 percent of capacity approximately 37 percent of the time, increasing to 59 percent and 83 percent when adjusting to 75 and 50 percent of venue capacity, respectively. In general, Fox Cities Performing Arts Center and DPAC often attract attendance levels that approach the full seating, while William B. Bell Memorial Auditorium and Township Auditorium experience attendance levels that are most often less than the total seating capacity. Given the infrequency among comparable facilities of generating attendance which utilizes the full seating capacity of the venue (i.e., less than 40 percent of shows reach 90 percent capacity), it is possible that the proposed Multi-Purpose Event Center would not need a total seating capacity near the high end of comparable venues.

## POPULATION PER SEAT IN COMPARABLE MARKETS

To examine the local market’s ability to accommodate the proposed Multi-Purpose Event Center, an analysis of population per seat at comparable venues in similarly sized markets as Fayetteville was conducted.

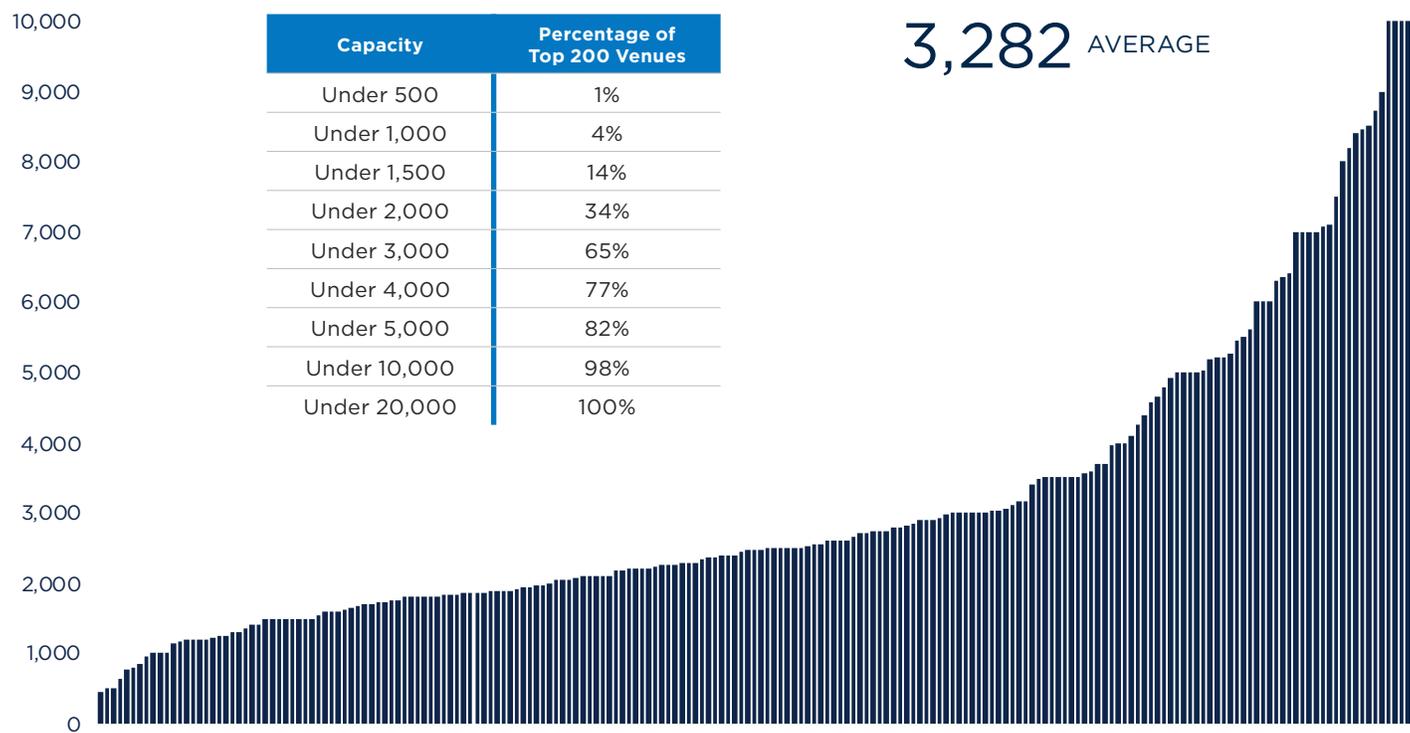
POPULATION PER SEAT - COMPARABLE VENUES				
Venue	Location	Total Capacity	60-Minute Drive Time Population	Population Per Seat
William B. Bell Memorial Auditorium	Augusta, GA	2,690	721,000	268.0
Township Auditorium	Columbia, SC	3,072	1,026,000	334.0
North Charleston Performing Arts Center	N. Charleston, SC	2,341	803,000	343.0
Fox Cities Performing Arts Center	Appleton, WI	1,964	966,000	491.9
<b>AVERAGE</b>		<b>2,517</b>	<b>879,000</b>	<b>359.2</b>
<b>MEDIAN</b>		<b>2,516</b>	<b>884,500</b>	<b>338.5</b>
<b>ESTIMATED MPEC CAPACITY - BASED ON COMPARABLE AVERAGE</b>		<b>2,993</b>	<b>1,075,000</b>	<b>359.2</b>
<b>ESTIMATED MPEC CAPACITY - BASED ON COMPARABLE MEDIAN</b>		<b>3,176</b>	<b>1,075,000</b>	<b>338.5</b>

As shown in the chart above, the average population available per performing arts center seat in comparable venue markets ranges from 268.0 to 491.9, with an average and median of 359.2 and 338.5 people per seat, respectively. This comparable venue penetration analysis indicates that the proposed Multi-Purpose Event Center could feature a capacity of approximately 3,000 and 3,200 given the 60-minute regional drive time population of approximately 1.1 million and the penetration rates of similarly-sized markets with comparable venues.

## AVERAGE CAPACITY & TICKET SALES AT TOP 200 THEATERS

The chart below summarizes the total capacity for each of the top 200 theater venues in terms of ticket sales as measured by Pollstar. This analysis provides a basis from which to assess the potential seating capacity of the proposed Multi-Purpose Event Center in relation to top performing venues in the country.

### TOP 200 NORTH AMERICAN THEATERS BY CAPACITY

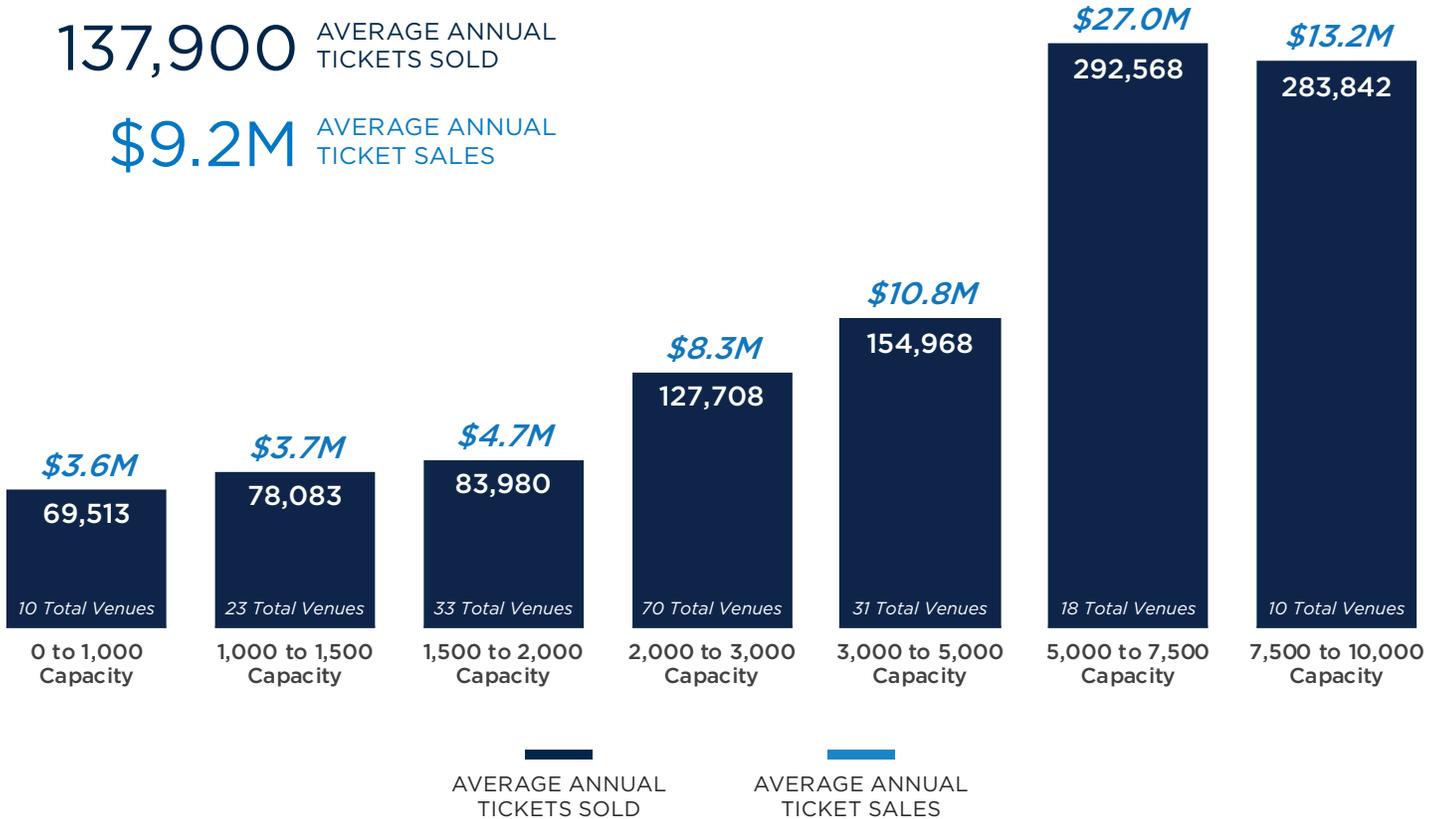


Capacities of the top 200 theater venues of 2019 range from approximately 450 to 19,500, with an average total capacity of approximately 3,300. As shown, 34 percent of the top 100 theaters have capacities of 2,000 or below, while 82 percent have capacities of 5,000 or below.

The performing arts industry has undergone significant changes over the past several years as the rise of new genres and increasing segmentation of the entertainment market has resulted in fewer acts capable of selling out venues with large capacities. As such, smaller venues are often more appropriate and cost-effective for smaller touring acts, as playing to a full house creates demand scarcity within the market. Additionally, larger venues, by virtue of their size, are often able to generate higher total attendances with proportionately higher ticket sales.

To determine the historical seating demand for these smaller entertainment acts, an analysis of the average ticket sales for the top 200 theaters relative to capacity was undertaken and is presented in the chart on the following page.

**AVERAGE TICKET SALES PER VENUE OF TOP 200 NORTH AMERICAN THEATERS BY CAPACITY**



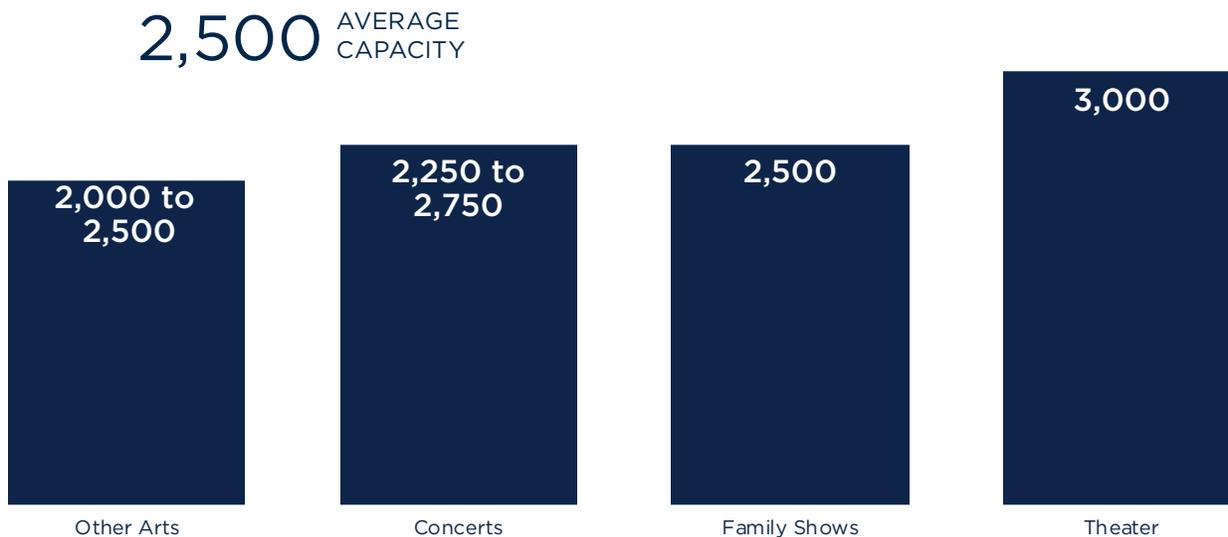
In general, the average top 200 theater venue had an average annual paid attendance of approximately 138,000 and average annual ticket sales of approximately \$9.2 million. Approximately 70 percent of the top 200 theaters had a total paid attendance of 150,000 or less while approximately 75 percent had annual ticket sales of \$10.0 million or less.

Based on the population per seat analysis shown previously as well as interviews with potential users, a capacity range of approximately 2,500 to 3,000 has been identified for the proposed Multi-Purpose Event Center. As shown, for theaters with a capacity in this range, the average tickets sold annually is approximately 128,000 with total ticket sales of \$8.3 million. The average tickets sold at theaters of this size (128,000) is comparable to the projected ticket sales for the proposed Multi-Purpose Event Center (129,000).

In considering this information, it is important to note that the data presented herein represents the average ticket sales for each venue with attendance for a particular performance subject to large variances depending on the market and capacity of the venue played. In addition, the data presented herein represents paid ticket sales. Actual, or turnstile attendance, could be higher or lower depending on the number of complimentary tickets and no-shows and varies by venue. In general, actual attendance for events at performing arts is often greater than paid attendance estimates. Nonetheless, the data presented herein is useful in understanding the general demand of the top 200 theater venues.

## EVENT PROMOTER PREFERENCES

Throughout conversations with local, regional, and national event promoters, various organizers indicated a preferred capacity for the proposed Multi-Purpose Event Center based on the unique needs of their organization. The chart below depicts the range of proposed capacities based on these conversations by various types of promoters.



As shown, all preferred capacities among promoters and organizers fell between 2,000 and 3,000, with an average preferred capacity of approximately 2,500. It is envisioned that a capacity within this range could accommodate the needs of the vast majority of event promoters and organizations.

## HISTORICAL CAPACITY NEEDS

Given that the proposed Multi-Purpose Event Center would likely accommodate existing events and performances at the Crown Theatre and Arena, it is important to evaluate the attendance of the events at these venues. The chart to the right depicts the proportion of events at the two Crown Complex venues beneath various attendance thresholds.

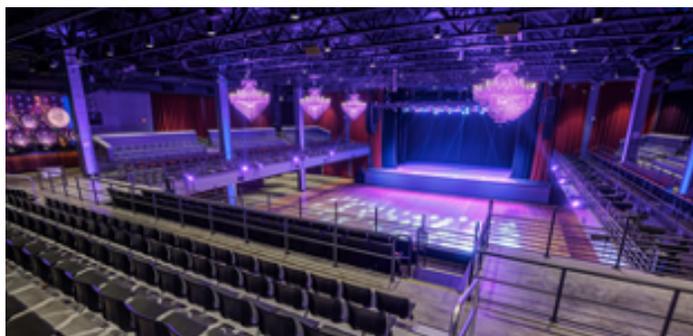
As shown, 90 percent of events hosted at the Theatre and Arena in 2019 had an attendance less than 2,500 and almost 80 percent were below 2,000 in attendance. Given the historical performance at the expiring Crown Complex venues, a capacity of 2,500 would be sufficient to capture the vast majority of ticketed events transitioning to the proposed Multi-Purpose Event Center.

Attendance	Percentage of Events
2,500 or more	100%
Under 2,500	90%
Under 2,000	79%
Under 1,500	66%
Under 1,000	45%
Under 500	22%
Under 250	8%

## MULTI-PURPOSE CONSIDERATIONS

To better accommodate current event utilization at the Crown Arena and Theatre, it will be important for the proposed Multi-Purpose Event Center to be designed as a multi-purpose venue. Key elements of a multi-purpose venue include:

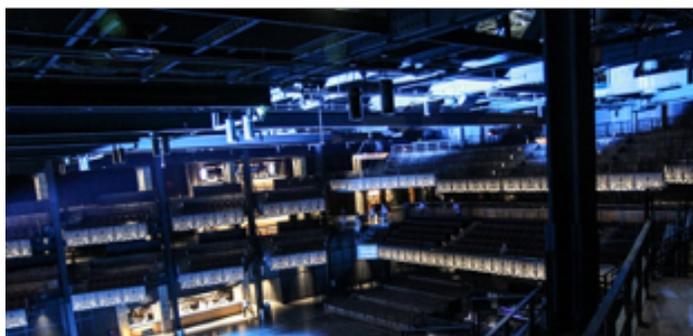
- Fewer fixed seats;
- Multi-functional floor space;
- Ability to accommodate standing-room concerts and flat-floor shows & events;
- Additional flexibility for standing or seating configurations based on event;
- No orchestra pit or stage tower; and,
- Limited interior finish designed for larger gatherings.



**NO ORCHESTRA PIT OR STAGE TOWER**



**FEWER FIXED SEATS**



**GENERAL ADMISSION FLOOR CONFIGURATION**



**MULTI-FUNCTIONAL FLOOR SPACE**

It is anticipated that a multi-purpose design could accommodate over 75 percent of current Crown Arena and Theatre utilization while still providing an intimate environment for traditional live performances, such as concerts or comedy shows.

Additionally, a multi-purpose venue, through the lack of total fixed seating, would increase the maximum capacity of the venue, increasing the ability to accommodate a large amount of attendees for popular events, such as standing-room only concerts.

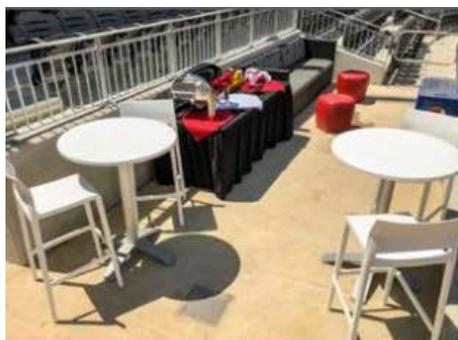
Given comparable theater data, as well as discussions with event promoters and an analysis of nationwide theater capacity and ticket sale trends, it is recommended that the proposed Multi-Purpose Event Center have a maximum capacity of approximately 2,500 seats, with a seated capacity of approximately 2,000 tiered over two levels to better accommodate utilization flexibility. It is important that the venue offers the flexibility to accommodate a variety of event capacities, a key consideration for event promoters.

## PREMIUM AMENITIES

### LOCAL MARKET PREMIUM SEATING

Premium seating is designed to provide event patrons with an exclusive, elevated event experience. To evaluate the potential for premium seating at the proposed Multi-Purpose Event Center, it is important to examine the premium seating options among other competitive venues within the local market. The chart below and pictures on the following page depict the premium seating options currently available among identified competitive sports and entertainment venues in the local market.

COMPETITIVE VENUE PREMIUM SEATING		
Venue	Total Premium Seats	Premium Seating
SEGRA STADIUM	378	<ul style="list-style-type: none"> <li>110 Club Seats \$1,500 Per Season</li> <li>20 4-Topp Tables \$3,300 Per Table</li> <li>2 Dugout Boxes (10 Seats) \$400 Per Game</li> <li>4 Field Boxes (12 Seats) \$480 Per Game</li> <li>6 Luxury Suites (20 Seats) \$900 Per Game</li> </ul>
SEABROOK AUDITORIUM	24	<ul style="list-style-type: none"> <li>6 Luxury Boxes (4 Seats) Sold Event-By-Event \$100 Per Ticket</li> </ul>



**Dugout Boxes**  
(Segra Stadium)



**Field Boxes**  
(Segra Stadium)



**Luxury Suites**  
(Segra Stadium)



**AEVEX Veterans Club**  
(Segra Stadium)



**4-Topp Tables**  
(Segra Stadium)



**Luxury Boxes**  
(Seabrook Auditorium)

As shown above, two local venues currently offer premium seating, including five premium offerings at the newly constructed Segra Stadium for baseball games, which are sold both seasonally and per-game, and luxury boxes at Seabrook Auditorium, which are sold per-event for their signature event series.

## COMPARABLE PERFORMING ARTS CENTER PREMIUM SEATING

When available, premium seat offerings at performing arts centers consist of varying combinations of VIP memberships, small group seating (boxes or tables), and luxury suites.

- **VIP Membership** programs typically require an annual membership fee and guarantee the advance notice opportunity to purchase tickets to shows at the venue and can offer access to a private lounge.
- **Small Group Seating / Box** options are typically configured in four to eight-seat semi-private seating areas and can include upscale seating and food and beverage service.
- **Luxury Suites** typically accommodate 12 to 18 guests and include an exclusive lounge area with seating overlooking the stage.

The following figures summarize premium seating inventory and pricing at previously identified comparable performing arts centers.

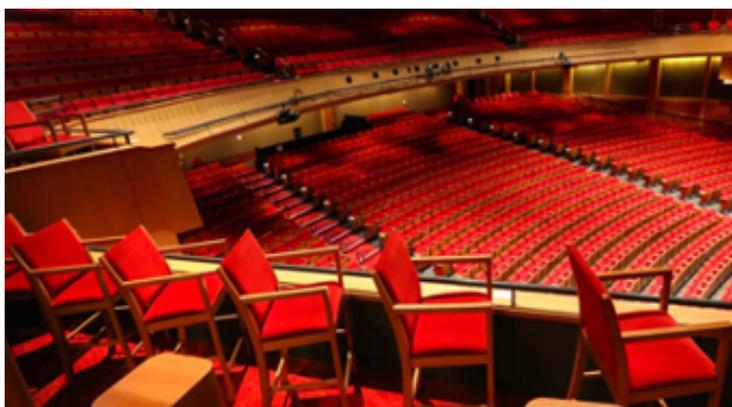
COMPARABLE VENUE PREMIUM SEATING	
Venue	Premium Seating
DPAC	<p>6 VIP Boxes (4 to 6 Seats) \$57,500 Per Season</p> <p>266 Membership Seats \$2,250 to \$3,050 Per Season</p>
STEVEN TANGER CENTER FOR THE PERFORMING ARTS	<p>138 Membership Seats \$1,000 Per Season</p>
TOWNSHIP AUDITORIUM	<p>Membership Program Not Tied to Specific Seats \$100 to \$1,000 Per Season</p>
CHRYSLER HALL	<p>VIP Lounge Add-On Not Tied to Specific Seats Sold Event-By-Event \$38.50 Per Ticket</p>



**CLUB LOUNGE**  
Steven Tanger Center for the Performing Arts



**CLUB LOUNGE**  
Chrysler Hall



**VIP BOX**  
DPAC



**MEMBERSHIP SEATS**  
DPAC

Based on the analysis of comparable performing arts center inventories and conversations with potential event promoters, it is recommended that the proposed Multi-Purpose Event Center include a total of 10 VIP boxes with an average of six (6) seats per box at an average annual price of \$15,000 (inclusive of event tickets). In addition, the venue should offer 200 VIP memberships for prime seat locations at an average annual price of \$1,000 (not inclusive of event tickets).

## OTHER FACILITY ELEMENTS

In addition to basic building program components, comparable performing arts facilities also contain a number of other functioning spaces beyond the main performance hall, such as black box theaters, exhibition space, lobbies, and classrooms, among others. The chart below depicts the various types of additional function spaces included among comparable venues.

### OTHER FUNCTIONING SPACES

Venue	Black Box Theater	Gallery / Exhibition Space	Meeting / Classrooms	Chorus Room / Green Room	Founders Room / Premium Lounge	Grand Lobby	Total Other Functioning Spaces (Of 6)
Duke Energy Center for the Performing Arts	✓	✓	✓	✓	✗	✓	5
Steven Tanger Center for the Performing Arts	✗	✓	✓	✓	✓	✓	5
Fox Cities Performing Arts Center	✓	✗	✓	✓	✗	✗	3
Sandler Center for the Performing Arts	✗	✓	✓	✗	✓	✗	3
Chrysler Hall	✗	✓	✗	✓	✓	✓	3
DPAC	✗	✗	✗	✓	✓	✗	2
Ovens Auditorium	✗	✓	✗	✗	✗	✗	2
Township Auditorium	✗	✓	✗	✗	✓	✗	2
North Charleston Performing Arts Center	✗	✗	✗	✓	✗	✗	1
William B. Bell Auditorium	✗	✗	✗	✓	✗	✗	1

Note: sorted by the total number of other functioning spaces at the facility.

As shown, a majority of comparable venues include functioning spaces such as chorus/green rooms, gallery/exhibition space, and premium lounges while at least two venues also include meeting/classrooms, grand lobbies, or a black box theater. On average, comparable venues include three additional functioning spaces beyond the main performance hall.

Based on comparable performing arts centers, other building components that are integral to the success of any venue include, but are not limited to:

- Multi-Purpose Event Centers can be used to accommodate special events such as corporate events, daytime meetings, parties, or other private events. Based on interviews with event planners, the floor space should be designed to accommodate approximately 250 to 500 people for banquet-style events.
- A key element impacting utilization of Multi-Purpose Event Centers is the availability of other functioning spaces within the venue such as meeting rooms, art galleries, and outdoor open space or plazas. Based on a review of comparable performing arts centers and potential user feedback, it is recommended that the proposed Multi-Purpose Event Center offer five (5) meeting/classrooms and a grand lobby to maximize utilization among major promoters, as well as local and regional groups and community members.
- Sufficient parking will be critical to the success of the proposed Multi-Purpose Event Center. Industry standards dictate that there should be approximately one parking space for every 3.5 patrons an entertainment facility can accommodate. Assuming a capacity of 2,500, there will be a need for approximately 700 parking spaces to support the requirements of the largest events held at the venue.
- Sufficient concession points of sale should be provided to maximize per capita revenues. Industry standards dictate that there should be approximately one concession point of sale for every 110 to 120 seats.
- Sufficient restrooms should be provided to ensure an enjoyable patron experience. Industry standards dictate that there should be one water closet per 50 seats and one urinal per 100 seats.
- Sufficient number and quality dressing rooms including two (2) star dressing rooms and two (2) small dressing rooms.
- Sufficient loading docks (at least two) to efficiently move in/out stage equipment.
- Rigging grid capable of holding required poundage of touring acts (125 pounds per square foot) with appropriate stage clearance.
- State-of-the-art audio, video and lighting equipment, sufficient power for stage equipment and buses, and sufficient storage space for equipment, materials, supplies and other needs.
- Ticket or box office space for walk-up sales, will call and other ticketing needs.

## SUMMARY

Based on the results of the various market analyses reviewed in this section, the two building programs were developed for the proposed Multi-Purpose Event Center and are summarized in the table below. The “Small Space Program” provides the various building elements in a compact footprint, while the “More Generous Program” offers the opportunity to maximize revenue and fan comfort as well as providing additional square footage for back-of-house operations, meeting rooms, storage, and other similar areas.

<b>BUILDING PROGRAM SUMMARY</b>		
	<b>MORE GENEROUS PROGRAM</b>	<b>SMALL SPACE PROGRAM</b>
<b>General</b>		
Maximum Capacity	2,500 Seats	2,500 Seats
Seated Capacity	2,075 Seats	2,075 Seats
Tiers of Seating	2	2
Square Footage	89,000 sq. ft.	68,000 sq. ft.
<b>Premium Seating</b>		
VIP Boxes	10	10
Membership Seats	200	200
<b>Additional Spaces</b>		
Banquet Floor Space	250 to 485 Capacity	250 to 485 Capacity
Grand Lobby	1	1
Meeting Rooms / Classrooms	3 (with flexibility up to 5)	3 (with flexibility up to 5)
<b>Fan Amenities</b>		
Concessions POS	22	22
Restrooms	50 Water Closets / 25 Urinals	50 Water Closets / 25 Urinals
Ticket / Box Office	1	1
<b>Back-Of-House Amenities</b>		
Dressing Rooms	4	4
Loading Docks	2 Truck Bays	2 Truck Bays
<b>TOTAL ESTIMATED COST</b>	<b>\$75 to \$80 MILLION</b>	<b>\$50 to \$60 MILLION</b>

*Project cost estimate development by Steinberg Hart, along with T.A. Loving; Theatre Consultants Collaborative; and Threshold Acoustics. Total estimated cost does not include site-specific costs.*

*Note: Venue capacity is anticipated to be flexible between 2,075 and 2,500 depending on event type and seating configuration.*

It should be noted that the project costs included herein includes construction costs based on a generic site since the selection of the site has not been secured. The ultimate site could have an impact on the construction cost because of a number of factors that are unknown at this point. In particular, soil conditions; infrastructure availability/size; roadway improvements; parking requirements; topography requirements; etc could all have an impact that might make the estimated cost increase or decrease.

As facility planning progresses, additional architectural work will be necessary to create a design that would maximize the market and revenue potential of the facility while considering the impact of the cost to construct the proposed Multi-Purpose Event Center as well as the projected annual financial operation of the facility on the community in the future.

The utilization and structural characteristics of the proposed Multi-Purpose Event Center discussed herein are considered in terms of estimated financial operating results in the following sections.

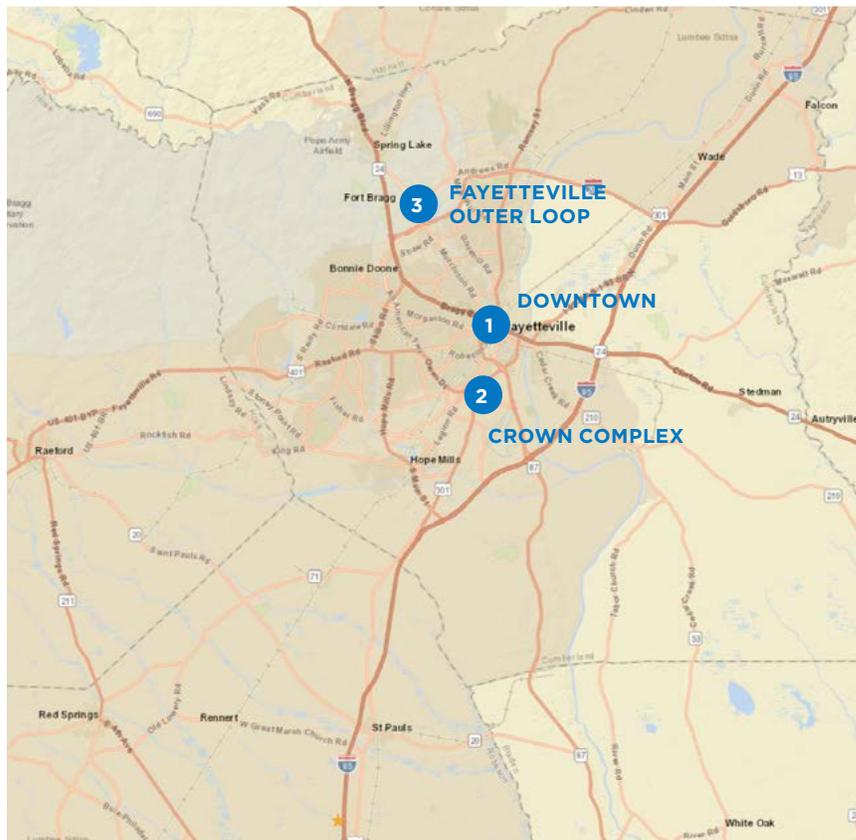
An aerial photograph of a city street corner. A large blue vertical bar is on the left side, and a yellow vertical stripe is on the right side. The street has several cars and a large brick building with a red roof. The sky is blue with some clouds.

# 13

**SITE ANALYSIS**

## SITE ANALYSIS

The site of the proposed Multi-Purpose Event Center could have a significant impact on the facility's success due to favorable socioeconomic and demographic characteristics, accessibility, fan experience, promoter preferences, and other such factors. Three potential sites have been identified for evaluation, including Downtown Fayetteville, the Crown Complex, and the Fayetteville Outer Loop, as shown in the map below.



- 1 DOWNTOWN
- 2 CROWN COMPLEX
- 3 FAYETTEVILLE OUTER LOOP

It should be noted that the Crown Complex location assumes that the proposed Multi-Purpose Event Center could be constructed on the existing grounds in close proximity to the current Crown Arena and Theatre.

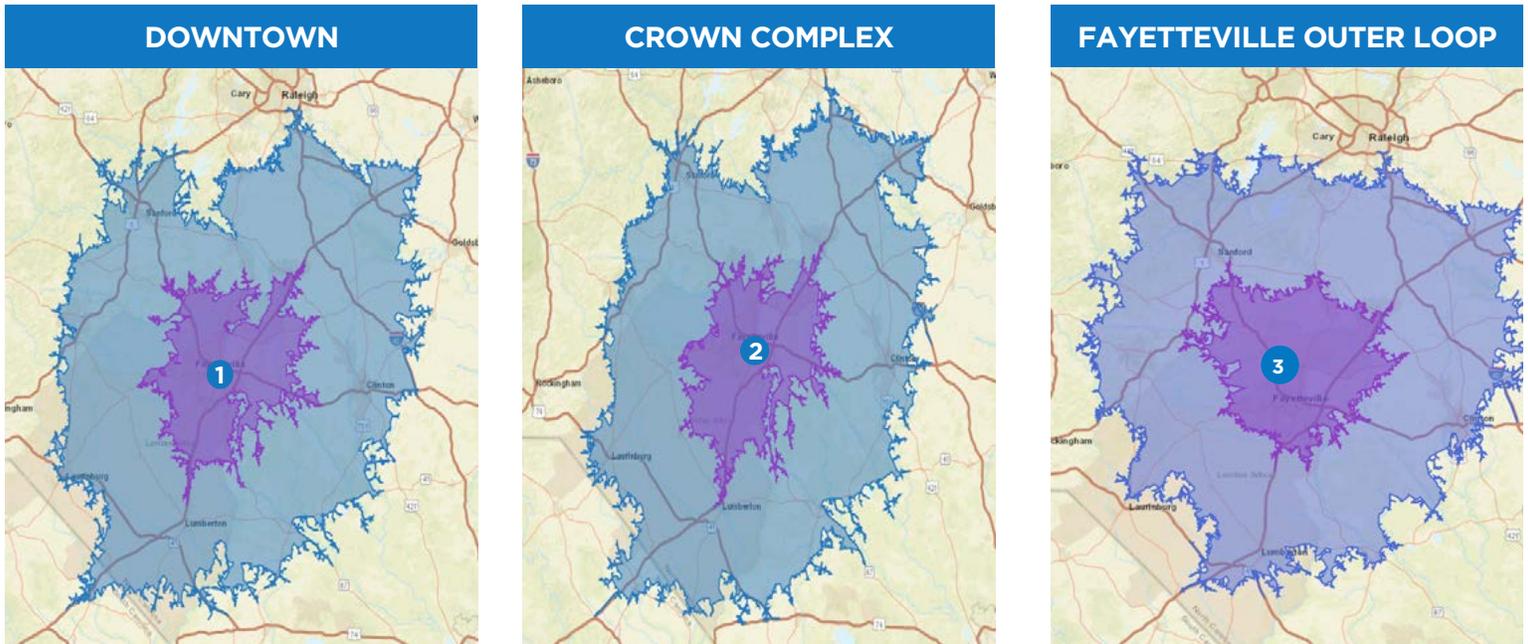
The remainder of this section presents the results of a detailed site analysis for each of the three identified sites and includes the following components:

- 30- & 60-Minute Drive Time Maps;
- Transportation and Access;
- Population Density;
- Median Age Distribution;
- Household Income Distribution;
- Corporate Base Density;
- Potential User Feedback;
- Key Stakeholder and Public Forum Response; and,
- Other Characteristics.

Following the analysis of these metrics, a scoring matrix has been developed to compare the three potential locations to assist in determining the most appropriate location for the proposed Multi-Purpose Event Center. The matrix includes a score for each site for potential metrics identified as important in evaluating the success of a Multi-Purpose Event Center in that location which factors into the overall rating of each potential site.

## 30- & 60-MINUTE DRIVE TIME MAPS

The maps below provide an overview of the 30-minute and 60-minute drive time markets for each of the three potential sites for the proposed Multi-Purpose Event Center. Based on a review of the market area, attendance patterns for a variety of arts and performance events in similar markets, it is anticipated that the 60-minute drive time market represents the primary market for the proposed Multi-Purpose Event Center, though it is possible that certain performances could draw a limited number of attendees from the broader Fayetteville regional market outside of that catchment area.

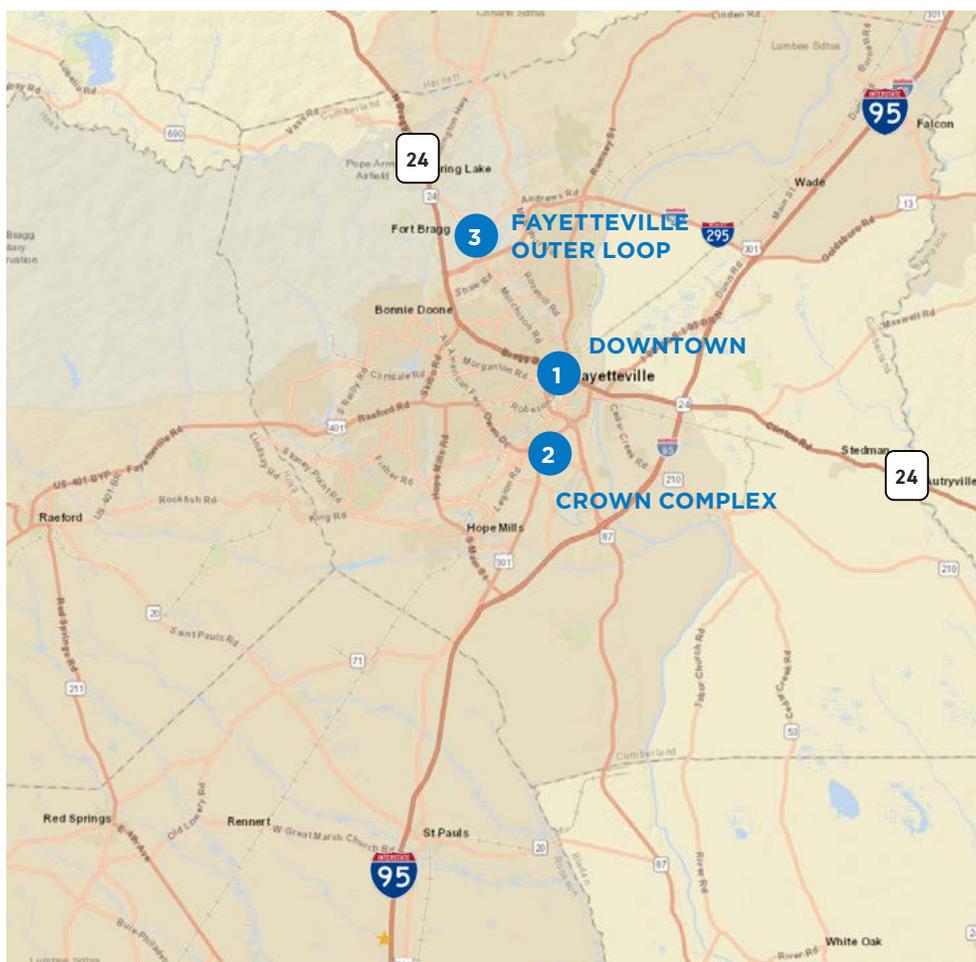


The 60-minute drive time market of the Downtown location extends as far north as the southern portions of Raleigh, while the Fayetteville Outer Loop location extends more southward towards Florence.

## TRANSPORTATION & ACCESS

Accessibility is vital to the success of any entertainment venue. Ease of access is not only important from the perspective of attracting attendees on a local and regional basis, but also factors into the venue selection process for promoters and tour operators who choose venues based on how the market fits in the context of the overall routing of tour acts.

The main thoroughfare which provides connectivity of Fayetteville to major cities in the broader region such as Wilmington, Raleigh, and Charlotte is Interstate 95. Interstate 295, which runs east to west to the north of Fayetteville, connects Interstate 95 with Fort Bragg. Sites that have easy access to these major thoroughfares are more likely to attract visitors and attendees to the proposed Multi-Purpose Event Center. Additionally, a site location with proximity to these major access points provide opportunities for corporate sponsors to gain additional visibility for naming rights and external signage.



The chart below details the proximity of the Fayetteville area to key major metropolitan areas in the region in terms of distance (shown in mileage.)

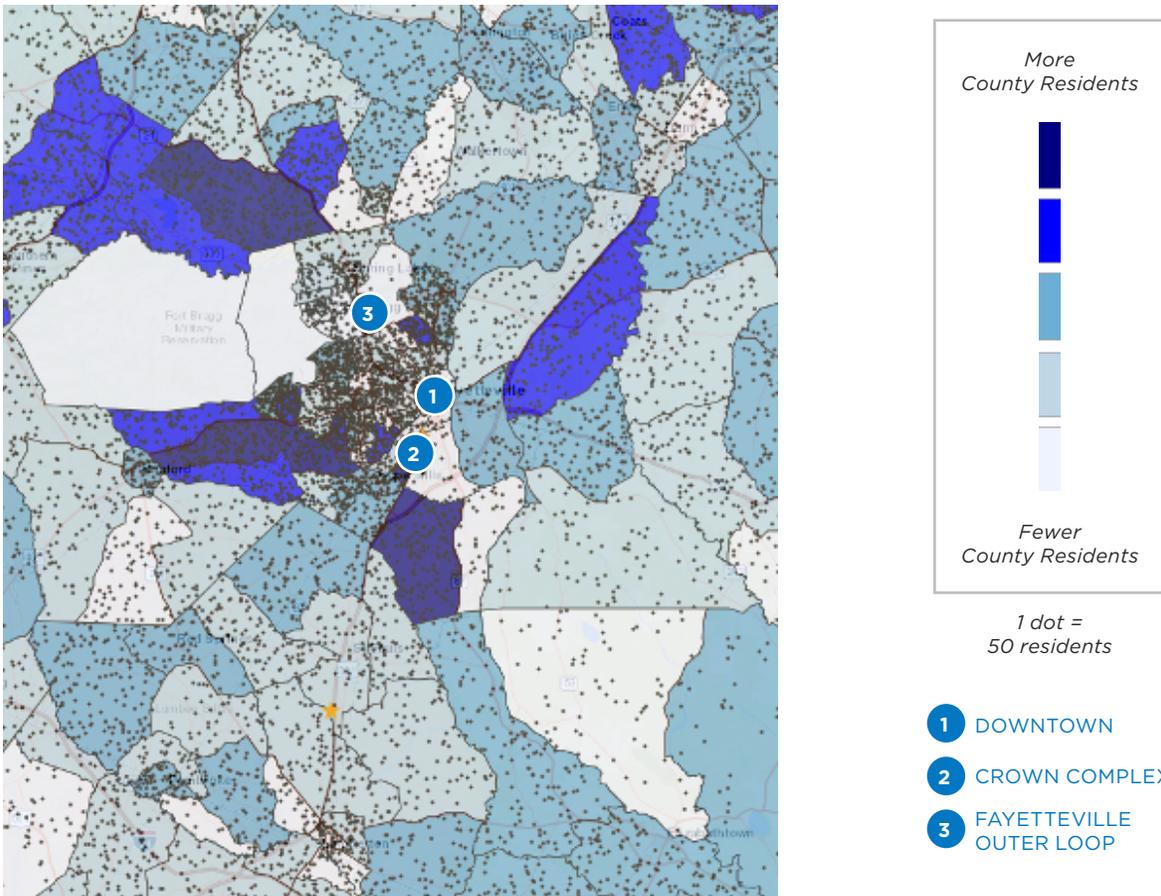
ACCESSIBILITY TO KEY METROPOLITAN AREAS				
	CBSA Market Size	Downtown	Crown Complex	Fayetteville Outer Loop
Raleigh, NC	1,417,213	60 miles	65 miles	70 miles
Durham, NC	655,703	85 miles	90 miles	80 miles
Wilmington, NC	304,521	90 miles	90 miles	105 miles
Greensboro, NC	777,265	95 miles	100 miles	90 miles
Myrtle Beach, SC	497,548	95 miles	105 miles	120 miles
Winston-Salem, NC	692,388	120 miles	125 miles	115 miles
Charlotte, NC	2,685,444	130 miles	130 miles	140 miles

Fayetteville is located close to two major airports, including the Fayetteville Regional Airport and the Raleigh-Durham International Airport. The Fayetteville Regional Airport connects the city to more than 230 nonstop destinations, with more than 217,000 passengers utilizing the airport in 2019. The Downtown location is approximately five miles from the Fayetteville Regional Airport, while the Crown Complex is located three miles away and the Fayetteville Outer Loop is located 15 miles away.

The other major airport in the area, Raleigh-Durham International Airport, is connected to Fayetteville via Interstate 95. The Raleigh-Durham International Airport accommodated more than 7.1 million passengers in 2019, with more than 450 daily departures to over 70 cities across eight countries. The Raleigh-Durham International Airport is 80 miles, 82 miles, and 75 miles from the Downtown, Crown Complex, and Fayetteville Outer Loop locations, respectively.

# POPULATION DENSITY

The map below depicts the population density of the Fayetteville area. As shown, the most populated areas within the region are concentrated around downtown Fayetteville and Fort Bragg. The population density surrounding each location is approximately similar. Regardless of the site chosen for the proposed Multi-Purpose Event Center, it is anticipated that the majority of attendees to the venue would originate from within a 60-minute drive of the site.



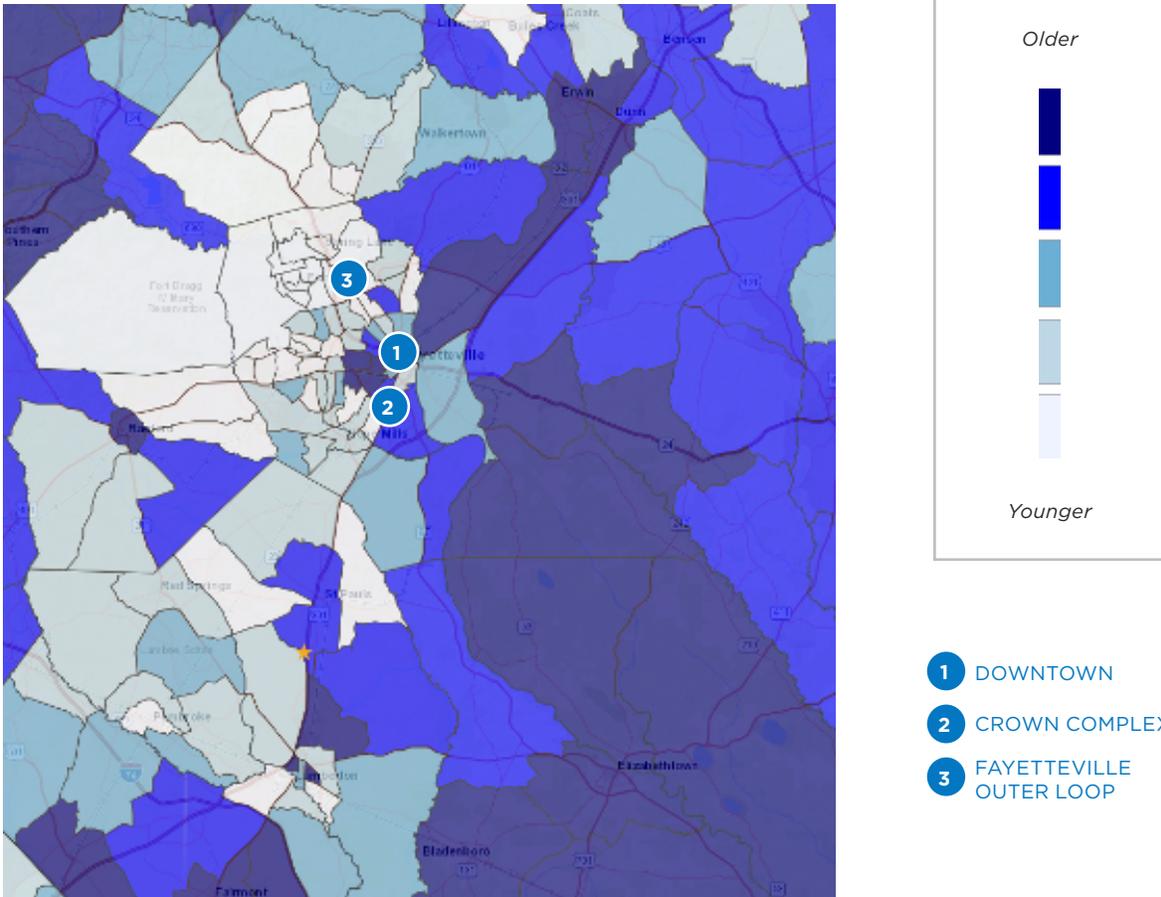
The chart below provides an overview of micro-level population characteristics among the three potential site locations for the proposed Multi-Purpose Event Center.

	Downtown Fayetteville	Crown Complex	Fayetteville Outer Loop
5-mile population	93,403	92,173	99,358
10-mile population	288,398	277,131	255,758
15-mile population	370,812	369,172	392,755
20-mile population	448,327	441,351	471,473
25-mile population	534,735	518,935	578,459

As shown, the population density is approximately equal for all three locations, with only minor fluctuations in nearby populations, as all three locations have similar reach to both downtown Fayetteville and surrounding municipalities.

# MEDIAN AGE DISTRIBUTION

As age is a key demographic influencer of the types of events and shows that could be successful at the proposed Multi-Purpose Event Center, the map below provides an overview of the distribution of the median age of the population within the market. Overall, the market is relatively young, with younger residents located near downtown Fayetteville and around Fort Bragg. Generally, each of the site locations have similar concentrations of relatively younger residents.



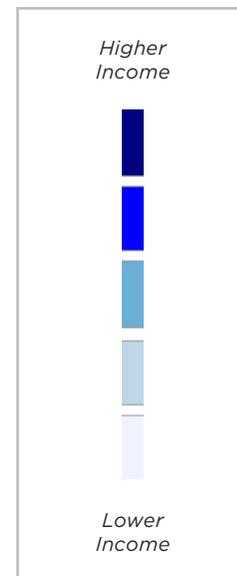
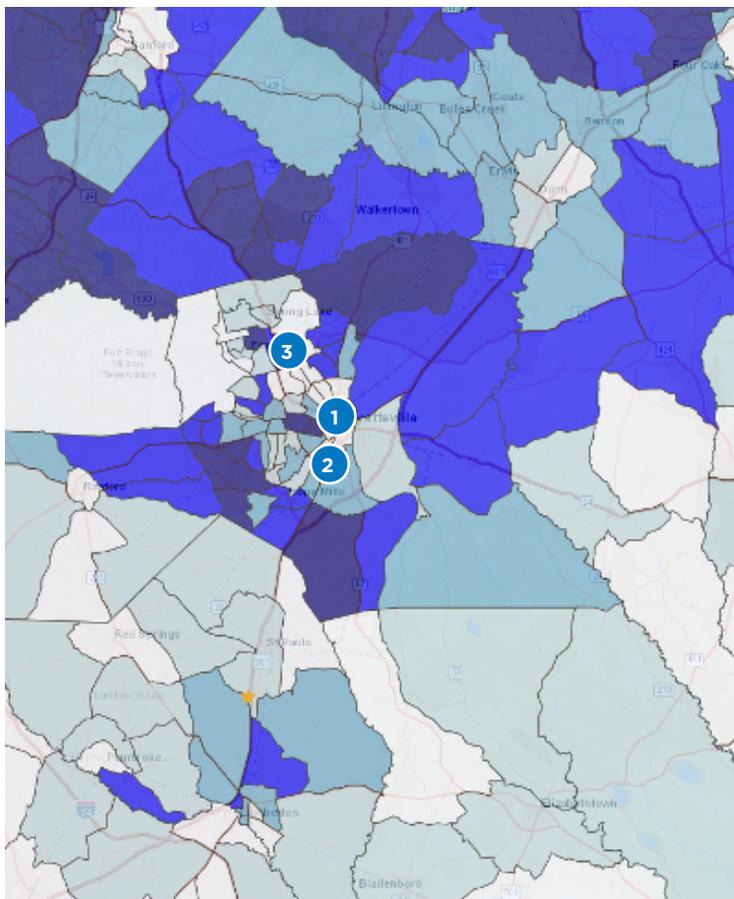
The chart below provides an overview of micro-level age characteristics of the population surrounding the three potential site locations for the proposed Multi-Purpose Event Center.

	Downtown Fayetteville	Crown Complex	Fayetteville Outer Loop
5-mile population	37.2	36.3	28.5
10-mile population	32.6	34.3	31.8
15-mile population	32.9	32.9	32.6
20-mile population	32.9	33.0	33.4
25-mile population	33.7	33.5	34.2

As shown, the Outer Loop location generally has access to younger residents within immediate proximity to the site (i.e., within 15 miles). However, the differences between the age of residents surrounding these three site locations are less pronounced as the radius is expanded.

# HOUSEHOLD INCOME DISTRIBUTION

The median household income distribution within the market is depicted in the map below. As shown, the Downtown Fayetteville site is located in closer proximity to higher income households, while the Crown Complex and Fayetteville Outer Loop sites are located in areas with lower household incomes. It should be noted that the area has a high proportion of military service members that live on base at Fort Bragg which could serve as a consistent source of attendance at events, depending on the programming offered at the proposed Multi-Purpose Event Center.



- 1 DOWNTOWN
- 2 CROWN COMPLEX
- 3 FAYETTEVILLE OUTER LOOP

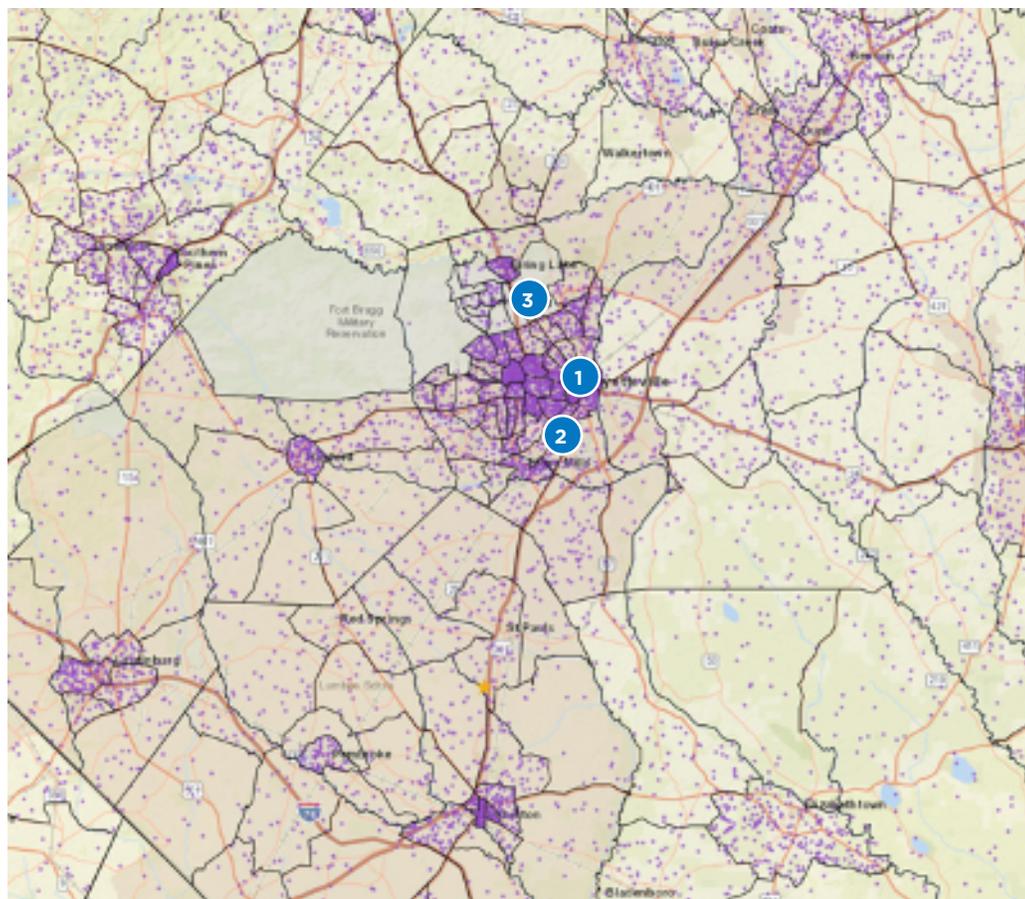
The chart below provides an overview of the median income characteristics at the micro-level of the three potential site locations for the proposed Multi-Purpose Event Center.

	Downtown Fayetteville	Crown Complex	Fayetteville Outer Loop
5-mile population	\$39,866	\$42,613	\$40,601
10-mile population	\$46,421	\$47,328	\$43,184
15-mile population	\$48,434	\$47,889	\$48,318
20-mile population	\$49,320	\$48,166	\$48,657
25-mile population	\$47,912	\$48,229	\$47,938

As shown, all three sites all generally have similar household incomes at each radius level.

# CORPORATE BASE DENSITY

The map below shows the distribution of corporations within the regional area. The highest concentration of corporations are located closest to the Downtown and Crown Complex sites, with smaller concentrations of companies located in suburban cities in the regional area. It should be noted that the largest employer in the region is Fort Bragg, and the Downtown (11 miles) and Crown Complex (13 miles) sites are located closest to the military base.



1 dot =  
2 companies

- 1 DOWNTOWN
- 2 CROWN COMPLEX
- 3 FAYETTEVILLE OUTER LOOP

## POTENTIAL USER FEEDBACK

Promoters, tour operators, local and regional arts organizations, and other distributors of live event content were asked to provide feedback on each of the potential site locations for the proposed Multi-Purpose Event Center. Key feedback specific to each site includes:

### DOWNTOWN:

- Overall, promoters and local users interviewed most preferred the proposed Multi-Purpose Event Center to be located at the Downtown site.
- Proximity to ancillary activities and hotels was the key driver for promoters choosing the Downtown site over the Crown Complex or the Fayetteville Outer Loop locations.
- Local users cited the ability to utilize existing restaurants and other entertainment venues in downtown as a means to create a destination around the proposed Multi-Purpose Event Center.
- Availability of on-site parking is the biggest concern with the Downtown site for promoters, particularly if there is an event occurring at Segra Stadium concurrently with events at the proposed Multi-Purpose Event Center.

### CROWN COMPLEX:

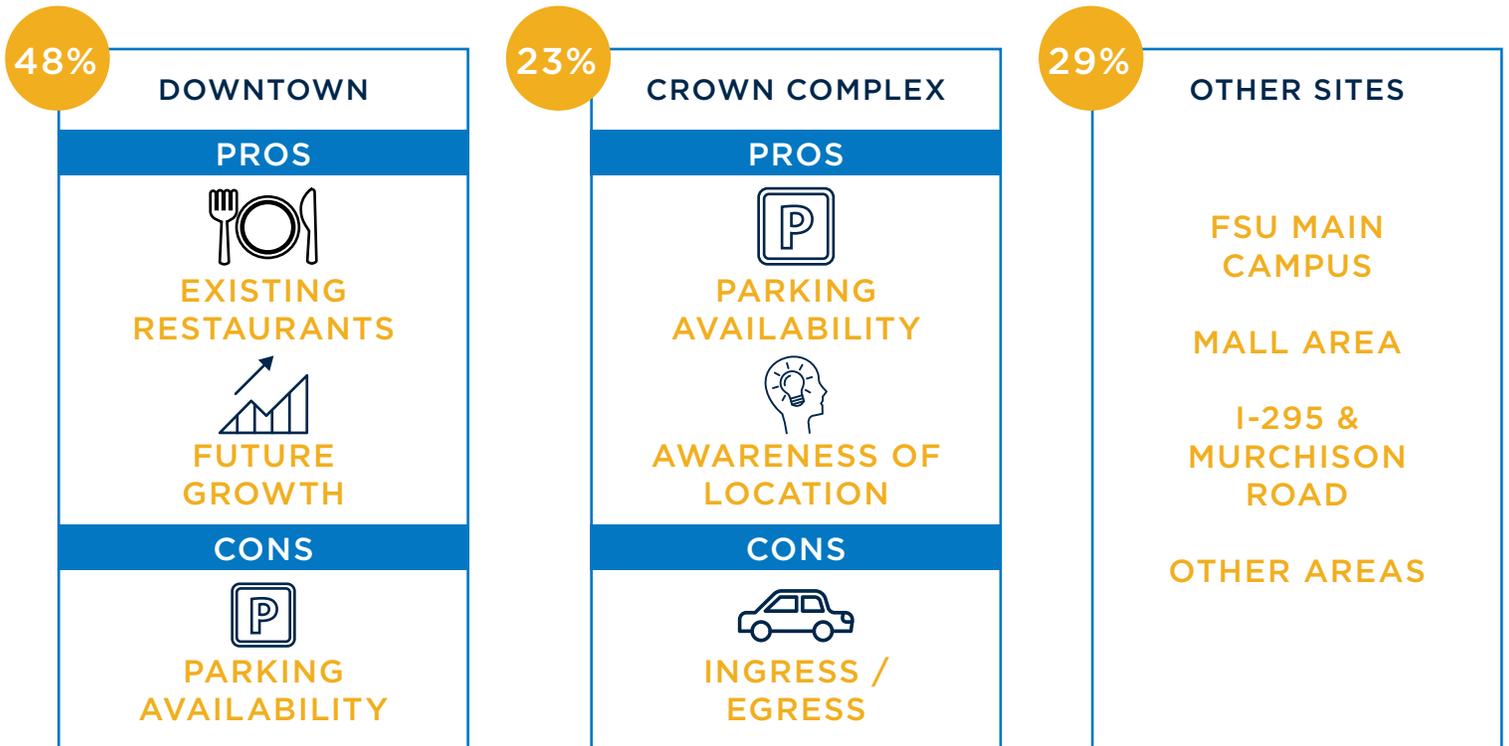
- The Crown Complex was the second most preferred site location for the proposed Multi-Purpose Event Center among promoters interviewed while local users indicated the Crown Complex as their least preferred location.
- Promoters indicated the existence of ample parking and the familiarity of the area by residents and tour operators as reasons for preferring the Crown Complex site relative to other potential sites.
- Generally, safety concerns and a lack of other amenities surrounding the Crown Complex were cited as reasons for not preferring the proposed Multi-Purpose Event Center being developed at this site.
- Several promoters indicated that perceived safety concerns of the surrounding area would make the Crown Complex site less preferred for the potential Multi-Purpose Event Center.

### FAYETTEVILLE OUTER LOOP:

- The Fayetteville Outer Loop was the least preferred site location for the proposed Multi-Purpose Event Center among interviewed tour operators and promoters while local users ranked this site as their second-most preferred location.
- Generally, promoters felt the other two sites offered more positives in terms of creating an entertainment district or providing ancillary activities for event attendees in conjunction with events that could be hosted at the proposed Multi-Purpose Event Center.
- Local users believed that building the proposed Multi-Purpose Event Center in this location could provide an opportunity for a new mixed-use entertainment district to be developed in the area.

# KEY STAKEHOLDER AND PUBLIC FORUM RESPONSE

The graphic below provides an overview of the key feedback from those residents that participated in the public forum discussions.



Additionally, key project stakeholders such as elected officials, City and County administration members, community leaders, and Fort Bragg representatives, were interviewed in order to gain an understanding of which site location would be most appealing to various public entities in the Fayetteville area. Overall, 80 percent of key project stakeholders interviewed preferred the Downtown site location as it is centrally located within the region and provides the best potential for ancillary spending at existing restaurants and retail shops to drive maximum economic impact of the proposed Multi-Purpose Event Center. The remaining project stakeholders preferred the Crown Complex site location primarily because of the parking and infrastructure that already exists in this area for events currently hosted at live entertainment venues.

# SITE RANKINGS

Based on the research and analyses conducted herein, the scoring matrix below has been developed by the project team to compare the demographic and socioeconomic characteristics, the existing infrastructure, the appeal of each site to potential users, key stakeholders, and community members, and other relevant physical and operational characteristics of each site to assist in determining the most appropriate location for the proposed Multi-Purpose Event Center. Each characteristic is weighted depending on the importance of that factor to the overall performance of the venue on a one to five scale, where a “1” would indicate the characteristic is of less importance and a “5” would indicate the characteristic is of more importance relative to the other factors presented.

	MULTIPLIER	DOWNTOWN FAYETTEVILLE		CROWN COMPLEX		FAYETTEVILLE OUTER LOOP	
	Scale <sup>(1)</sup>	Rating	Score	Rating	Score	Rating	Score
<b>Appeal to Users/ Stakeholders</b>							
Appeal of Site to Promoters/Users	5	3	15	2	10	1	5
Appeal of Site to Key Stakeholders/Community	5	3	15	2	10	1	5
Potential / Appeal of Site in Creating a District	2	3	6	2	4	1	2
<b>Demographic Characteristics</b>							
Demographic Characteristics	3	3	9	3	9	2	6
<b>Size &amp; Infrastructure</b>							
Size of Land Parcel	4	1	4	3	12	2	8
Site Acquisition	3	1	3	3	9	1	3
Compatibility of Adjacent Uses	3	2	6	3	9	2	6
Potential for Additional Development	4	3	12	2	8	3	12
Attractiveness of Site	5	3	15	1	5	2	10
Necessary Infrastructure Improvements	3	3	9	3	9	2	6
Existing Zoning	2	3	6	3	6	3	6
<b>Accessibility:</b>							
Local Accessibility	4	3	12	2	8	1	4
Regional Accessibility	3	2	6	1	3	3	9
Existing Condition of Immediate Access Points	2	3	6	2	4	1	2
Availability of / Proximity to Parking	5	2	10	3	15	2	10
Walkability	2	3	6	1	2	1	2
Visibility	2	3	6	1	2	3	6
<b>Funding &amp; Project Development</b>							
Existing Legislation	2	3	6	2	4	1	2
Potential for City/County Partnership	3	3	9	2	6	1	3
<b>TOTAL SCORE</b>			<b>161</b>		<b>135</b>		<b>107</b>
<b>SITE RANK</b>			<b>1</b>		<b>2</b>		<b>3</b>

Rating scale: “3” is best in category, “1” is worst in category. Score is calculated by multiplying weighted scale by site rating for each factor. (1) Indicates relative importance of factor. “5” is more important, “1” is less important.

As shown, the Downtown site location received the highest score (161) among the three potential site locations based on the elements reviewed. The Crown Complex site received the second-highest score (135), followed by the Fayetteville Outer Loop site (107). Based on the results of the site evaluation, CSL recommends a Downtown site location as it would be the most beneficial location to develop the proposed Multi-Purpose Event Center.

An aerial photograph of a city street corner, featuring a prominent brick building with a red roof and dormer windows. A blue diagonal banner runs from the top left to the bottom right, and a yellow vertical stripe runs parallel to it. The number '14' is displayed in a white outline font on the blue banner.

14

**FINANCIAL  
ANALYSIS**

# FINANCIAL ANALYSIS

The purpose of this section is to present estimated operating revenues and expenses for the proposed Multi-Purpose Event Center. The assumptions used in this analysis are based on estimated facility utilization, the recommended building program, industry trends, knowledge of the marketplace, financial results from comparable facilities, and discussions with potential users and project stakeholders.

This analysis is designed to assist project representatives in estimating the financial attributes of the proposed Multi-Purpose Event Center and cannot be considered to be a presentation of expected future results. Accordingly, this analysis may not be useful for any other purpose. The assumptions disclosed herein are not all inclusive, but are those deemed to be significant; however, there will be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material.

Key assumptions used to estimate the potential financial operations of the proposed Multi-Purpose Event Center include, but are not limited to, the following:

- The proposed Multi-Purpose Event Center will have a maximum capacity of 2,500 and a seated capacity of 2,075 and will be designed as a multi-use venue able to accommodate a wide range of events;
- The financial analysis herein assumes the generous building program (89,000 gross square feet) to maximize revenue and fan comfort;
- The proposed Multi-Purpose Event Center will include a variety of premium seating, including 10 6-seat VIP boxes (60 total seats) and 200 VIP memberships with access to prime seat locations;
- The proposed Multi-Purpose Event Center is estimated to cost approximately \$77.5 million and will be constructed as a quality, state-of-the-art venue with the necessary acoustics, stage configuration, rigging capacities and back-of-house space to accommodate the needs of various users;
- The proposed Multi-Purpose Event Center will be managed by a third-party operator, who will leverage relationships and resources to maximize the venue's performance;
- A facility fee will be assessed on each ticket sold to all Multi-Purpose Event Center events and could fund a significant portion of the venue's capital reserve.;
- The venue will be aggressively marketed, providing competitive use agreements to maximize the utilization of the venue;
- There will be no significant or material changes in the supply or quality of existing venues in the marketplace or new preferred or exclusive booking arrangements with key promoters at competitive venues;
- The market will generate spending on tickets, concessions, novelties, sponsorships, and premium seating that is consistent with comparable venues in the context of Fayetteville's market demographics and socioeconomics;



## ESTIMATED OPERATING REVENUES

Revenue anticipated to be generated by the proposed Multi-Purpose Event Center includes rental income, premium seating, concessions, catering, merchandise, advertising and sponsorship, ticket rebates, and facility fees. A brief description of each revenue source is provided over the following pages. It should be noted that revenues are presented in the 2027 dollars to reflect the first year of stabilized operation (year 3).

### RENTAL INCOME

Rental income is typically based on a percentage of gross ticket sales, or a flat rental fee, whichever is greater. Rental rates will likely vary depending on the type of event and the portion of the facility used (i.e., full-house, half-house, etc.).

The number of events, rental rates, paid attendance, and ticket prices assumed in this study are based on an analysis of events, ticket prices, attendance, and rental rates at comparable venues, local competitive facilities, discussions with promoters, and industry trends.

RENTAL INCOME							
	NUMBER OF EVENTS	AVERAGE PAID ATTENDANCE	TOTAL PAID ATTENDANCE	AVERAGE TICKET PRICE	ESTIMATED GROSS TICKET SALES	RENT PER EVENT <sup>(1)</sup>	TOTAL RENTAL INCOME
<b>Ticketed Events</b>							
Major Concerts	10	2,500	25,000	\$81.00	\$2,014,000	10% of Ticket Sales	\$201,000
Minor Concerts	10	1,500	15,000	\$76.00	\$1,139,000	10% of Ticket Sales	\$114,000
Comedy Shows	5	1,250	6,250	\$71.00	\$443,000	10% of Ticket Sales	\$44,000
Family Shows	6	1,000	6,000	\$61.00	\$365,000	10% of Ticket Sales	\$36,000
Touring Theater / Broadway	5	1,750	8,750	\$108.00	\$947,000	10% of Ticket Sales	\$95,000
Local & Regional Performing Arts	30	750	22,500	\$33.00	\$753,000	\$2,700 Per Event	\$80,000
<b>Non-Ticketed Events</b>							
Sporting Showcases	5	--	--	--	--	\$2,700 Per Event	\$13,000
Graduations	7	--	--	--	--	\$2,700 Per Event	\$19,000
Community Events	20	--	--	--	--	\$1,600 Per Event	\$32,000
Private Rentals	50	--	--	--	--	\$500 Per Event	\$27,000
<b>TOTAL</b>	<b>148</b>	<b>1,265</b>	<b>83,500</b>	<b>\$68.00</b>	<b>\$5,661,000</b>	<b>--</b>	<b>\$661,000</b>

(1) 10 percent of ticket sales or flat fee per event, whichever is greater.

For purposes of this analysis, it is assumed that the proposed Multi-Purpose Event Center will charge the greater of a daily rental fee or 10 percent of ticket sales for all events. As shown in the table above, total rental revenue generated by the proposed Multi-Purpose Event Center is estimated to be approximately \$661,000 in the first year of stabilized operation.

## PREMIUM SEATING

Annual premium seating at the proposed Multi-Purpose Event Center, as shown in the chart below, is anticipated to include 200 Membership Seats, which are estimated to be 90 percent sold at an annual cost of \$1,100, for the first right to purchase event tickets, and 10 VIP boxes, which include six seats each and are estimated to be 90 percent sold at a total annual cost of \$15,900, inclusive of event tickets, consistent with premium seating packages at other regional and national venues.

PREMIUM SEATING							
	TOTAL INVENTORY	SEATS PER UNIT	AVERAGE SELL-THRU	TOTAL SOLD INVENTORY	AVERAGE ANNUAL PRICE	LESS: PARKING VALUE	TOTAL ANNUAL INCOME
<b>Annual Premium Seating</b>							
Membership Seats	200	1	90%	180	\$1,100	(\$330)	\$132,000
VIP Boxes	10	6	90%	9	\$15,900	(\$1,980)	\$125,000
<b>TOTAL</b>							<b>\$257,000</b>

Overall, it is estimated that the proposed Multi-Purpose Event Center will generate approximately \$257,000 through premium seating offerings.

## CONCESSIONS

Concessions revenue consists of food and beverage sales during events hosted at the proposed Multi-Purpose Event Center. Gross food and beverage sales are estimated based on projected general admission turnstile (or actual) attendance and per capita spending assumptions by event type. Per capita spending assumptions were based on an analysis of per capita spending at comparable facilities and industry averages, adjusted to the Fayetteville area marketplace.

CONCESSIONS INCOME							
	NUMBER OF EVENTS	AVERAGE GENERAL TURNSTILE ATTENDANCE	TOTAL GENERAL TURNSTILE ATTENDANCE	AVERAGE PER CAPITA SPENDING	GROSS CONCESSIONS REVENUE	COST OF GOODS SOLD	NET CONCESSIONS REVENUE
<b>Ticketed Events</b>							
Major Concerts	10	2,200	22,000	\$10.50	\$228,000	25%	\$171,000
Minor Concerts	10	1,400	14,000	\$9.00	\$128,000	25%	\$96,000
Comedy Shows	5	1,000	5,000	\$8.50	\$41,000	25%	\$31,000
Family Shows	6	700	4,200	\$6.25	\$28,000	25%	\$21,000
Touring Theater / Broadway	5	1,400	7,000	\$10.50	\$76,000	25%	\$57,000
Local & Regional Performing Arts	30	500	15,000	\$5.25	\$78,000	25%	\$59,000
<b>TOTAL</b>	<b>66</b>	<b>1,018</b>	<b>67,200</b>	<b>\$9.00</b>	<b>\$579,000</b>	<b>25%</b>	<b>\$435,000</b>

As shown above, average gross per capita concessions spending is estimated to range from approximately \$5.25 for Local & Regional Performing Arts events to \$10.50 for major concerts and theater. Overall, it is estimated that the proposed Multi-Purpose Event Center would generate net concessions operating income of approximately \$435,000, before food and beverage overhead costs and management fees.

## CATERING

Catering revenue consists of upscale food and beverage sales in the club lounge and VIP box areas during ticketed events hosted at the venue, as well as catering during non-ticketed events. Gross catering sales are estimated based on projected turnstile (or actual) premium seating attendance and per capita catering revenue assumptions. Per capita catering spending assumptions were based on an analysis of per capita spending at comparable facilities and industry averages, adjusted to the Fayetteville marketplace.

CATERING INCOME							
	NUMBER OF EVENTS	AVERAGE PREMIUM TURNSTILE ATTENDANCE	TOTAL PREMIUM TURNSTILE ATTENDANCE	AVERAGE PER CAPITA SPENDING	GROSS CATERING REVENUE	COST OF GOODS SOLD	NET CATERING REVENUE
<b>Ticketed Events</b>							
Major Concerts	10	217	2,169	\$16.00	\$34,500	35%	\$22,000
Minor Concerts	10	217	2,169	\$16.00	\$34,500	35%	\$22,000
Comedy Shows	5	217	1,085	\$14.00	\$15,000	35%	\$10,000
Family Shows	6	217	1,301	\$12.00	\$15,200	35%	\$10,000
Touring Theater / Broadway	5	217	1,085	\$16.00	\$17,300	35%	\$11,000
Local & Regional Performing Arts	30	217	6,507	\$11.00	\$69,000	35%	\$45,000
<b>Non-Ticketed Events</b>							
Sporting Showcases	5	--	--	--	--	--	--
Graduations	7	--	--	--	--	--	--
Community Events	20	--	--	--	--	--	--
Private Rentals	50	--	--	\$26.50	\$464,100	35%	\$302,000
<b>TOTAL</b>	<b>148</b>	<b>97</b>	<b>14,315</b>	<b>\$45.00</b>	<b>\$649,600</b>	<b>35%</b>	<b>\$422,000</b>

As shown above, gross per capita catering spending is assumed to range from \$11.00 for Local & Regional Performing to \$16.00 for concerts and theater. It is assumed that catering services would be managed by a third-party and that the venue would generate catering operating income of \$422,000 before food and beverage overhead costs and management fees.

## MERCHANDISE

Merchandise revenue is generated through the sale of clothing, souvenirs, programs, and other novelty items. Merchandise revenue is estimated based on the number of events, average turnstile attendance, average per capita spending on novelties at comparable facilities (adjusted to Fayetteville), and the percentage of revenue allocated to the proposed Multi-Purpose Event Center.

MERCHANDISE INCOME							
	NUMBER OF EVENTS	AVERAGE TURNSTILE ATTENDANCE	TOTAL TURNSTILE ATTENDANCE	AVERAGE PER CAPITA SPENDING	GROSS MERCHANDISE REVENUE	COST OF GOODS SOLD	NET MERCHANDISE REVENUE
<b>Ticketed Events</b>							
Major Concerts	10	2,200	22,000	\$8.00	\$176,000	90%	\$18,000
Minor Concerts	10	1,400	14,000	\$7.50	\$105,400	90%	\$11,000
Comedy Shows	5	1,000	5,000	\$6.25	\$31,400	90%	\$3,000
Family Shows	6	700	4,200	\$7.25	\$30,100	90%	\$3,000
Touring Theater / Broadway	5	1,400	7,000	\$8.75	\$61,500	90%	\$6,000
Local & Regional Performing Arts	30	500	15,000	\$1.50	\$22,500	90%	\$2,000
<b>TOTAL</b>	<b>66</b>	<b>1,018</b>	<b>67,200</b>	<b>\$6.25</b>	<b>\$426,900</b>	<b>90%</b>	<b>\$43,000</b>

As shown above, gross per capita merchandise spending assumptions ranged from \$1.00 for Local & Regional Performing Arts events to \$8.75 for touring theater. After accounting for labor and supply costs and artist profits, a 10 percent commission has been assumed. Net merchandise revenue generated by the proposed Multi-Purpose Event Center is estimated to total approximately \$43,000.

## ADVERTISING & SPONSORSHIP

The chart below depicts the estimated revenue estimated to be derived at the proposed Multi-Purpose Event Center from advertising and sponsorships.

NAMING RIGHTS & SPONSORSHIP REVENUE				
SPONSORSHIP REVENUE SOURCE	TOTAL PARTNERS	REVENUE PER PARTNER	TOTAL REVENUE	PERCENT OF TOTAL
Naming Rights	1	\$186,000	\$186,000	54%
Pouring Rights	1	\$26,500	\$26,500	8%
Founding Partners	4	\$21,200	\$84,800	25%
Other Sponsorships	6	\$8,000	\$48,000	14%
<b>TOTAL GROSS SPONSORSHIP REVENUE</b>	<b>12</b>	<b>\$28,800</b>	<b>\$345,300</b>	<b>100%</b>
Hospitality & Fulfillment Cost			(\$52,000)	(15%)
<b>TOTAL NET SPONSORSHIP REVENUE</b>			<b>\$293,300</b>	<b>85%</b>

Title naming rights for Multi-Purpose Event Centers are often sold to a company as part of a sponsorship package that typically includes other elements such as a VIP box, signage, promotional tie-ins, etc. For purposes of this analysis, it is assumed that title naming rights will be sold for the proposed Multi-Purpose Event Center. Gross naming rights are estimated to total \$175,000 in year 1, increasing three percent annually to \$186,000 by the first year of stabilized operation.

Other advertising and sponsorship revenues include signage, print programs, video screens and other advertising as well as event title sponsorship, title sponsorship of a series, pouring rights, and other sponsorships. Sponsorship revenues were analyzed for other comparable performing arts venues.

Based on these benchmarks, it is estimated that the proposed Multi-Purpose Event Center could generate approximately \$159,000 in gross revenues in the first year of stabilized operation, including \$26,500 in pouring rights and \$133,000 in other sponsorships, including four founding partnerships at \$21,200 each and six lower-level sponsorships at \$8,000 each.

Founding partners, along with naming and pouring rights sponsors, are expected to come from "Tier 1" sponsorship industries such as beer, beverage/soda, automobile, telecommunications, finance, restaurant, insurance, hospital/healthcare, or lottery. Lower-level sponsorships are expected to come from "Tier 2" targets, such as liquor, waste management, tourism, food products, professional services, and retail.

After adjusting for estimated hospitality and fulfillment costs (approximately 15 percent of gross revenue), net sponsorship revenue, inclusive of naming rights and other sponsorships, generated by the proposed Multi-Purpose Event Center is estimated to total approximately \$293,000.

## TICKET REBATES

Multi-Purpose Event Centers often utilize a third-party ticketing service, such as Ticketmaster, to handle ticket sales for certain events at the venue. The ticketing service generally collects a convenience charge on each ticket sold, a portion of which is shared with the venue. Convenience charges were estimated based on a review of charges at local and regional facilities in the Fayetteville market.

TICKET REBATE INCOME								
	NUMBER OF EVENTS	AVERAGE PAID ATTENDANCE	TOTAL PAID ATTENDANCE	% OF TICKETS SOLD BY SERVICE	CONVENIENCE CHARGE PER TICKET	TOTAL CONVENIENCE CHARGES	VENUE SHARE	TOTAL TICKET REBATE INCOME
<b>Ticketed Events</b>								
Major Concerts	10	2,500	25,000	100%	\$15.91	\$397,800	30%	\$119,000
Minor Concerts	10	1,500	15,000	100%	\$15.38	\$230,700	30%	\$69,000
Comedy Shows	5	1,250	6,250	100%	\$14.32	\$89,500	30%	\$27,000
Family Shows	6	1,000	6,000	100%	\$12.20	\$73,200	30%	\$22,000
Touring Theater / Broadway	5	1,750	8,750	100%	\$21.75	\$190,300	30%	\$57,000
Local & Regional Performing Arts	30	750	22,500	100%	\$3.18	\$71,600	30%	\$21,000
<b>TOTAL</b>	<b>66</b>	<b>1,265</b>	<b>83,500</b>	<b>100%</b>	<b>\$10.03</b>	<b>\$1,053,100</b>	<b>30%</b>	<b>\$315,000</b>

It is estimated that the average convenience charge per ticket will cost approximately 20 percent of the ticket cost for each ticket sold by the venue's ticketing partner, depending on the event. The Multi-Purpose Event Center is estimated to retain 30 percent of the gross revenues generated by these convenience charges. Total ticket rebates generated by the proposed Multi-Purpose Event Center are estimated to total approximately \$315,000.

## FACILITY FEES

Prudent financial planning, and potentially a lender requirement, requires that a capital reserve be established to fund capital maintenance and future major capital projects at the proposed Multi-Purpose Event Center. Based on industry standards, a capital reserve should be funded in an annual amount equal to 0.5 percent of the venue's project cost, escalating annually for changes in the consumer price index. Based on a hypothetical proposed Multi-Purpose Event Center cost of \$77.5 million, this annual capital reserve payment is estimated to be \$388,000.

Performing arts centers and other public assembly facilities often assess a facility fee on tickets sold for events at the venue as a means of generating revenue to support capital reserve funds and/or operations. For purposes of this analysis and to be consistent with the current Crown Complex venues, it is assumed that a facility fee of \$3.50 will be assessed on all tickets sold for ticketed events at the Multi-Purpose Event Center.

FACILITY FEE INCOME							
	NUMBER OF EVENTS	AVERAGE PAID ATTENDANCE	TOTAL PAID ATTENDANCE	FACILITY FEE PER TICKET	ANNUAL FACILITY FEES	VENUE SHARE	TOTAL FACILITY FEE INCOME
<b>Ticketed Events</b>							
Major Concerts	10	2,500	25,000	\$3.50	\$87,000	100%	\$87,000
Minor Concerts	10	1,500	15,000	\$3.50	\$51,984	100%	\$52,000
Comedy Shows	5	1,250	6,250	\$3.50	\$22,000	100%	\$22,000
Family Shows	6	1,000	6,000	\$3.50	\$21,000	100%	\$21,000
Touring Theater / Broadway	5	1,750	8,750	\$3.50	\$30,000	100%	\$30,000
Local & Regional Performing Arts	30	750	22,500	\$3.50	\$78,000	100%	\$78,000
<b>TOTAL</b>	<b>66</b>	<b>1,265</b>	<b>83,500</b>	<b>\$3.50</b>	<b>\$289,984</b>	<b>100%</b>	<b>\$290,000</b>

As shown in the chart above, total facility fees generated by the proposed Multi-Purpose Event Center are estimated to be approximately \$290,000 in a stabilized year of operation. This revenue source would cover approximately 75 percent of the \$388,000 annual capital reserve payment estimated for a \$77.5 million venue.

It should be noted that capital reserve obligations could be funded through the Crown Complex's share of food and beverage tax and occupancy tax revenues. Should this be the case, facility fees could simply be dedicated to general operating revenues or eliminated entirely.

# OPERATING EXPENSES

## SALARIES, WAGES & BENEFITS

Salaries, wages and benefits include expenses for full- and part-time personnel. Based on staffing levels at comparable facilities and assuming some operational synergies with existing Crown Complex facilities, it is estimated that five (5) dedicated, full-time staff members would be required to operate the proposed Multi-Purpose Event Center. These staff members include staff across executive positions, finance, sales & marketing, box office, event management, and building operations. Salary assumptions are based on industry standards for each specific full-time position. Benefit costs, which are in addition to salaries, are assumed to be 30 percent of salaries and wages.

Other personnel required to operate the venue are assumed to be derived from part-time employment and outsourcing to contractors or other service providers. It is assumed that functions such as security, parking, landscaping, and other such services would be outsourced and, therefore, not require full- or part-time staff. Further, part-time event-day employees such as ticket takers, ushers, and others are accounted for separately in the financial projections (i.e. ticket takers, ushers, etc. is part of the services income (loss) calculation).

SALARIES, WAGES & BENEFITS				
	FTE	ANNUAL SALARY	BENEFITS	TOTAL
Administration/HR	1	\$48,000	\$14,000	\$62,000
Senior Manager	1	\$122,000	\$37,000	\$159,000
Production Manager	1	\$80,000	\$24,000	\$104,000
Event Manager	1	\$80,000	\$24,000	\$104,000
Operations / Maintenance	1	\$69,000	\$21,000	\$90,000
Net Part-Time/Non-Reimbursable	--	--	--	\$106,000
<b>TOTAL</b>	<b>5</b>	<b>\$399,000</b>	<b>\$120,000</b>	<b>\$625,000</b>

Total personnel expenses incurred by the proposed Multi-Purpose Event Center are estimated to be approximately \$625,000, as shown in the table above.

## GENERAL & ADMINISTRATIVE EXPENSES

General and administrative expenses include a variety of expenses anticipated to be incurred to operate the Multi-Purpose Event Center including advertising, data processing/web fees, dues and subscriptions, equipment rental, professional fees, security and other such costs. Based on expenses incurred at comparable venues adjusted to the Fayetteville marketplace, annual general and administrative expenses are estimated to be approximately \$359,000 annually, as shown in the chart to the right.

## REPAIRS & MAINTENANCE

Routine repairs and venue maintenance should be expected on an annual basis. Based on expenses incurred at comparable venues adjusted to the Fayetteville marketplace, total repairs and maintenance expenses are estimated to total approximately \$159,000 in the first year of stabilized operation.

## UTILITIES

Utilities often represent one of the largest expenses incurred by venue operators. Cost estimates for utilities include electricity, gas, water, and steam. Based on expenses incurred at comparable venues and the anticipated size and utilization of the proposed Multi-Purpose Event Center, utilities expenses are estimated to total approximately \$379,000 in the first year of stabilized operation.

## INSURANCE

Insurance expenses represent the premiums paid for various insurance policies including but not limited to property, general/ liquor liability, auto, and other policies. Based on expenses incurred at comparable venues and adjusted to the Fayetteville region, insurance expenses are estimated to approximate \$95,000 in the first year of stabilized operation.

## FOOD & BEVERAGE AND SPONSORSHIP COMMISSIONS

It is assumed that a third-party would operate the food and beverage services as well as serve as the exclusive sales agent for the proposed Multi-Purpose Event Center. For purposes of this analysis, it is assumed that private food and beverage management fees would total approximately \$381,000, which includes 30 percent of gross food and beverage income. In addition, it is estimated that the operator would collect partnership commissions of approximately \$30,000 (five percent of gross premium and sponsorship revenue). Overall, total commission revenue is estimated to total approximately \$411,000 in the first year of stabilized operation.

G&A EXPENSES	
Security	\$53,000
Advertising and Sales	\$10,600
Service Agreements	\$47,700
Supplies	\$26,500
Uniform	\$15,900
Professional Fees (Accounting/Legal)	\$37,100
Data Processing/Web Site	\$31,800
Misc./Other	\$21,200
Printing	\$13,300
Training	\$15,900
Trash Removal/Pest Control	\$15,900
Vehicles	\$15,900
Telephone	\$15,900
Dues and Subscriptions	\$10,600
Equipment Rental	\$10,600
Travel	\$10,600
Postage and Delivery	\$6,400
<b>TOTAL</b>	<b>\$358,900</b>

## FINANCIAL PRO FORMA

The table below summarizes the estimated operating revenues and expenses associated with the proposed Multi-Purpose Event Center over the first five years of operations.

FINANCIAL PRO FORMA					
	YEAR 1	YEAR 2	YEAR 3 <i>Stabilized Year of Operation</i>	YEAR 4	YEAR 5
<b>Operating Revenues</b>					
Rental Income, Net	\$468,000	\$562,000	\$661,000	\$680,000	\$701,000
Premium Seating	257,000	257,000	257,000	265,000	273,000
Concessions, Net	325,000	393,000	464,000	478,000	492,000
Catering, Net	313,000	366,000	422,000	435,000	448,000
Merchandise, Net	30,000	36,000	43,000	44,000	45,000
Advertising & Sponsorships, Net	276,000	285,000	293,000	302,000	311,000
Ticket Rebates, Net	220,000	267,000	316,000	325,000	335,000
Facility Fees	206,000	246,000	289,000	298,000	307,000
<b>TOTAL REVENUE</b>	<b>\$2,095,000</b>	<b>\$2,412,000</b>	<b>\$2,745,000</b>	<b>\$2,827,000</b>	<b>\$2,912,000</b>
<b>Operating Expenses</b>					
Staffing	\$588,000	\$605,000	\$623,000	\$642,000	\$661,000
Food & Beverage/Sponsorship Commissions	304,000	356,000	411,000	423,000	436,000
General & Administrative	339,000	349,000	359,000	370,000	381,000
Repairs & Maintenance	150,000	155,000	159,000	164,000	169,000
Utilities	357,000	368,000	379,000	390,000	402,000
Insurance	89,000	92,000	95,000	98,000	100,000
<b>TOTAL EXPENSES</b>	<b>\$1,827,000</b>	<b>\$1,925,000</b>	<b>\$2,026,000</b>	<b>\$2,087,000</b>	<b>\$2,149,000</b>
<b>NET OPERATING INCOME (EBITDA) BEFORE RENT</b>	<b>\$268,000</b>	<b>\$487,000</b>	<b>\$719,000</b>	<b>\$740,000</b>	<b>\$763,000</b>

In its first year of operations, the proposed Multi-Purpose Event Center is estimated to generate operating revenues of approximately \$2.1 million and incur expenses of approximately \$1.8 million, resulting in net operating income of approximately \$268,000.

In the first year of stabilized operations (Year 3), the proposed Multi-Purpose Event Center is estimated to generate operating revenues of approximately \$2.7 million and incur expenses of approximately \$2.0 million, resulting in a net operating income of approximately \$719,000.

It should be noted that net operating income is presented before rental payments, capital reserve, base management fee, or debt.

An aerial photograph of a city street corner, featuring a prominent brick building with a red roof and dormer windows. The scene is overlaid with a dark blue vertical banner on the left and a gold vertical banner on the right. The number '15' is displayed in a large white outline font on the blue banner.

15

**ECONOMIC & FISCAL  
IMPACT ANALYSIS**

## ECONOMIC & FISCAL IMPACTS

While many of the perceived benefits of the proposed Multi-Purpose Event Center are considered intangible, including providing additional entertainment opportunities for local residents, a more diversified visitor infrastructure, more City and County exposure and enhanced community pride, the construction and operation of the proposed Multi-Purpose Event Center could provide quantifiable benefits to the local economy, as well. Quantifiable measurements of the effects that the proposed Multi-Purpose Event Center could have on the local economy include economic impacts, as summarized over the following pages.

### DIRECT SPENDING

Direct spending represents the initial primary spending that would occur as a result of the construction and operations of the proposed Multi-Purpose Event Center. Direct spending occurs in the following ways:



- **CONSTRUCTION SPENDING** - Construction materials, supplies, labor, professional fees and other soft cost spending will be generated during the planning and construction of the proposed Multi-Purpose Event Center.



- **FACILITY OPERATIONS SPENDING** - Direct spending will be generated by tickets, concessions, and merchandise sales to patrons attending events at the Multi-Purpose Event Center. The operations of the Multi-Purpose Event Center will also generate direct spending through premium seating, naming rights, sponsorships, operations of the management company, spending on salaries, wages, and benefits, marketing, and other such sources.



- **ANCILLARY COMMUNITY SPENDING** - Direct spending will also be generated off-site but within the local area by Multi-Purpose Event Center patrons, event personnel, and others. Ancillary community spending will likely include spending on lodging, food and beverages, retail, entertainment, transportation and other items in connection with Multi-Purpose Event Center events.

The graphic on the following page illustrates the primary sources of direct spending anticipated to be associated with the construction and operations of the proposed Multi-Purpose Event Center.

## DIRECT SPENDING SOURCES



## CONSTRUCTION SPENDING

## Construction Spending:

- Materials
- Supplies
- Labor
- Professional Fees



## OPERATIONS SPENDING

## Multi-Purpose Event Center Spending:

- Ticket Sales
- Premium Seats
- Concessions
- Merchandise
- Sponsorship
- Parking
- Fees
- Other



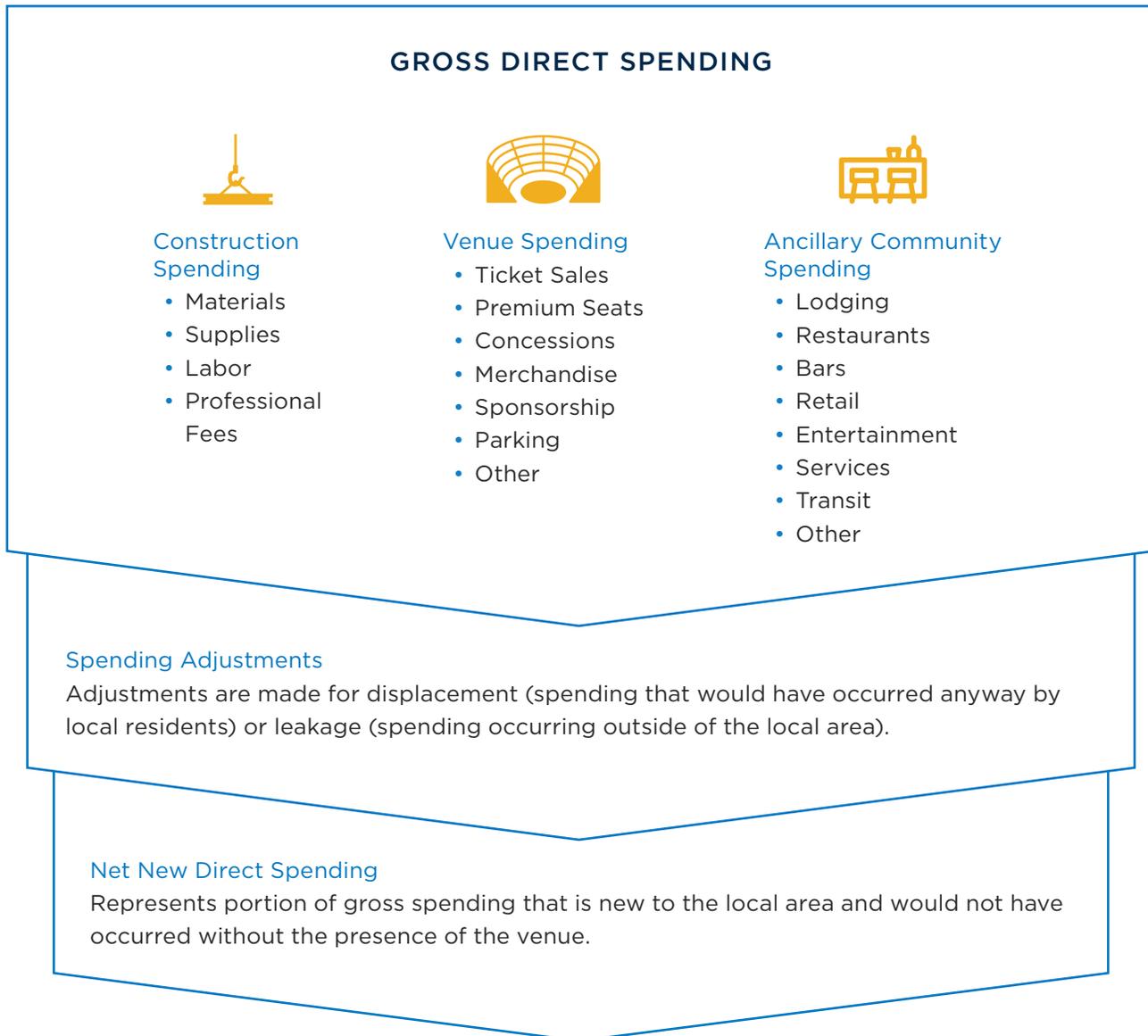
## Ancillary Community Spending:

- Lodging
- Bars
- Service
- Retail
- Entertainment
- Transit
- Other

Gross direct spending will flow to various economic entities, including the Multi-Purpose Event Center, service providers, restaurants, hotel operators, retail businesses and other such entities. However, some of the spending that occurs in connection with the construction and ongoing operations of the Multi-Purpose Event Center will not fully impact the local economy. As such, reductions must be made to gross direct spending to reflect the amount of direct spending associated with the venue that is considered net new to the economy. These adjustments include:

- **Leakage** - Leakage represents the portion of gross spending estimated to occur outside the measured economy (i.e., City of Fayetteville, Cumberland County). Immediate leakage occurs when initial direct expenditures occur outside the local area, such as an out-of-town attendee who patronizes a hotel or restaurant located outside the measured economy's boundaries. Leakage also occurs when initial local spending is used immediately to pay for non-local goods, services, etc. Examples of this type of secondary leakage include ticket sales allocated to non-local promoters or artists, or concessionaire profits retained by companies based outside of the local area.
- **Displacement** - Displacement refers to spending that would have likely occurred anyway in the local market without the presence of the proposed Multi-Purpose Event Center. Examples of displaced spending would include spending by local residents in connection with their attendance at the Multi-Purpose Event Center that would have been spent within the local area anyway on other items (movies, restaurants, shopping, etc.) if they did not patronize the Multi-Purpose Event Center. Another example of displaced spending would include out-of-facility spending by Multi-Purpose Event Center patrons visiting from outside the local area whose primary purpose for visiting the area was something other than patronizing the Multi-Purpose Event Center and who would have spent their money locally in some other form. This concept of displacement is oftentimes referred to as the substitution effect.

As illustrated in the graphic below, the flow of gross direct spending is adjusted to reflect only the spending that is considered net new to the local economy. The resulting spending after all adjustments, as previously discussed, is referred to throughout the remainder of this analysis as net new direct spending



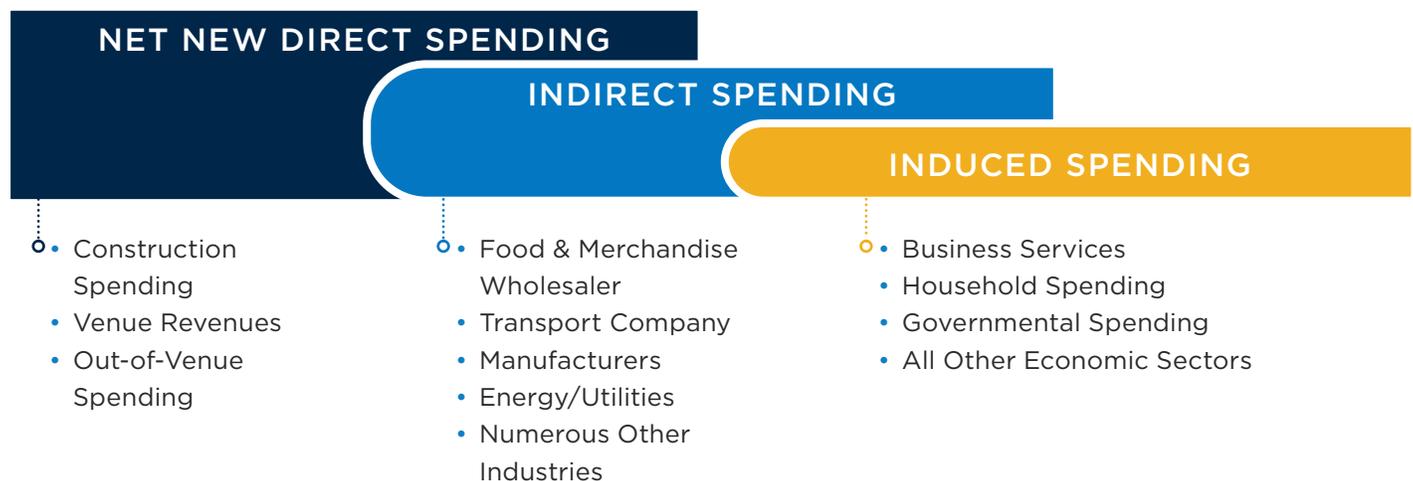
## MULTIPLIER EFFECTS

Economic impacts are further increased through re-spending of direct spending. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with direct spending and continuing through each successive round of re-spending. Successive rounds of re-spending are generally discussed in terms of their indirect and induced effects on the area economy, as follows:

- Indirect effects consist of the re-spending of the initial or direct expenditures. These indirect impacts extend further as the dollars constituting the direct expenditures continue to change hands. This process, in principle, could continue indefinitely. However, recipients of these expenditures may spend all or part of it on goods and services outside the market area, put part of these earnings into savings or pay taxes. This spending halts the process of subsequent expenditure flows and does not generate additional spending or impact within the community after a period of time. This progression is termed leakage and reduces the overall economic impact.

Indirect impacts occur in a number of industries, including the following:

- the wholesale industry, as purchases of food and merchandise products are made;
  - the transportation industry, as products are shipped from purchaser to buyer;
  - the manufacturing industry, as products used to service the venue, vendors and others are produced;
  - the utility industry, as the power to produce goods and services is consumed; and,
  - other such industries.
- Induced effects consist of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of the proposed Multi-Purpose Event Center. Specifically, as the economic impact process continues, wages and salaries are earned, increased employment is generated, and spending occurs in virtually all business, household and governmental sectors. This represents the induced spending impacts generated by direct expenditures.



Indirect and induced effects are calculated by applying the appropriate multipliers to the net new direct spending estimates. The appropriate multipliers to be used are dependent upon certain regional characteristics and also the nature of the expenditure. Generally, an area which is capable of producing a wide range of goods and services within its borders will have high multipliers, a positive correlation existing between the self-sufficiency of an area's economy and the higher profitability of re-spending occurring within the region. If a high proportion of the expenditures must be imported from another geographical region, lower multipliers will result.

The multiplier estimates used in this analysis are based on the IMPLAN system and are specific to the greater Fayetteville metropolitan area. IMPLAN, which stands for Impact Analyses and Planning, is a computer software package that consists of procedures for estimating local input-output models and associated databases. Input-output models are a technique for quantifying interactions between firms, industries and social institutions within a local economy.

IMPLAN was originally developed by the U.S. Forest Service in cooperation with the Federal Emergency Management Agency and the U.S. Department of the Interior's Bureau of Land Management to assist in land and resource management planning. Since 1993, the IMPLAN system has been developed under exclusive rights by the Minnesota IMPLAN Group, Inc. which licenses and distributes the software to users. Currently, there are thousands of licensed users in the United States including universities, government agencies, and private companies.

The economic data for IMPLAN comes from the system of national accounts for the United States based on data collected by the U.S. Department of Commerce, the U.S. Bureau of Labor Statistics and other federal and state governmental agencies. Data is collected for 440 distinct producing industry sectors of the national economy corresponding to the Standard Industrial Categories (SICs).

Industry sectors are classified on the basis of the primary commodity or service produced. Corresponding data sets are also produced for each county and zip code in the United States, allowing analyses at both the city and county level and for geographic aggregations such as clusters of contiguous cities, counties, individual states or groups of states.

Data provided for each industry sector includes outputs and inputs from other sectors; value added, employment, wages and business taxes paid; imports and exports; final demand by households and government; capital investment; business inventories; marketing margins and inflation factors (deflators). These data sets are provided both for the 440 producing sectors at the national level and for the corresponding sectors at the local level. Data on the technological mix of inputs and levels of transactions between producing sectors is taken from detailed input-output tables of the national economy. National and local level data are the basis for IMPLAN calculations of input-output tables and multipliers for geographic areas. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a local economic area.

Multipliers are applied to direct spending to calculate the following measures of economic impact:



- **Total Output** represents the total direct, indirect and induced spending effects generated by the proposed Multi-Purpose Event Center. Total output is calculated by multiplying the appropriate total output multiplier by the estimated direct spending within each industry.



- **Employment** is expressed in terms of total full-time equivalent (FTE) jobs and includes both full- and part-time jobs. Employment is calculated by dividing the appropriate employment multiplier by one million, and then multiplying by the estimated direct spending within each industry.



- **Personal Earnings** represent the wages and salaries earned by employees of businesses impacted by the proposed Multi-Purpose Event Center. Personal earnings are calculated by multiplying the appropriate personal earnings multiplier by the estimated direct spending within each industry.



## ECONOMIC IMPACT SUMMARY

The table below summarizes the estimated net new economic impacts of the Multi-Purpose Event Center to the City of Fayetteville, Cumberland County and the State of North Carolina.

<b>ECONOMIC IMPACT SUMMARY</b>			
<b>PROPOSED MULTI-PURPOSE EVENT CENTER</b>			
<b>Net New Construction Impacts</b>			
	<b>City</b>	<b>County</b>	<b>State</b>
Direct Spending	\$14,725,000	\$32,550,000	\$41,850,000
Total Output	\$28,516,000	\$63,035,000	\$81,045,000
Jobs (FTEs)	115	250	325
Earnings	\$15,747,000	\$34,810,000	\$44,755,000
<b>Net New Annual Operations Impacts (2027)</b>			
	<b>City</b>	<b>County</b>	<b>State</b>
Direct Spending	\$3,073,000	\$2,938,000	\$1,982,000
Total Output	\$5,333,000	\$5,095,000	\$3,437,000
Jobs (FTEs)	55	50	35
Earnings	\$1,901,000	\$1,800,000	\$1,221,000
<b>32-Year NPV Construction &amp; Operations Impacts</b>			
	<b>City</b>	<b>County</b>	<b>State</b>
Direct Spending	\$75,299,000	\$89,300,000	\$78,864,000
Total Output	\$133,451,000	\$161,015,000	\$144,707,000
Jobs (FTEs)	170	300	360
Earnings	\$52,788,000	\$68,621,000	\$66,357,000

*Note: Economic impacts are not additive across the City, County, or State.*

*Note: Direct spending for construction increases as the catchment area gets larger as more of the spending takes place within those areas. Alternatively, direct spending on operations decreases as the catchment area increases, as a lower percentage of spending associated with Multi-Purpose Event Center activities is considered "net new".*

As shown, it is estimated that two years of Multi-Purpose Event Center construction and 30 years of operations will generate approximately \$133.5 million in net new economic impact to the City of Fayetteville, supporting 170 full-time equivalent jobs and \$52.8 million in earnings.

Additionally, it is estimated that two years of Multi-Purpose Event Center construction and 30 years of operations will generate approximately \$161.0 million in net new economic impact to Cumberland County, supporting 300 full-time equivalent jobs and \$68.6 million in earnings.

It is also estimated that two years of Multi-Purpose Event Center construction and 30 years of operations will generate approximately \$144.7 million in net new economic impact to the State of North Carolina, supporting 360 full-time equivalent jobs and \$66.4 million in earnings.

It should be noted that economic impacts are not additive across the City, County, or State.

# NET NEW FISCAL IMPACTS

## APPLICABLE TAXES

In addition to the economic impacts expected to be generated by the construction and operations of the proposed Multi-Purpose Event Center, the public sector will also benefit from increased tax revenues. In preparing estimates of fiscal impacts, tax revenues attributable to the net new direct, indirect and induced spending generated by the proposed Multi-Purpose Event Center were estimated. Tax revenues are based on the current applicable tax rates, so future changes in these rates would have an impact on the resulting tax collections. Taxes specific to the City of Fayetteville, Cumberland County, and State of North Carolina are considered in this analysis and are shown in the chart below.

APPLICABLE TAX RATES PROPOSED MULTI-PURPOSE EVENT CENTER			
Tax Rates			
	City	County	State
Sales Tax	--	2.25%	4.75%
Income Tax	--	--	5.25%
Occupancy Tax	--	6.0%	--
Prepared Food & Beverage Tax	--	1.0%	--
Rental Vehicle Tax	1.5%	1.5%	--

## FISCAL IMPACT SUMMARY

The table below summarizes the estimated net new fiscal impacts of the Multi-Purpose Event Center to the City of Fayetteville, Cumberland County and the State of North Carolina.

<b>FISCAL IMPACT SUMMARY</b>			
<b>PROPOSED MULTI-PURPOSE EVENT CENTER</b>			
<b>Net New Construction Impacts</b>			
	<b>City</b>	<b>County</b>	<b>State</b>
Sales Tax	--	\$466,000	\$1,291,000
Income Tax	--	--	\$2,350,000
<b>TOTAL</b>	<b>--</b>	<b>\$466,000</b>	<b>\$3,641,000</b>
<b>Net New Annual Operations Impacts (2027)</b>			
	<b>City</b>	<b>County</b>	<b>State</b>
Sales Tax	--	\$70,000	\$100,000
Income Tax	--	--	\$64,100
Occupancy Tax	--	\$6,900	--
Prepared Food & Beverage Tax	--	\$8,400	--
Rental Vehicle Tax	\$200	\$100	--
<b>TOTAL</b>	<b>\$200</b>	<b>\$85,400</b>	<b>\$164,100</b>
<b>32-Year NPV Construction &amp; Operations Impacts</b>			
	<b>City</b>	<b>County</b>	<b>State</b>
Sales Tax	--	\$1,835,000	\$3,209,000
Income Tax	--	--	\$3,484,000
Occupancy Tax	--	\$137,000	--
Prepared Food & Beverage Tax	--	\$169,000	--
Rental Vehicle Tax	\$4,000	\$3,000	--
<b>TOTAL</b>	<b>\$4,000</b>	<b>\$2,144,000</b>	<b>\$6,693,000</b>

As shown, it is estimated that two years of Multi-Purpose Event Center construction and 30 years of operations will generate approximately \$4,000 in City fiscal impacts, approximately \$2.1 million in County fiscal impacts, and approximately \$6.7 million in State fiscal impacts.

It should be noted that the development of the proposed Multi-Purpose Event Center could have catalytic impacts on subsequent development in and around the Fayetteville market. The economic and fiscal impacts of this potential increased development are not quantified herein.

## NON-QUANTIFIABLE BENEFITS

In addition to the quantifiable benefits generated from the construction and operations of the proposed Multi-Purpose Event Center, some benefits cannot be quantitatively measured. Potential qualitative benefits for the local area could include:

- Expanding Cumberland County's ability to accommodate and attract various musical, entertainment, and other events;
- Additional entertainment options for local and regional residents;
- Providing the infrastructure to amplify voices of color and other socioeconomically-disadvantaged groups within the region through artistic expression and ability to host a variety of community events;
- Enhancing community pride, self-image, exposure and reputation;
- Ability to participate in community-wide events and festivals;
- New premium seat offerings for area corporations to entertain clients and reward employees;
- Opportunities for private commercial and real estate development;
- Potential expansion of parking infrastructure in the downtown area;
- Additional opportunities for charitable endeavors by local businesses;
- New advertising opportunities for local businesses; and,
- Other such benefits.

An aerial photograph of a city street corner, featuring a prominent brick building with a red roof and a church with a steeple. The image is overlaid with a blue vertical bar on the left and a yellow vertical bar on the right. The number '16' is displayed in a large, white, outlined font on the blue bar.

# 16

## FUNDING ANALYSIS

# FUNDING ANALYSIS

## INTRODUCTION

Total project costs associated with the construction of the proposed Multi-Purpose Event Center are estimated to approximate \$77.5 million including general provisions for financing, land, off-site infrastructure, and other costs. It is important to note that, since the Multi-Purpose Event Center site has not been determined at this point, general assumptions have been used for site acquisition and preparation, infrastructure improvements, and other costs.

To identify those funding sources that may be available to fund the proposed Multi-Purpose Event Center, facility funding mechanisms from comparable performing arts centers and other sports and entertainment venues throughout North Carolina were analyzed. The assessment of potential Multi-Purpose Event Center funding options is presented in the following sections:

- Comparable Facility Funding Sources;
- North Carolina Facility Funding Sources;
- Potential Funding Sources; and,
- Summary.

## COMPARABLE FACILITY FUNDING SOURCES

Comparable performing arts centers, as identified in the Performing Arts Center benchmarking section of this report, serve as examples for potential funding mechanisms for the proposed Multi-Purpose Event Center. The following table presents a summary of the total project costs and public/private funding participation for comparable facilities.

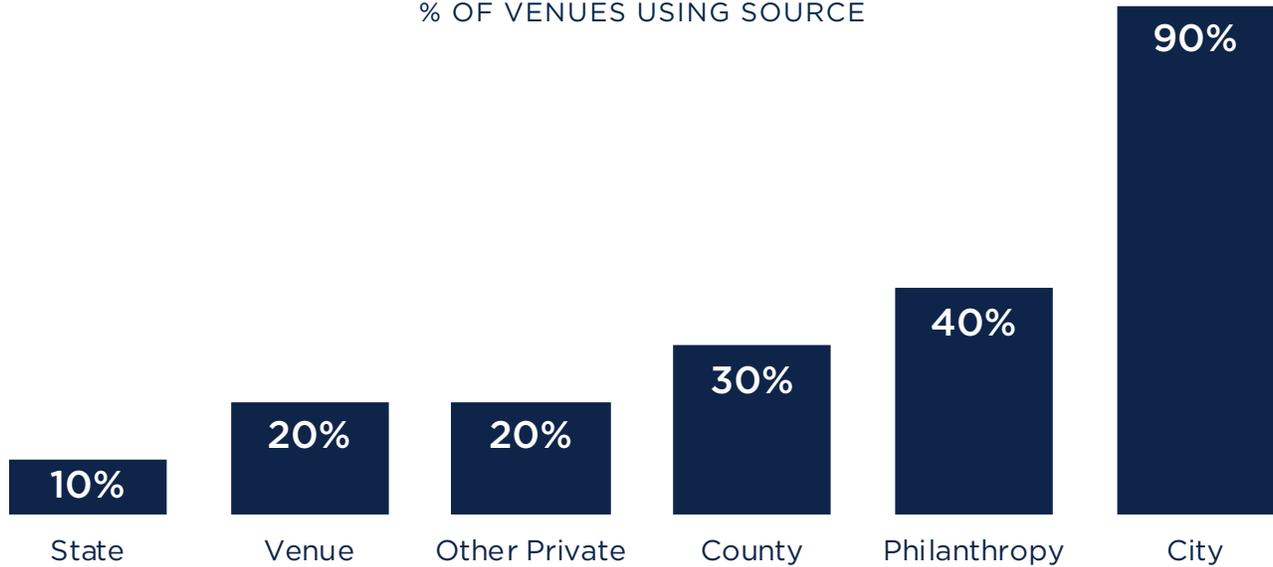
COMPARABLE MULTI-PURPOSE EVENT CENTER FUNDING							
Venue	Location	Year Opened (Renovated)	Total Cost	Public		Private	
				\$	%	\$	%
Steven Tanger Center for the Performing Arts	Greensboro, NC	2020	\$90.0M	\$47.1M	52%	\$42.9M	48%
Fox Cities Performing Arts Center	Appleton, WI	2002	\$60.2M	\$48.0M	80%	\$12.2M	20%
Sandler Center for the Performing Arts	Virginia Beach, VA	2007	\$47.5M	\$30.0M	63%	\$17.5M	37%
Durham Performing Arts Center	Durham, NC	2008	\$46.0M	\$27.6M	60%	\$18.4M	40%
Duke Energy Center for the Performing Arts*	Raleigh, NC	2001	\$44.0M	\$21.2M	48%	\$22.8M	52%
Chrysler Hall*	Norfolk, VA	2022	\$40.6M	\$40.6M	100%	--	0%
North Charleston Performing Arts Center	N. Charleston, SC	2000	\$38.1M	\$38.1M	100%	--	0%
Ovens Auditorium*	Charlotte, NC	2020	\$18.5M	\$18.5M	100%	--	0%
Township Auditorium*	Columbia, SC	2009	\$12.1M	\$12.1M	100%	--	0%
William B. Bell Memorial Auditorium*	Augusta, GA	2019	\$6.0M	\$6.0M	100%	--	0%
<b>AVERAGE</b>		<b>2011</b>	<b>\$40.3M</b>	<b>\$28.9M</b>	<b>80%</b>	<b>\$11.4M</b>	<b>20%</b>

\* Represents renovation costs  
Note: Sorted by Total Cost.

On average, approximately 80 percent of comparable performing arts centers project costs were funded utilizing public sources, with the remaining 20 percent of project costs funded utilizing private sources. Common public sources utilized to fund comparable facilities included revenues from capital improvement funds, hotel/motel taxes, parking fees, sales and/or food and beverage taxes, admission taxes, and vice (alcohol or cigarette) taxes. Common private sources utilized to fund comparable facilities included lead gifts for naming rights, private corporate donations, philanthropic gifts, and facility fees.

The following table summarizes the percentage of comparable performing arts centers funding plans that included funding contributions from various sources, including public contributions at the state, county and city levels, as well as private contributions through philanthropy, venue operations, or other sources.

**COMPARABLE PERFORMING ARTS CENTERS  
FUNDING PARTICIPATION  
% OF VENUES USING SOURCE**



*Note: "Other Private" sources include contributions from private entities, such as corporations or universities.*

As shown, nine of the 10 comparable venues received funding contributions from City sources and four of the ten received philanthropic contributions. The average City contribution was \$24.4 million, and the average philanthropic contribution to funding from private donations and lead gifts was \$32.1 million.

Additionally, the table on the following page summarizes the specific public and private sector sources used to assist in funding the development of comparable performing arts centers, including the percentage of venues that used each funding sources and the range of funding generated from each source.

COMPARABLE PERFORMING ARTS CENTER FUNDING SOURCES				
Funding Source	Percent Using	Funding Amount		
		Low	Average	High
<b>Public Sources</b>				
Hotel Taxes	50%	\$12.2M	\$22.9M	\$47.1M
Capital Improvement Fund	30%	\$4.1M	\$21.1M	\$40.6M
Tourism / Economic Development Funds	20%	\$4.2M	\$17.1M	\$30.0M
Sales Taxes	10%	\$6.0M	\$6.0M	\$6.0M
F&B Taxes	10%	\$12.1M	\$12.1M	\$12.1M
Other Public Sources	30%	\$0.5M	\$3.8M	\$15.2M
<b>Private Sources</b>				
Private Donations	40%	\$12.5M	\$28.9M	\$45.0M
Lead Gift	20%	\$5.0M	\$6.3M	\$7.5M
Sponsorships	20%	\$11.0M	\$11.0M	\$11.0M
Operator Funding	10%	\$0.4M	\$0.4M	\$0.4M
Facility Fees	10%	\$1.4M	\$1.4M	\$1.4M
Other Private Sources	20%	\$3.0M	\$5.3M	\$7.5M

*Note: Sorted by Percent Using.*

As shown, comparable performing arts centers use a wide variety of funding sources. The most common public funding sources include hotel/motel taxes, City capital improvement funds, and tourism or economic development funds. Other public sources include sales taxes, food & beverage taxes, parking fees, sale of real estate, state grants, business taxes, admission taxes, and alcohol taxes.

Common private sources include philanthropy through private donations and lead gifts and sponsorships. Other private sources include operator contributions, facility fees, and corporate contributions.

# NORTH CAROLINA FACILITY FUNDING SOURCES

In addition to understanding comparable performing arts center funding, it is important to understand the comparable financing plans for other sports and entertainment facilities within the State of North Carolina. The table below summarizes the public-private funding participation of select performing arts centers and select professional sports facility projects in North Carolina.

STATE OF NORTH CAROLINA FACILITY FUNDING							
Venue	Location & Tenant	Year Opened	Total Cost	Public		Private	
				\$	%	\$	%
<b>Performing Arts Centers</b>							
Steven Tanger Center for the Performing Arts	Greensboro, NC	2020	\$90.0M	\$47.1M	52%	\$42.9M	48%
Belk Theater	Charlotte, NC	1992	\$62.0M	\$30.0M	48%	\$32.0M	52%
Durham Performing Arts Center	Durham, NC	2008	\$46.0M	\$27.6M	60%	\$18.4M	40%
Duke Energy Center for the Performing Arts*	Raleigh, NC	2001	\$44.0M	\$21.2M	48%	\$22.8M	52%
Ovens Auditorium*	Charlotte, NC	2020	\$18.5M	\$18.5M	100%	--	0%
<b>AVERAGE - Performing Arts Centers</b>		<b>2008</b>	<b>\$52.1M</b>	<b>\$28.9M</b>	<b>62%</b>	<b>\$23.2M</b>	<b>38%</b>
<b>Professional Sports</b>							
Spectrum Center	Charlotte, NC - Charlotte Hornets (NBA)	2005	\$265.0M	\$230.6M	87%	\$34.5M	13%
Bank of America Stadium	Charlotte, NC - Carolina Panthers (NFL)	1996	\$248.0M	\$57.0M	23%	\$191.0M	77%
PNC Arena	Raleigh, NC - Carolina Hurricanes (NHL)	1999	\$158.0M	\$132.7M	84%	\$25.3M	16%
Truist Field	Charlotte, NC - Charlotte Knights (AAA)	2014	\$74.0M	\$22.2M	30%	\$51.8M	70%
Atrium Health Ballpark	Kannapolis, NC - Kannapolis Cannon Ballers (A)	2020	\$52.0M	--	0%	\$52.0M	100%
Truist Stadium	Winston-Salem, NC - Winston-Salem Dash (A-Adv.)	2010	\$48.7M	\$15.1M	31%	\$33.6M	69%
American Legion Memorial Stadium	Charlotte, NC - Charlotte Independence (USLC)	2021	\$40.5M	\$40.5M	100%	--	0%
Segra Stadium	Fayetteville, NC - Fayetteville Woodpeckers (A-Adv.)	2019	\$37.8M	\$37.8M	100%	--	0%
First National Bank Field	Greensboro, NC - Greensboro Grasshoppers (A)	2005	\$22.6M	--	0%	\$22.6M	100%
Durham Bulls Athletic Park	Durham, NC - Durham Bulls (AAA)	1995	\$16.1M	\$13.0M	81%	\$3.1M	19%
<b>AVERAGE - PROFESSIONAL SPORTS</b>		<b>2008</b>	<b>\$96.3M</b>	<b>\$54.9M</b>	<b>54%</b>	<b>\$41.4M</b>	<b>46%</b>
<b>AVERAGE - TOTAL</b>		<b>2008</b>	<b>\$81.5M</b>	<b>\$46.2M</b>	<b>56%</b>	<b>\$35.3M</b>	<b>44%</b>

\* Represents renovation costs

Note: Sorted by Total Cost.

As shown above, the average performing arts centers in North Carolina, which includes four comparable facilities detailed previously, was 62 percent publicly funded and 38 percent privately funded. Additionally, in terms of professional sports facilities, which are useful to examine to better understand the availability and type of funding available for public entertainment venues, the average facility in North Carolina is 54 percent publicly funded and 46 percent privately funded.

Common public sources utilized to fund sports and entertainment facilities within the State of North Carolina included hotel/motel taxes, sales taxes, food and beverage taxes, TIF revenues, sale of land, and interest earnings. Common private sources utilized to fund comparable facilities included naming rights and other corporate sponsorship, philanthropic gifts, facility fees, rent/lease requirements, and team/facility revenues.

Segra Stadium, as a recently constructed Fayetteville venue, can serve as an important example to examine for the potential Multi-Purpose Event Center. The Fayetteville Woodpeckers' ballpark represents a successful public-private partnership; while the stadium (\$37.8 million) was fully publicly funded, the ballpark anchors a larger \$120 million mixed-use development in downtown Fayetteville, which includes new hotel inventory, a parking garage, over 100,000 square feet of office space, and 6,000 square feet of retail. The ballpark was funded through the implementation of a TIF district that encompasses the ballpark and the mixed-use development. It is expected that 100 percent of the incremental taxes collected within the tax district will be dedicated to project funding for the first five years, decreasing to 75 percent over the following 15 years.

## POTENTIAL FUNDING SOURCES

The following pages summarize the funding sources utilized by comparable performing arts centers nationwide and major entertainment facilities in the greater Fayetteville and North Carolina region that could be applicable to the proposed Multi-Purpose Event Center. Project representatives should consider the unique advantages and disadvantages of each source, as well as the processes and precedent related to the use of each source before making final decisions regarding which sources should be utilized to fund the approximately \$77.5 million in project costs.

### PUBLIC SOURCES

Public funding sources utilized by comparable and local entertainment venues that could be utilized to fund project costs for the proposed Multi-Purpose Event Center include the prepared food and beverage tax, and a variety of other municipal tax revenues. Because of the magnitude of local and state-wide tax bases, public sources, when directed, are often able to fund significant amounts of project funds, but at a cost to local taxpayers.

#### PREPARED FOOD & BEVERAGE TAX

The Prepared Food & Beverage Tax (“F&B Tax”) is a 1.0 percent tax on all prepared food and beverages sold at retail for consumption and is applied to any retailer within Cumberland County, NC that is subject to North Carolina sales tax. The F&B tax was first created under state law in 1993 to facilitate construction of the \$55 million Crown Coliseum. Today, revenue from the F&B tax is used to fund continued debt service on the Coliseum (estimated at \$3.7 million annually) as well as to offset operating losses of the Crown Complex (estimated at \$3.0 million annually).

In FY15, Cumberland County collected approximately \$6.2 million F&B tax revenue, which increased to \$7.4 million by FY19. On average, F&B tax collections have increased at an average rate of approximately 3.9 percent annually. It should be noted that the COVID-19 pandemic is estimated to impact collections for the F&B tax by approximately 20 percent in FY20, decreasing to 10 percent for FY21 and five percent for FY22.

Given the potential availability of this tax revenue stream in future years, project stakeholders have identified the F&B tax as a strong candidate to fund a portion, or potentially the entirety, of the proposed Multi-Purpose Event Center assuming a return to pre-pandemic revenue levels. To gauge the funding potential of the F&B tax, the chart below depicts projected F&B tax collections from 2023 (the estimated first year of project construction) to 2052 (30 total years).

PREPARED FOOD & BEVERAGE TAX FUNDING POTENTIAL					
Year	Estimated Collections	Total Allocated to County (100%)	Estimated Crown Complex Debt Obligations	Estimated Crown Complex Operating Subsidy	Estimated Available for Proposed PAC
Year 1 (2023) Construction	\$7,900,000	\$7,900,000	(\$4,300,000)	(\$3,100,000)	\$500,000
Year 2 (2024) Construction	\$8,100,000	\$8,100,000	(\$4,300,000)	(\$3,200,000)	\$700,000
Year 3 (2025) Opening	\$8,300,000	\$8,300,000	(\$1,000,000)	(\$3,200,000)	\$4,200,000
Year 4 (2026)	\$8,600,000	\$8,600,000	(\$1,000,000)	(\$3,200,000)	\$4,400,000
Year 5 (2027)	\$8,900,000	\$8,900,000	(\$1,000,000)	(\$3,300,000)	\$4,600,000
Year 6 (2028)	\$9,100,000	\$9,100,000	(\$500,000)	(\$3,300,000)	\$5,300,000
Year 7 (2029)	\$9,400,000	\$9,400,000	(\$500,000)	(\$3,300,000)	\$5,600,000
Year 8 (2030)	\$9,700,000	\$9,700,000	(\$500,000)	(\$3,300,000)	\$5,800,000
Year 9 (2031)	\$10,000,000	\$10,000,000	(\$500,000)	(\$3,400,000)	\$6,100,000
Year 10 (2032)	\$10,300,000	\$10,300,000	(\$500,000)	(\$3,400,000)	\$6,400,000
Year 11 (2033)	\$10,600,000	\$10,600,000	(\$500,000)	(\$3,400,000)	\$6,700,000
Year 12 (2034)	\$10,900,000	\$10,900,000	(\$500,000)	(\$3,400,000)	\$6,900,000
Year 13 (2035)	\$11,200,000	\$11,200,000	(\$500,000)	(\$3,500,000)	\$7,200,000
Year 14 (2036)	\$11,600,000	\$11,600,000	(\$500,000)	(\$3,500,000)	\$7,500,000
Year 15 (2037)	\$11,900,000	\$11,900,000	(\$500,000)	(\$3,500,000)	\$7,900,000
Year 16 (2038)	\$12,300,000	\$12,300,000	(\$500,000)	(\$3,600,000)	\$8,200,000
Year 17 (2039)	\$12,600,000	\$12,600,000	(\$500,000)	(\$3,600,000)	\$8,500,000
Year 18 (2040)	\$13,000,000	\$13,000,000	(\$500,000)	(\$3,600,000)	\$8,900,000
Year 19 (2041)	\$13,400,000	\$13,400,000	(\$500,000)	(\$3,700,000)	\$9,200,000
Year 20 (2042)	\$13,800,000	\$13,800,000	(\$500,000)	(\$3,700,000)	\$9,600,000
Year 21 (2043)	\$14,200,000	\$14,200,000	(\$500,000)	(\$3,700,000)	\$10,000,000
Year 22 (2044)	\$14,600,000	\$14,600,000	(\$500,000)	(\$3,700,000)	\$10,400,000
Year 23 (2045)	\$15,100,000	\$15,100,000	(\$500,000)	(\$3,800,000)	\$10,800,000
Year 24 (2046)	\$15,500,000	\$15,500,000	(\$500,000)	(\$3,800,000)	\$11,200,000
Year 25 (2047)	\$16,000,000	\$16,000,000	(\$500,000)	(\$3,800,000)	\$11,600,000
Year 26 (2048)	\$16,500,000	\$16,500,000	(\$500,000)	(\$3,900,000)	\$12,100,000
Year 27 (2049)	\$17,000,000	\$17,000,000	(\$500,000)	(\$3,900,000)	\$12,600,000
Year 28 (2050)	\$17,500,000	\$17,500,000	(\$500,000)	(\$3,900,000)	\$13,000,000
Year 29 (2051)	\$18,000,000	\$18,000,000	(\$500,000)	(\$4,000,000)	\$13,500,000
Year 30 (2052)	\$18,500,000	\$18,500,000	(\$500,000)	(\$4,000,000)	\$14,000,000
<b>CUMULATIVE</b>	<b>\$374,500,000</b>	<b>\$374,500,000</b>	<b>(\$24,100,000)</b>	<b>(\$106,700,000)</b>	<b>\$243,400,000</b>
<b>NPV</b>	<b>\$132,100,000</b>	<b>\$132,100,000</b>	<b>(\$11,400,000)</b>	<b>(\$40,000,000)</b>	<b>\$80,600,000</b>

Note: Net present value assumes 4.0 percent interest and a 1.5x debt coverage ratio.

As shown, it is estimated that F&B tax collections will total approximately \$7.9 million in 2023, increasing by 3.0 percent annually up to \$18.5 million by 2052. It is also estimated that the County will retain 100 percent of all F&B tax collections and will not be required to remit any revenue to other municipalities within the County.

It is estimated that Crown Complex debt will account for approximately \$4.3 million from 2022 to 2024, accounting for original Complex debt as well as additional capital improvement projects. Estimated debt obligations will decrease to \$500,000 in 2028, representing a required annual contribution toward capital improvements. Additionally, it is estimated that the current operating subsidy attributable to the F&B tax will account of \$3.1 million in 2022, representing 95 percent of the total operating subsidy requirement; the remaining five percent will be covered by the County's Occupancy Tax.

Overall, it is estimated, due to debt obligations, that only \$500,000 to \$700,000 will be available for to fund a potential Multi-Purpose Event Center for the first two years, increasing to \$4.2 million annually beginning in 2025 once original debt service is retired.

In total, it is estimated that the funding potential from the F&B tax is approximately \$80.6 million, which would cover the entirety of the \$77.5 million in estimated project costs for the proposed Multi-Purpose Event Center.

## MUNICIPAL TAX REVENUES

In addition to the prepared food and beverage tax, the City of Fayetteville and Cumberland County also impose a variety of other municipal taxes, which could potentially be dedicated to project funding, either through a re-allocation of revenues or through a tax increase. Brief descriptions of these municipal taxes are listed below:



- **Sales Taxes** - Currently, Cumberland County imposes a 2.25 percent sales tax, which is the maximum allowed by State law. To utilize sales tax funds to cover project costs, current sales tax collections would have to be re-allocated.



- **Occupancy Taxes** - Currently, Cumberland County imposes a 6.0 percent occupancy tax on hotel/motel purchases, which is the maximum allowed by State law. Currently, 50 percent of occupancy tax revenues are allocated to the Cumberland Tourism Development Authority (CTDA), and the remaining 50 percent are allocated to the Civic Center Commission, half of which is earmarked for the Crown Complex. To utilize occupancy tax funds to cover project costs, current occupancy tax collections would have to be re-allocated, likely from the current obligation to the Crown Complex.



- **Rental Vehicle Taxes** - Currently, the City and County each impose a 1.5 percent property tax rates on the rental of motor vehicles. In FY19, Cumberland County projected collections of \$642,000. Should the County rental vehicle tax be increased by 1.0 percent, in 2022, it is estimated an increment of \$234,000 could be collected, increasing by three percent annually. Over 30 years, the level of tax increase could generate a funding potential of approximately \$7.8 million, assuming 30-year bonds at a 4.0 percent discount rate and a 1.5 coverage ratio.

## OTHER PUBLIC SOURCES

Other potential public sources utilized by other sports and entertainment facilities throughout the United States to finance project costs include general funds, property taxes, tax increment financing, developer PILOT bonds (payment in lieu of taxes), parking taxes, state lottery funds, toll road revenues, campground taxes, cigarette taxes, federal and/or state grants, and other such sources.

## PRIVATE SOURCES

Private funding sources utilized by comparable and local entertainment venues that could be utilized to fund portions of the proposed Multi-Purpose Event Center include venue operating income and philanthropic contributions. These funding sources place little to no burden on taxpayers and governmental revenue sources but are often more difficult to generate and secure.

### OPERATING INCOME

The proposed Multi-Purpose Event Center generates operating income in its first year of stabilized operation of approximately \$356,000, after capital reserve costs. This annual income stream could fund approximately \$5.2 million towards facility financing (assuming 30-year bonds, a 4.0 percent discount rate, and a 1.5 coverage ratio) in the event project stakeholders elected to utilize income streams to repay bonds related to venue construction costs.

### OTHER PRIVATE SOURCES

Other potential private sources of funding could come from philanthropic contributions, foundation grants, ticket surcharges, developer contributions, parking surcharges, concessionaire/vendor rights, cellular tower lease revenue, investment income, and other such sources.

## SUMMARY

The ultimate financing structure of a Multi-Purpose Event Center is dependent on the political, economic, and other issues of the related parties. The chart below displays the estimated funding potential of the most likely sources of project funding based on a review of comparable facilities and the resources that may be specifically available to the proposed Multi-Purpose Event Center.

IDENTIFIED POTENTIAL FUNDING SOURCES	
<b>Estimated Project Costs</b>	<b>\$77.5M</b>
<b>Public Sources</b>	
Prepared Food & Beverage Tax*	\$80.6M
<b>Private Sources</b>	
Venue Operating Income*	\$5.2M
<b>TOTAL</b>	<b>\$85.8M</b>

\* Assumes 30-year bonds with 4.0 percent interest and a 1.5x debt coverage ratio.

As shown, approximately \$85.8 million in funding sources have been identified, including approximately \$80.6 million in prepared food and beverage tax revenue. Should additional funds be needed to finalize project financing, cash flows from the venue could finance approximately \$5.2 million.