



# **Proposed Multi-Purpose Event Center Market & Financial Feasibility Study**

September 2021



MARKET & FINANCIAL  
FEASIBILITY EXPERT



ARCHITECTURAL  
DESIGN EXPERT



COMMUNITY  
OUTREACH EXPERT

SAMPLE PROJECT  
TEAM EXPERIENCE

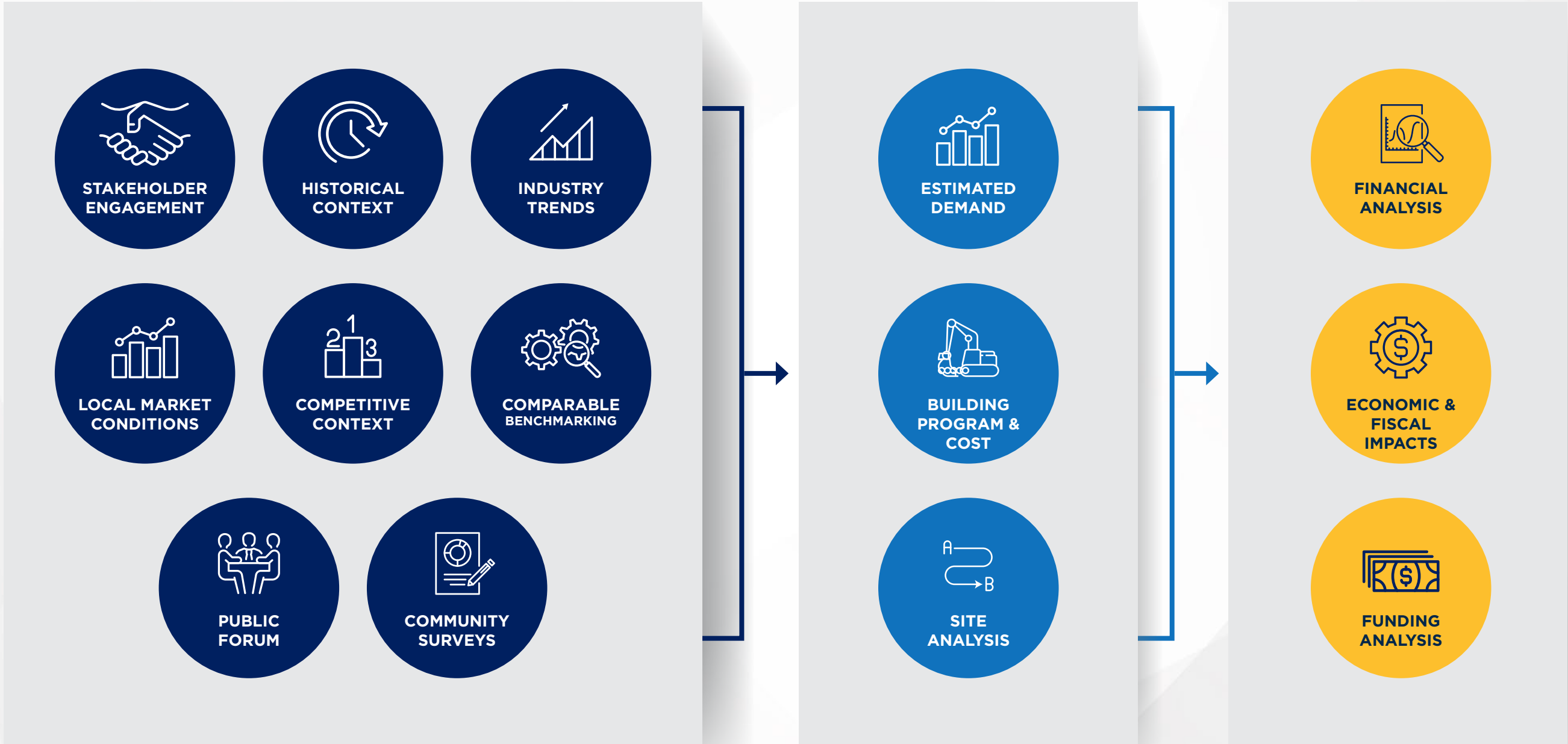


Raleigh



ECU





-  The Crown Complex, which includes the Coliseum, Arena, and Theatre, have **served the local community** by providing high-quality events since 1997.
-  Past studies have concluded that the cost of necessary repairs and upgrades to the Arena and Theatre are prohibitive, prompting the **announced closure** of the venues by November 2025.
-  The results of significant public and stakeholder outreach suggests a **desire to replace the Arena and Theatre with a new venue** to retain a variety of entertainment events in the market.
-  It is vital that a new venue support programming that is reflective of the **young, diverse greater Cumberland County market**.
-  Local, regional, and national event promoters **expressed interest** in utilizing a new venue in the Cumberland County market.
-  Careful consideration should be given to **competition in the regional market**, particularly for traditional performing arts center events.
-  The entertainment industry has experienced **sustained growth**, with trends towards flexible venues that can host a variety of events and performances.
-  There is demand for a **multi-purpose venue** to retain existing event activity and attract new content to the market.
-  The existing **Food & Beverage Tax** represents the most viable means of funding the cost of a new multi-purpose venue.

# GUIDING FRAMEWORK



KEY  TAKEAWAY

The planned closure of the Crown Arena & Theatre brought focus to studying a **replacement venue** among key stakeholders



CROWN COLISEUM  
10,000 SEATS

60 EVENTS HOSTED IN 2019  
OPERATIONS TO CONTINUE PAST 2025



CROWN ARENA  
4,500 SEATS

28 EVENTS HOSTED IN 2019  
CLOSES IN NOV. 2025



CROWN THEATER  
2,500 SEATS

30 EVENTS HOSTED IN 2019  
CLOSES IN NOV. 2025

TYPES OF EVENTS HOSTED



HOCKEY



OTHER SPORTS



CONCERTS



ARENA FOOTBALL



GRADUATIONS

TYPES OF EVENTS HOSTED



BANQUETS



OTHER SPORTS



CONCERTS



ROLLER DERBY



TRADE SHOWS



GRADUATIONS

TYPES OF EVENTS HOSTED



FAMILY SHOWS



COMEDY



CONCERTS



PERFORMING ARTS



SYMPHONY



DANCE

The Crown Complex also includes a 60,000-square-foot Expo Center and a 10,000-square-foot Ballroom that host approximately 70 events annually.

## KEY TAKEAWAY

Stakeholders and the public desire a **sustainable venue that brings top events** and provides space for community users

### STAKEHOLDER ENGAGEMENT KEY FINDINGS



Preference for **financially-sustainable** community amenity



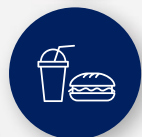
Desire for ability to host **wide variety** of events



The venue could **serve a niche in the Fayetteville market**



Stakeholders largely preferred a **downtown location**



An extension of the **Prepared Food & Beverage Tax** could be the primary funding method

### PUBLIC FORUM KEY FINDINGS



The project team hosted **four public forum sessions**



Over 80 percent had **positive attitude** toward a new venue



The **top event types** included concerts and theater / musicals



Majority of participants preferred a **downtown location**



A successful project would be **self-sustaining** and spur **economic growth**

KEY TAKEAWAY

The entertainment industry has seen **strong sustained growth** over the last 20 years, especially in recent years

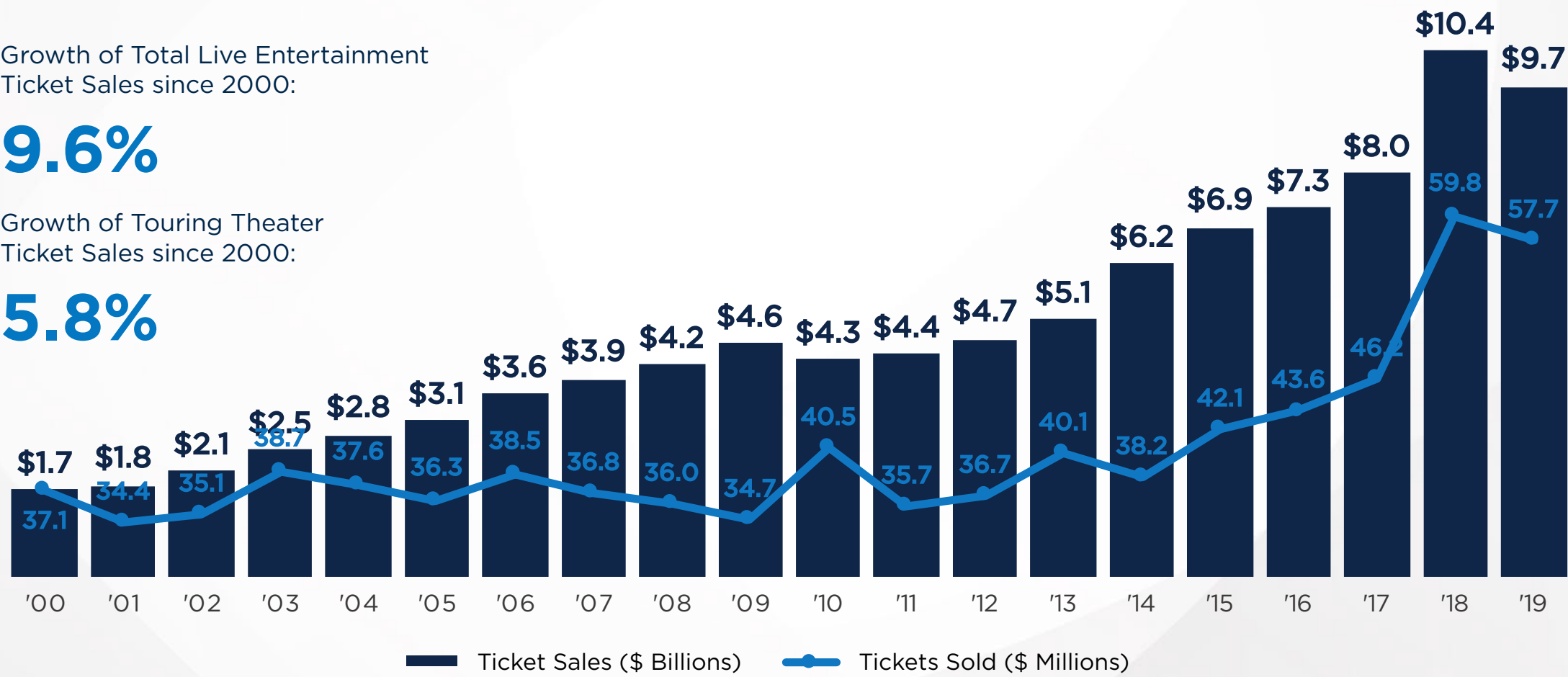
## ENTERTAINMENT INDUSTRY TICKET SALES IN NORTH AMERICA

Growth of Total Live Entertainment Ticket Sales since 2000:

9.6%

Growth of Touring Theater Ticket Sales since 2000:

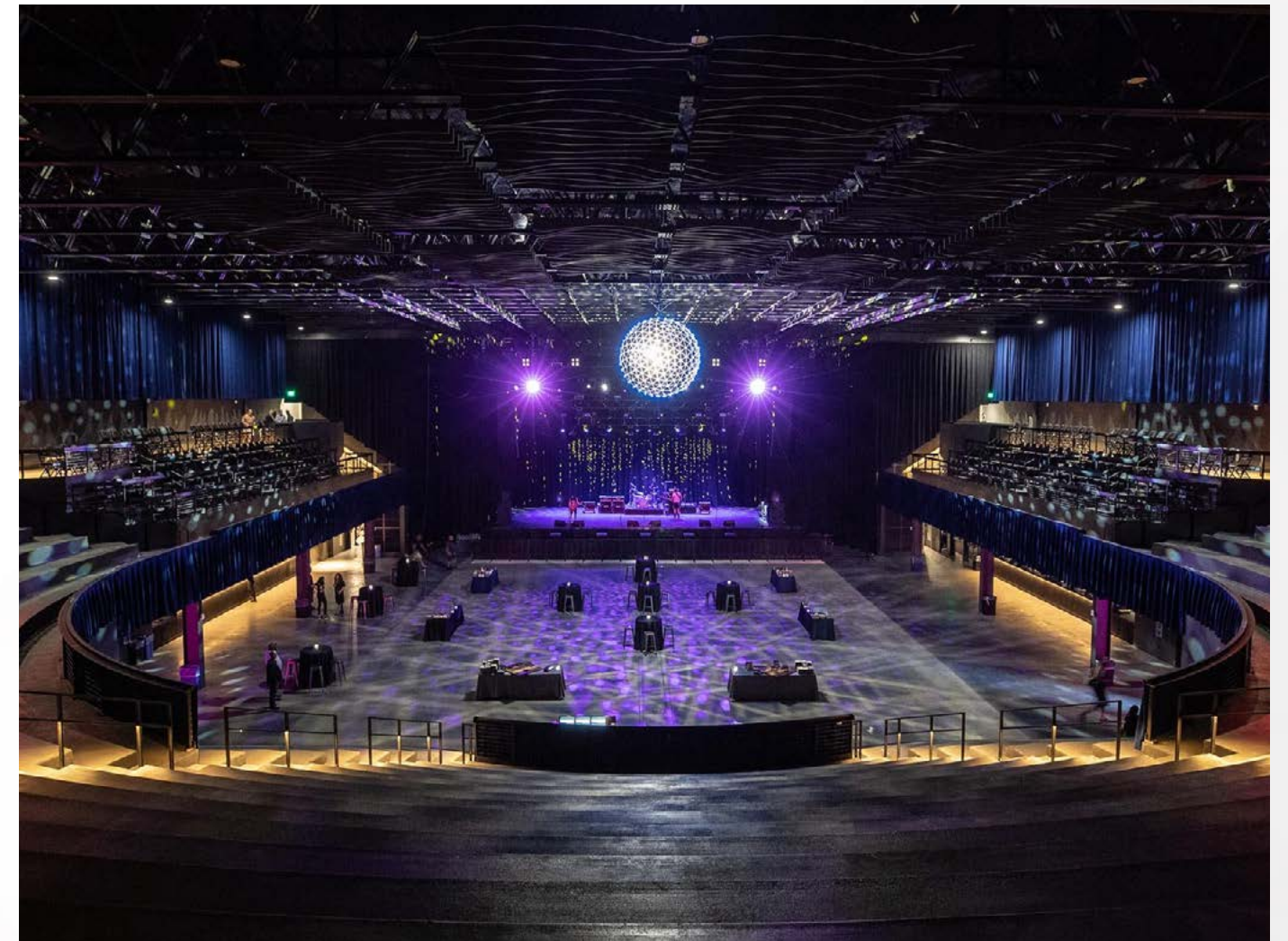
5.8%



## KEY TAKEAWAY

*Increased flexibility and new revenue streams* are key elements in developing a sustainable venue

- **Flexibility** is important in terms of seating, staging, and acoustics to allow venues to accommodate a wide variety of event types and users
- Well-designed lobbies, atriums, or outdoor plazas are increasingly valuable amenities to **host private rentals** on non-event days
- **Premium seating** is important to appeal to a broad array of patrons within a market, drive incremental revenue, and allow patrons to socialize as part of their attendance
- Successful venues accommodate the needs of a variety of users by offering an **array of rentable spaces**, including meeting rooms and studios

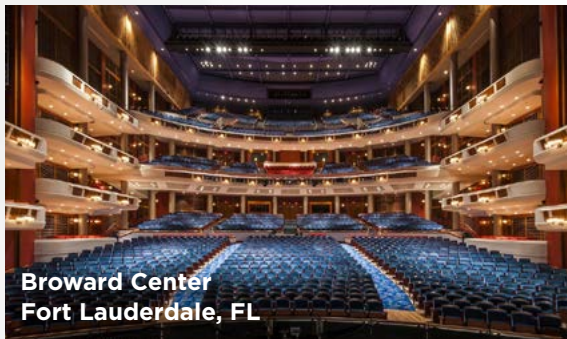


## KEY TAKEAWAY

**Commercial arts-oriented venue with multi-purpose design** can capitalize on industry trends, fits the diverse Cumberland County market and best aligns with stakeholder and community priorities

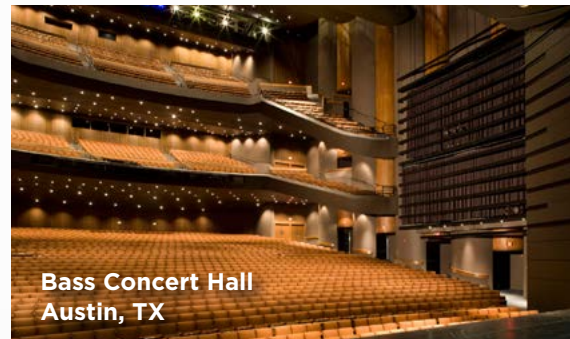
### TRADITIONAL PERFORMING ARTS VENUES

- Focused on traditional arts, like symphony, opera, and ballet
- Typically have a tenant
- Often operated as a non-profit
- Often subsidized



### UNIVERSITY BASED FACILITIES

- Constructed, owned, and operated by universities
- Serves as home to university fine arts students and other performer
- Primary focus is school use



### CASINO THEATERS

- Owned and operated by casinos
- Built to host popular acts to encourage gaming spend
- Can buy acts to draw people to casino for gambling



### COMMERCIAL ARTS ORIENTED VENUES

- Host wide amount of entertainment and performing arts events
- Can accommodate local arts groups
- Generally, maintain scheduling flexibility without a tenant
- Operated for profit



KEY TAKEAWAY

The regional market contains a *high level of competition* for traditional performing arts events



1  
TOWNSHIP AUDITORIUM  
CAPACITY: 3,072



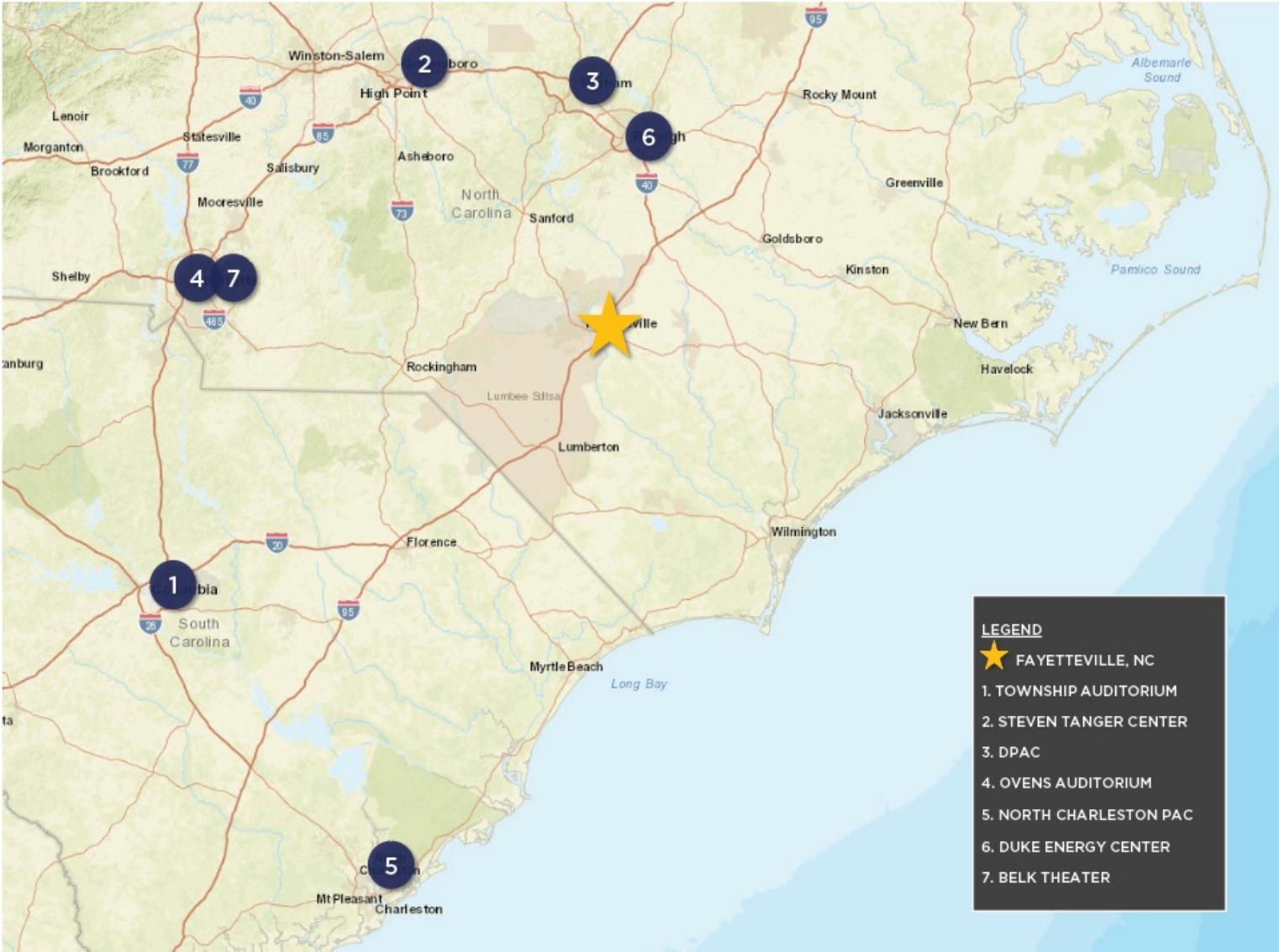
2  
STEVEN TANGER CENTER  
CAPACITY: 3,000



3  
DPAC  
CAPACITY: 2,712 5<sup>TH</sup> HIGHEST PERFORMING THEATER WORLDWIDE IN 2019



4  
OVENS AUDITORIUM  
CAPACITY: 2,403 140<sup>TH</sup> HIGHEST PERFORMING THEATER WORLDWIDE IN 2019



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



5  
NORTH CHARLESTON PAC  
CAPACITY: 2,341



6  
DUKE ENERGY CENTER  
CAPACITY: 2,277



7  
BELK THEATER  
CAPACITY: 2,100 56<sup>TH</sup> HIGHEST PERFORMING THEATER WORLDWIDE IN 2019

## KEY TAKEAWAY

Event promoters largely indicated that there is a need for a **flexible, multi-purpose venue** to host a wide variety of events and cater to a wide swatch of community users

## ORGANIZATIONS INTERVIEWED

- 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
- The Capitol Encore Academy



The Crown Arena and Theatre are **outdated** facilities and are in need of replacement



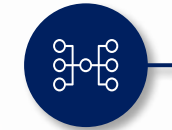
Fayetteville is a **secondary or tertiary market** and will need to rely on local/regional events



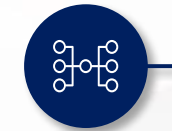
A facility of approximately **2,000 to 3,000** seats would best serve the Fayetteville market



It will be important for the venue to include a variety of **modern amenities**



A **multi-purpose design** would allow the venue to host a broad range of event types



The venue could host a **wide variety of events**

KEY TAKEAWAY

There is **meaningful community support** for a new, multi-purpose venue that brings a variety of events into the marketplace



Approximately 87 percent of respondents indicated that current Crown Complex events are important to the community



Approximately 88 percent of indicated a positive attitude toward the construction of a new multi-purpose venue



Approximately 98 percent of respondents indicated a willingness to attend events at a new multi-purpose venue



The most important event types to respondents included concerts, theater, Broadway, family shows, and comedy



The Crown Complex site was the most preferred site, followed closely by the Downtown location



Survey respondents largely preferred a multi-purpose venue over a traditional performing arts center



Respondents indicated that they would visit out-of-County venues less frequently as a result of construction of a new in-County venue

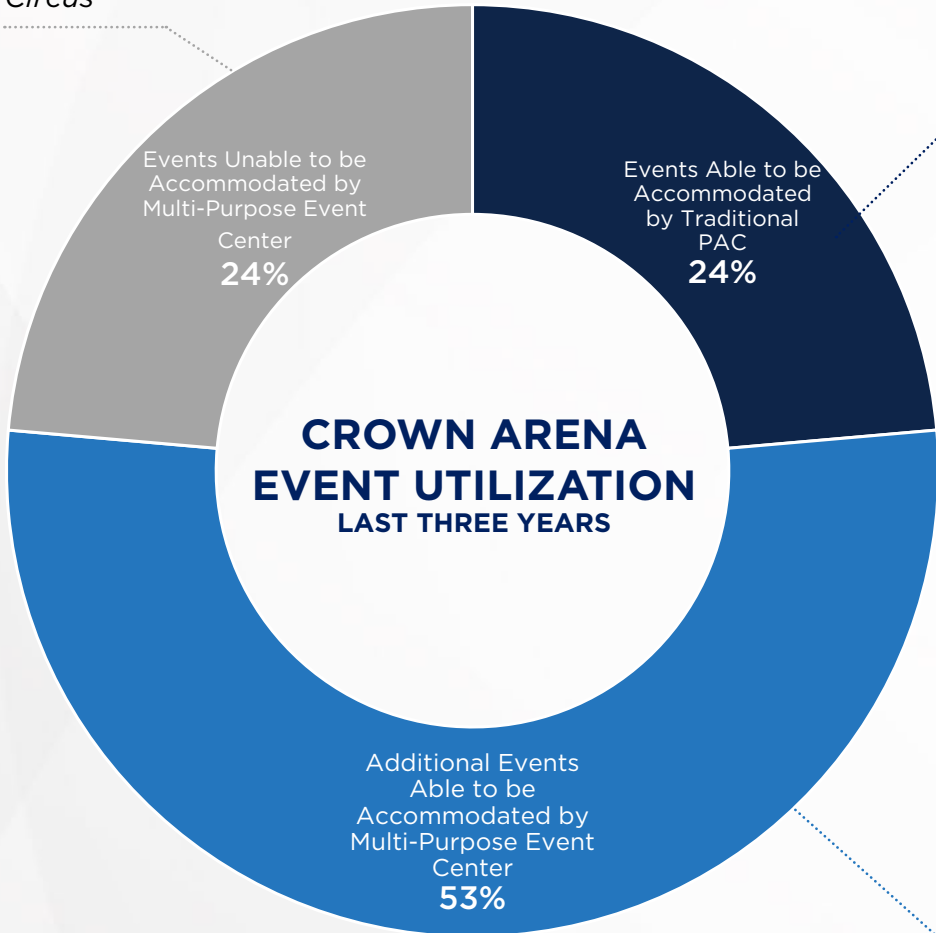
1,300  
RESPONDENTS

2.8%  
MARGIN OF ERROR

KEY TAKEAWAY

The closure of the Crown Arena & Theatre will provide a **strong baseline** of utilization at new multi-purpose venue

Roller Derby,  
Basketball,  
Circus



Concerts, Family Shows, Comedy,  
Performing Arts, Small Banquets & Meetings



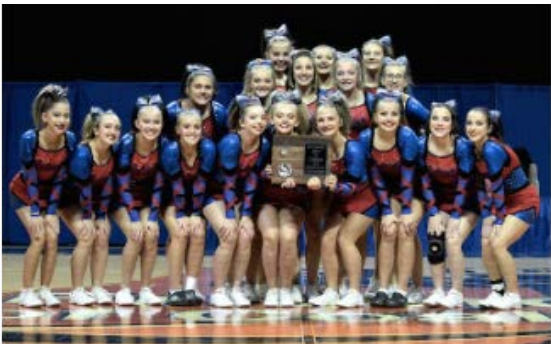
SPRING ORCHESTRA FESTIVAL



FAYETTEVILLE HIP-HOP FESTIVAL



PARTNERSHIP FOR CHILDREN SOIREE



LIBERTY CHEER



SPECIAL FORCES GRADUATION



BAD BOYZ N GALZ OF GLAM

Large Banquets & Meetings, Sporting  
Showcases, Graduations, Trade Shows

# ESTIMATES & RECOMMENDATIONS



SUMMARY OF EVENT UTILIZATION			
EVENT TYPE	NUMBER OF EVENTS	AVERAGE ATTENDANCE	TOTAL ATTENDANCE
Ticketed Events			
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
TOTAL - TICKETED EVENTS	66	1,265	83,500
Non-Ticketed Events			
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
TOTAL - NON-TICKETED EVENTS	82	555	45,500
TOTAL - ALL EVENTS	148	872	129,000



## SEATING CAPACITY CONSIDERATIONS

### TOP 200 THEATERS IN NORTH AMERICA

**3,282**

AVERAGE CAPACITY

**2,000-3000**

CAPACITY RANGE FOR  
VENUES WITH SIMILAR  
ATTENDANCE UTILIZATION  
(129,000)

### CROWN EVENT NEEDS

**UNDER 1,500 | 66%**

PERCENT OF CROWN  
ARENA & THEATRE EVENTS  
ACCOMMODATED

**UNDER 2,000 | 79%**

PERCENT OF CROWN  
ARENA & THEATRE EVENTS  
ACCOMMODATED

**UNDER 2,500 | 90%**

PERCENT OF CROWN  
ARENA & THEATRE EVENTS  
ACCOMMODATED

### PROMOTER FEEDBACK

**2,500**

AVERAGE CAPACITY  
RECOMMENDED

**2,000-3000**

RECOMMENDED  
CAPACITY RANGE

### RECOMMENDATION

**2,075**

RECOMMENDED  
SEATED CAPACITY

**2,500**

RECOMMENDED  
MAXIMUM CAPACITY

## OTHER BUILDING PROGRAM CONSIDERATIONS

### MULTI PURPOSE CONSIDERATIONS

- Fewer fixed seats
- Multi-functional floor space
- General admission floor configuration
- No orchestra pit or stage tower
- Limited interior finish designed for larger gatherings

### OTHER CONSIDERATIONS

- Premium Seating: 10 6-Seat VIP Boxes and 200 VIP Memberships
- One (1) grand lobby
- Three (3) meeting / classrooms (flexible to five)
- 22 Concession points of sale
- 50 water closets & 25 Urinals
- One (1) ticket / box office
- Four (4) dressing rooms
- Two (2) truck bays
- Rigging grid
- State-of-the-art audio, video, lighting, and power
- Sufficient storage

## MULTI PURPOSE BUILDING PROGRAM ELEMENTS



NO ORCHESTRA PIT OR STAGE TOWER



FEWER FIXED SEATS



GENERAL ADMISSION FLOOR CONFIGURATION



MULTI-FUNCTIONAL FLOOR SPACE

## MULTI PURPOSE EVENT CONFIGURATIONS



CONCERT CONFIGURATION



BANQUET CONFIGURATION

## MULTI-PURPOSE VENUE



**2,500**  
MAXIMUM CAPACITY



**2,075**  
SEATED CAPACITY



**89,000**  
SQUARE FOOTAGE

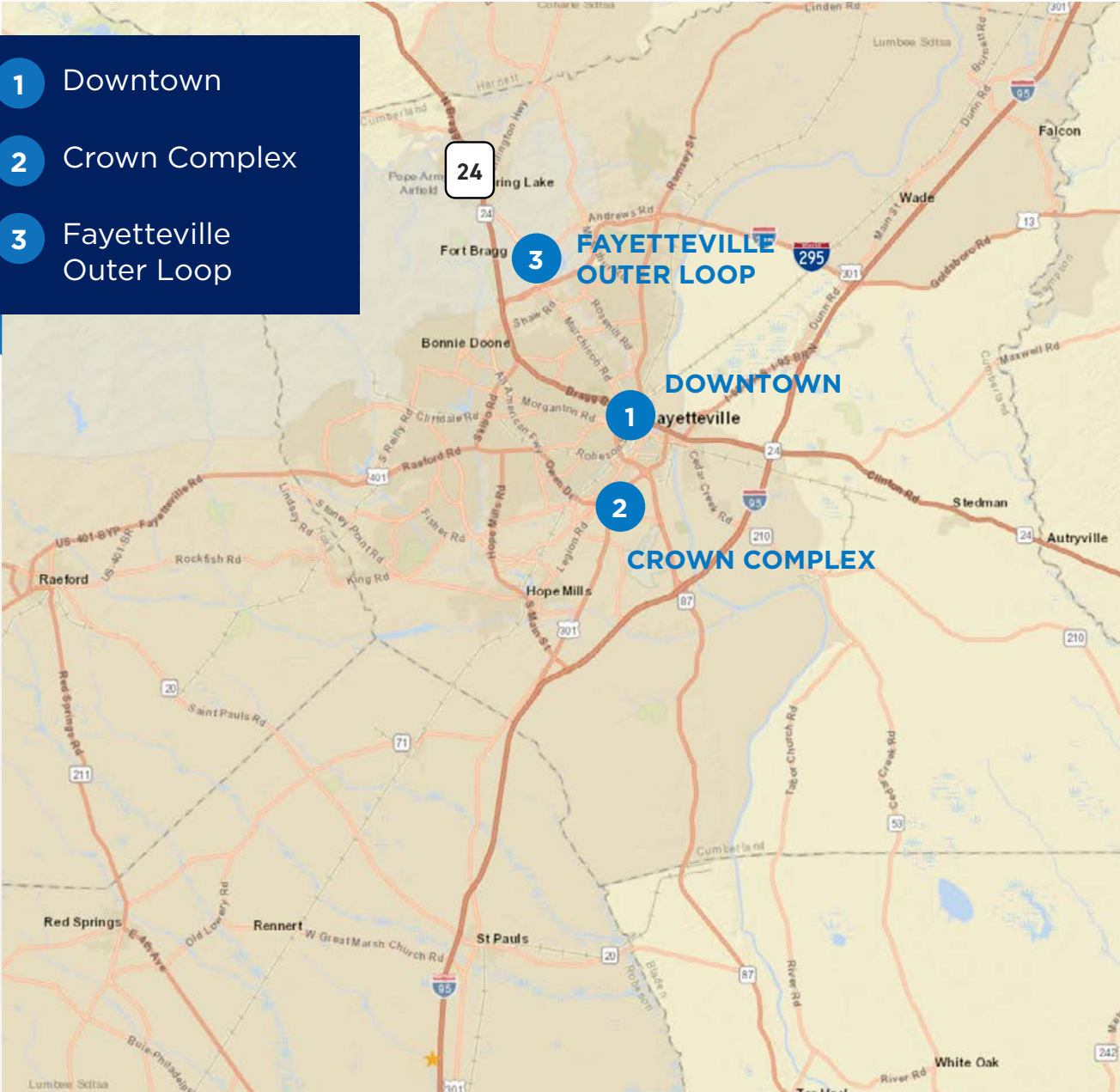


**\$75M – \$80M**  
ESTIMATED COST

## NOTES TO PROJECT COST

- Total estimated cost does not include site-specific costs
- Assumes leveling off of COVID related supply chain issues impacting material costs
- Estimated costs are in 2021 dollars

- 1 Downtown
- 2 Crown Complex
- 3 Fayetteville Outer Loop



## SITE ANALYSIS CRITERIA

(20 TOTAL CATEGORIES WEIGHTED ON SCALE OF 1 TO 5)

- Appeal to Potential Users
- Appeal to Community Stakeholders
- Demographic Characteristics
- Size & Infrastructure
- Accessibility
- Funding & Project Development

## TOTAL SCORE

EACH SITE RANKED ON SCALE OF 1 TO 3 FOR EACH CATEGORY



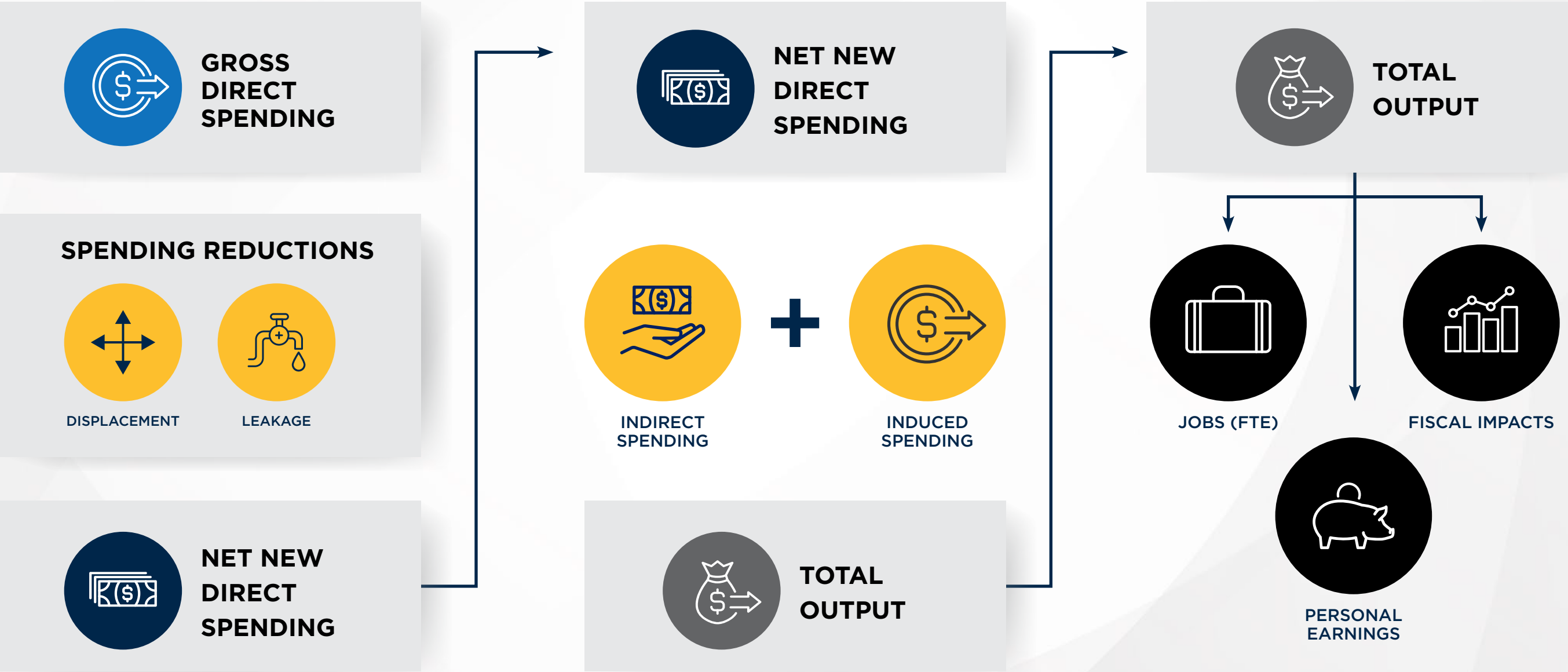
	MULTIPLIER	DOWNTOWN FAYETTEVILLE		CROWN COMPLEX		FAYETTEVILLE OUTER LOOP	
Appeal to Users/ Stakeholders	Scale <sup>(1)</sup>	Rating	Score	Rating	Score	Rating	Score
Appeal of Site to Promoters/Users	5	3	15	2	10	1	5
Appeal of Site to Key Stakeholders/Community	5	3	15	2	10	1	5
Potential / Appeal of Site in Creating a District	2	3	6	2	4	1	2
Demographic Characteristics							
Demographic Characteristics	3	3	9	3	9	2	6
Size & Infrastructure							
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
Accessibility:							
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
Funding & Project Development							
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.

KEY ASSUMPTIONS

- Maximum Capacity of 2,500
- Generous Building Program (89,000 sq.ft.) and Cost of \$77.5 Million
- Constructed as a Quality, State-of-the-Art Venue
- Premium Seating of 10 VIP Boxes and 200 VIP Memberships
- Managed by a Third-Party Operator
- Staffing Plan Assumes Synergies with Crown Complex Staff
- Aggressively Marketed
- No Significant or Material Changes in the Supply or Quality of Existing Venues in the Marketplace
- Venue will be Publicly-Owned and Exempt from Property Taxation
- Crown Arena & Theatre will Cease Operations in 2025
- No Restrictions from COVID-19 Pandemic

FINANCIAL PRO FORMA					
	YEAR 1	YEAR 2	YEAR 3 <i>Stabilized Year of Operation</i>	YEAR 4	YEAR 5
Operating Revenues					
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
TOTAL REVENUE	\$2,095,000	\$2,412,000	\$2,745,000	\$2,827,000	\$2,912,000
Operating Expenses					
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
TOTAL EXPENSES	\$1,827,000	\$1,925,000	\$2,026,000	\$2,087,000	\$2,149,000
NET OPERATING INCOME (EBITDA) BEFORE RENT	\$268,000	\$487,000	\$719,000	\$740,000	\$763,000



## CITY OF FAYETTEVILLE

DIRECT SPENDING	\$75,299,000
TOTAL OUTPUT	\$133,451,000
JOBS (FTE'S)	170
PERSONAL EARNINGS	\$52,788,000

## CUMBERLAND COUNTY

DIRECT SPENDING	\$89,300,000
TOTAL OUTPUT	\$161,015,000
JOBS (FTE'S)	300
PERSONAL EARNINGS	\$68,621,000

## STATE OF NORTH CAROLINA

DIRECT SPENDING	\$78,864,000
TOTAL OUTPUT	\$144,707,000
JOBS (FTE'S)	360
PERSONAL EARNINGS	\$66,357,000

## NET NEW FISCAL IMPACT SUMMARY

32-YEAR NET PRESENT VALUE

	CITY	COUNTY	STATE
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	--
TOTAL	\$4,000	\$2,144,000	\$6,693,000

PREPARED FOOD & BEVERAGE  
TAX ASSUMPTIONS

**1.0%**  
F&B TAX RATE

**\$8.3M**  
ESTIMATED COLLECTIONS  
(2025)

**\$4.2M**  
ESTIMATED REVENUE AVAILABLE  
FOR DEBT AFTER SUBSIDY & DEBT  
OBLIGATIONS (2025)

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

\* Assumes 30-year bonds with 4.0 percent interest and a 1.5x debt coverage ratio.  
Note: Total funding potential excludes private donations that could potentially support the project.

# NEXT STEPS



- 1 SECURE PROJECT FUNDING.....Late 2021 to Early 2022
- 2 OPTION TO HIRE OWNERS REP .....Mid 2022
- 3 SITE SELECTION & PURCHASE .....Late 2022 to Early 2023
- 4 DESIGN & DOCUMENTATION.....Late 2022 to Late 2023
- 5 FINAL BUILDING REVIEW/APPROVAL AND  
CONSTRUCTION CONTRACT EXECUTION.....Early 2024
- 6 CONSTRUCTION.....Mid 2024 to Late 2025
- 7 VENUE OPENING.....November 2025

