

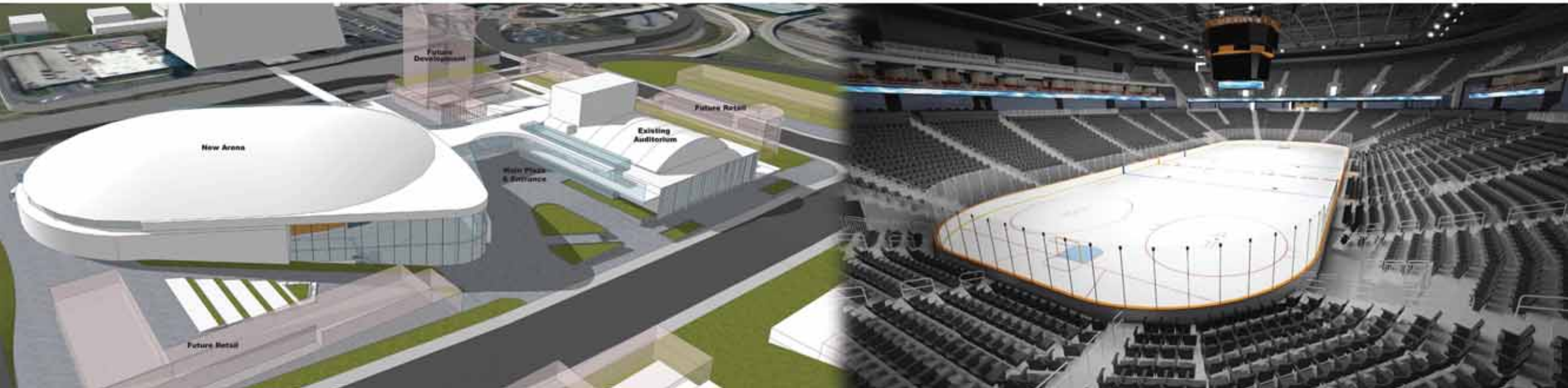


MARKET AND FEASIBILITY STUDY FOR THE KNOXVILLE CIVIC AUDITORIUM & COLISEUM

JANUARY 14, 2016



POPULOUS



INTRODUCTION

Introduction & Study Objectives

- Since 1961, KCAC has served a very important role in Knoxville
- KCAC's space now is clearly substandard in industry terms and is significantly challenged with its marketability and functionality
- To provide an analysis of the KCAC, assessing the market for potential programming at the facility and maximizing KCAC's suitability, either by renovation or a new facility, to better serve those programming purposes
- Project Team:
 - Conventions, Sports & Leisure (CSL)
 - Populous
 - Venue Solutions Group
 - MHM Architects
 - SSR & Dayenesi



INTRODUCTION

Study Components

PHASE 1: Market & Programming

1. Market Demand Analysis
 - a) Kick-off & local meetings
 - b) Local market analysis
 - c) Existing KCAC operations
 - d) Industry trends
 - e) Comparable facilities
 - f) Market surveys
2. Market Supportable Program Analysis

PHASE 2: Architectural/ Engineering/Structural

1. Architectural Review
2. MEP/Major Systems Review
3. Structural Review

PHASE 3: Cost, Economic Impact, Funding

1. Event/Utilization Analysis
2. Conceptual Renderings
3. Construction Cost Analysis
4. Financial Operations Analysis
5. Economic Impact and Cost/Benefit Analysis
6. Funding Alternatives Analysis

EXISTING KCAC ANALYSIS

KCAC Existing Characteristics

COLISEUM



Hockey Capacity: 4,787
Total Capacity: 6,539
Floor Space: 20,988 sf
Ice Surface: 185' x 85'

AUDITORIUM



Total Capacity: 2,500
Lower level: 1,344
Balcony: 1,014
Other: 142

OTHER EVENT SPACE



Ballroom: 4,800 sf
Exhibit Space: 10,000 sf
Plaza: 10,000 cap.
Parking: 3 garages,
2,500 spaces

EXISTING KCAC ANALYSIS

Facility Condition Assessment

A. Techniques Employed:

1. Visual inspections
2. Dialogue with City and venue staff
3. Existing report and plan reviews
4. Utilization of comparable information & other industry professionals

B. Assessment Conclusions:

- Architecture
- Structure
- Mechanical, Electrical and Plumbing
- Roof
- Foodservice
- Technology

EXISTING KCAC ANALYSIS

Historical KCAC Utilization

	2014	2013	2012	2011	2010	2009	2008	2007
Performances	161	184	199	184	182	168	186	166
Utilization Days	178	201	205	169	167	158	178	161
Calendar Days Utilized	150	155	162	164	158	150	167	151
KCAC Calendar Day Utilization	41.1%	42.5%	44.3%	44.9%	43.2%	41.1%	45.6%	41.4%
Attendance	248,265	313,132	307,477	292,256	272,228	245,700	320,310	293,482

EXISTING KCAC ANALYSIS

Historical KCAC Utilization (Coliseum)

Coliseum Performances	2014	2013	2012	2011	2010	2009	2008	2007
Tenant Sports	45	56	71	80	76	68	66	32
Concerts	7	6	5	10	7	9	10	6
Family/Ice Shows	18	16	20	16	26	14	22	18
Non-Tenant Sports	3	2	7	4	2	2	1	12
Community/Religious	8	16	13	7	7	6	9	12
Other	2	2	2	2	3	2	7	6
Total	83	98	118	119	121	101	115	86

Coliseum Attendance	2014	2013	2012	2011	2010	2009	2008	2007
Tenant Sports	77,296	85,501	96,259	98,616	74,740	75,470	87,890	31,738
Concerts	23,251	19,290	15,333	34,814	21,396	27,570	33,433	24,403
Family/Ice Shows	47,098	44,719	45,660	44,425	39,579	32,167	44,593	43,186
Non-Tenant Sports	6,936	5,983	13,414	9,138	6,848	2,109	753	22,822
Community/Religious	16,716	42,527	37,665	29,473	37,050	26,112	44,324	41,898
Other	1,052	1,186	1,075	1,347	11,669	1,306	13,482	19,173
Total	172,349	199,206	209,406	217,813	191,282	164,734	224,475	183,220

EXISTING KCAC ANALYSIS

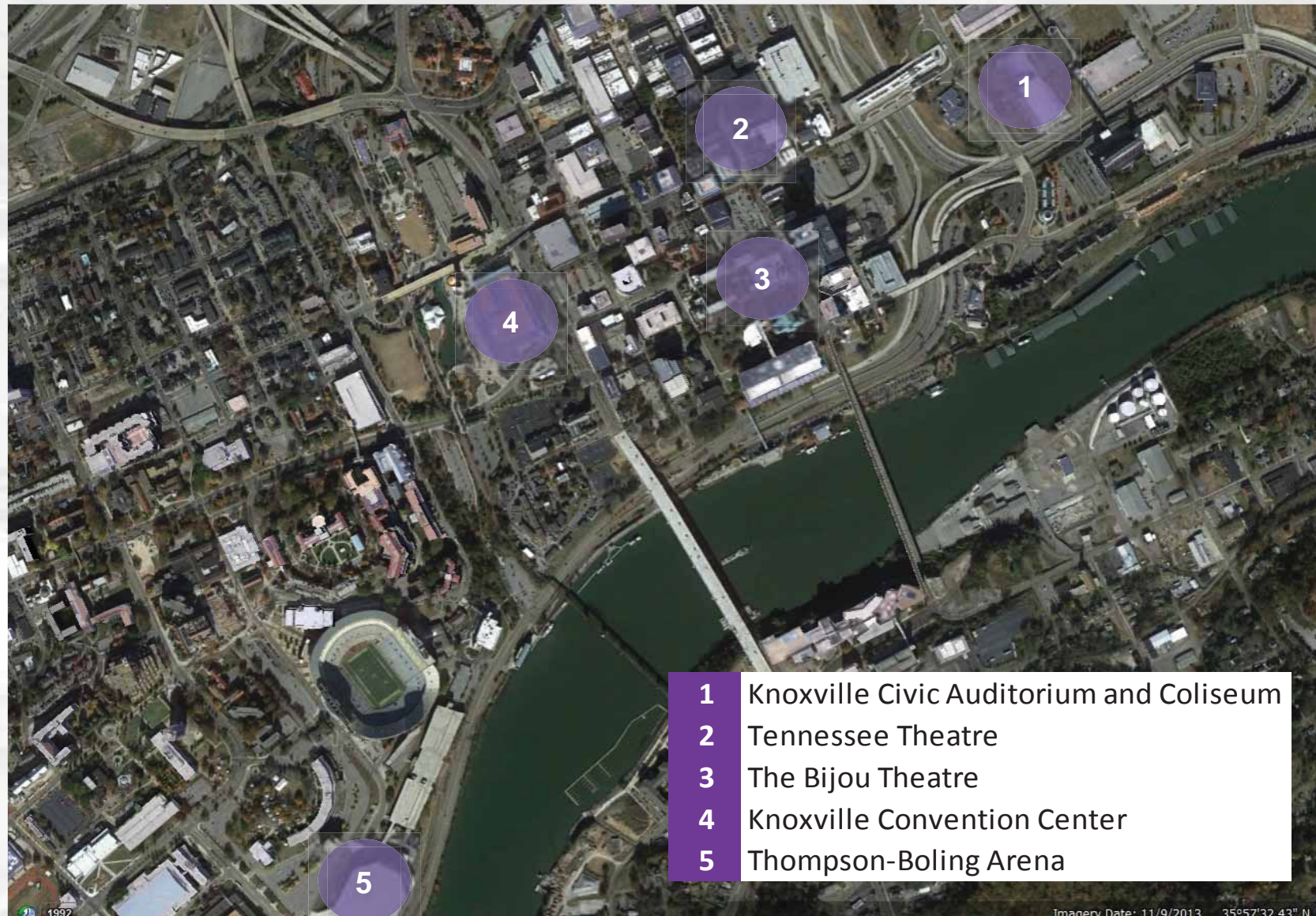
Historical KCAC Utilization (Auditorium)

Auditorium Performances	2014	2013	2012	2011	2010	2009	2008	2007
Tenant Performance	27	30	27	28	30	30	35	42
Concerts	2	8	7	4	4	10	11	11
Non-Tenant Performance	11	12	19	11	6	8	9	11
Other	7	6	1	6	7	8	5	8
Total	47	56	54	49	47	56	60	72

Auditorium Attendance	2014	2013	2012	2011	2010	2009	2008	2007
Tenant Performance	35,740	50,473	45,336	36,215	45,700	42,265	56,404	60,477
Concerts	3,048	11,531	11,315	6,734	8,172	7,714	11,887	22,003
Non-Tenant Performance	15,539	15,364	24,603	10,595	6,458	11,180	9,052	15,005
Other	9,460	10,826	1,652	5,510	7,606	34,596	5,527	28,015
Total	63,787	88,194	82,906	59,054	67,936	95,755	82,870	125,500

MARKET ANALYSIS

Key Downtown Event Facilities

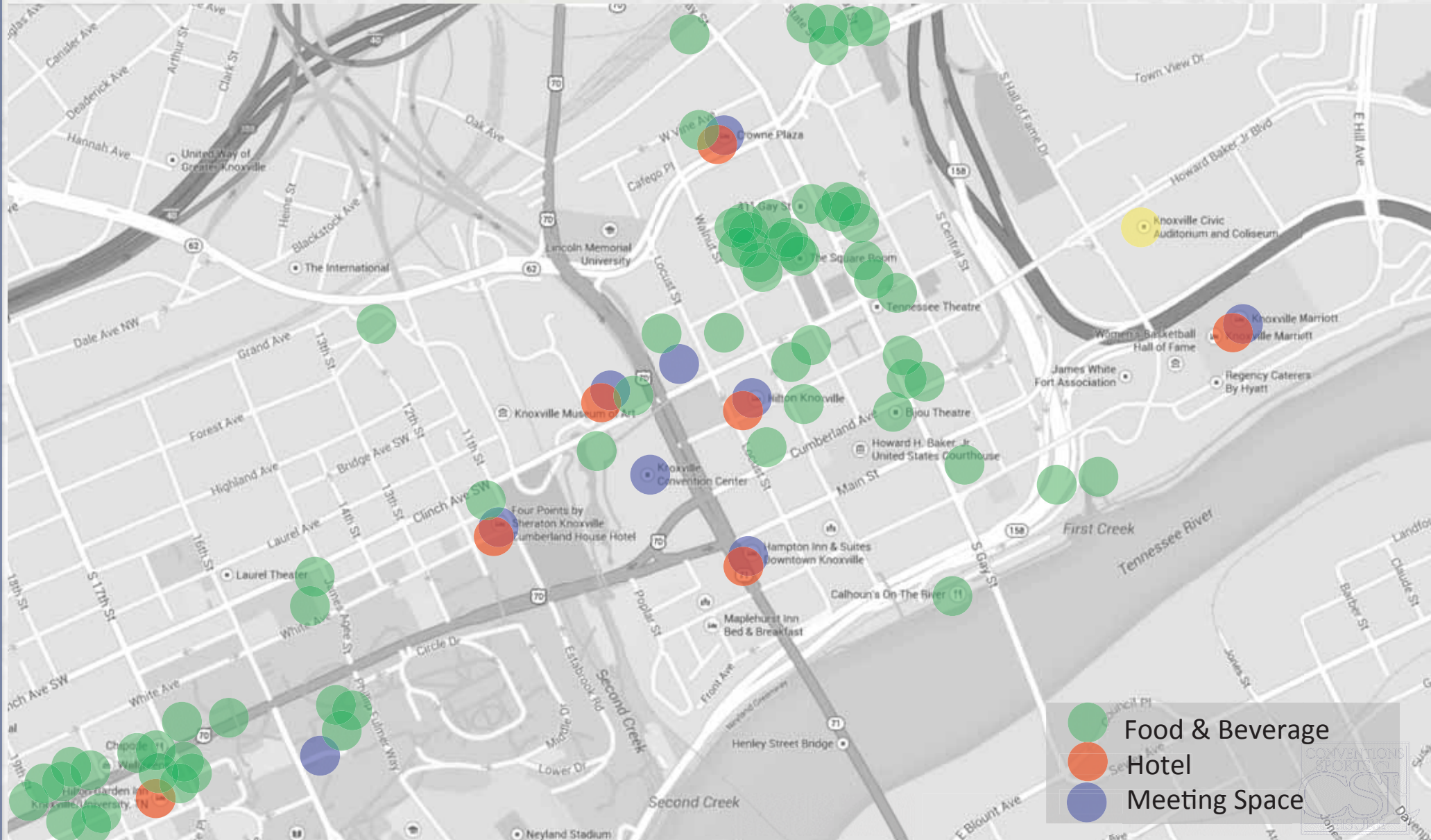


Nearby Visitor Amenities

MARKET ANALYSIS

Market and Feasibility Study of the
Knoxville Civic Auditorium and Coliseum

10

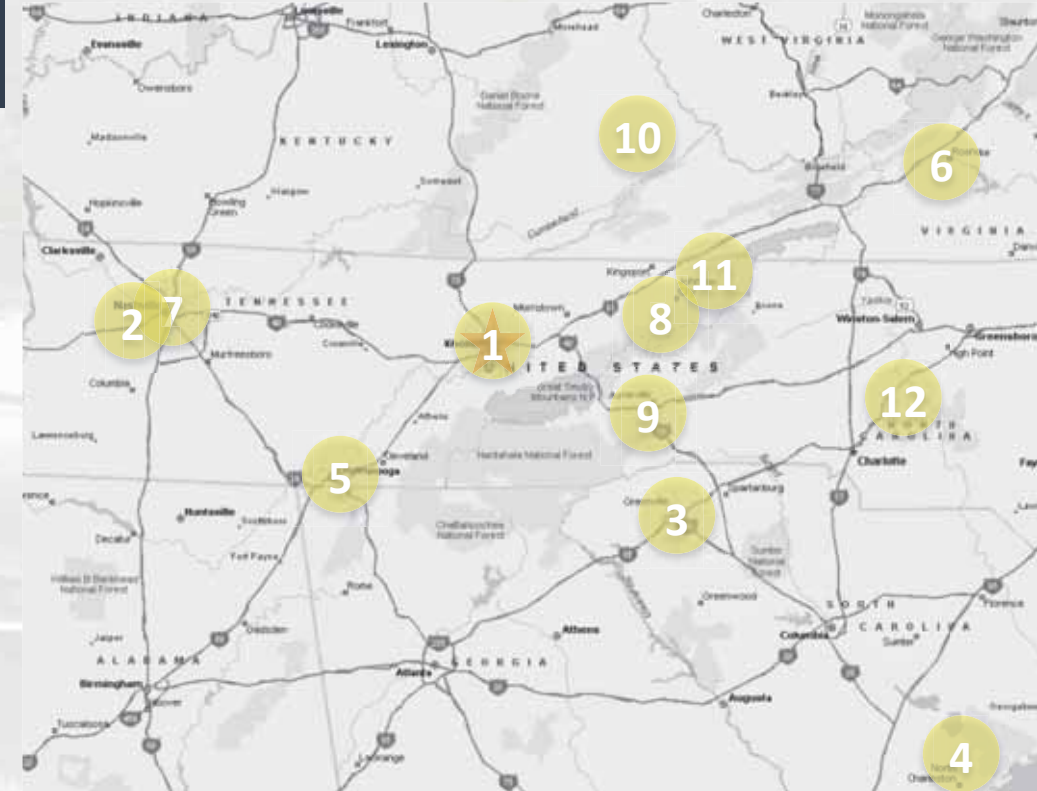


Regional Competitors - Coliseum

MARKET ANALYSIS

Market and Feasibility Study of the
Knoxville Civic Auditorium and Coliseum

Map Key	Facility	Market	Total Capacity
1	Thompson-Boling Arena	Knoxville, TN	21,678
2	Bridgestone Arena	Nashville, TN	20,000
3	Bon Secours Wellness Arena	Greenville, SC	15,951
4	North Charleston Coliseum	N. Charleston, SC	13,295
5	McKenzie Arena	Chattanooga, TN	11,557
6	Berglund Special Events Center	Roanoke, VA	10,600
7	Nashville Municipal Auditorium	Nashville, TN	9,700
8	Freedom Hall Civic Center	Johnson City, TN	8,500
9	ExploreAsheville.com Arena	Asheville, NC	7,654
10	East Kentucky Expo Center Arena	Pikeville, KY	7,000
11	Viking Hall Civic Center	Bristol, TN	6,500
12	Cabarrus Arena and Events Center	Concord, NC	5,000

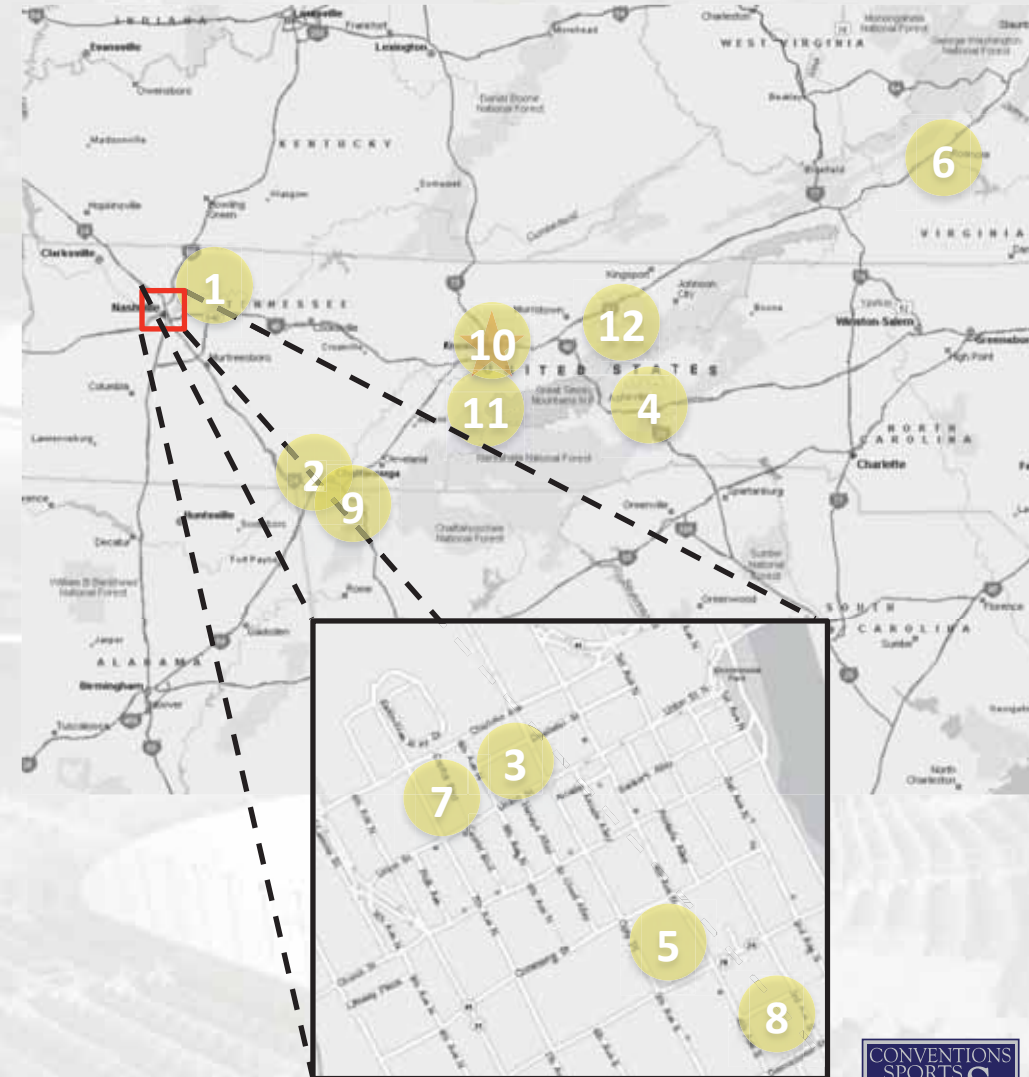


Regional Competitors - Auditorium

MARKET ANALYSIS

Market and Feasibility Study of the
Knoxville Civic Auditorium and Coliseum

Map Key	Facility	Market	Total Capacity
1	Grand Ole Opry House	Nashville, TN	4,373
2	Soldiers & Sailors Memorial Auditorium	Chattanooga, TN	3,866
3	Tennessee Performing Arts Center	Nashville, TN	2,472
4	Thomas Wolfe Auditorium	Asheville, TN	2,431
5	Ryman Auditorium	Nashville, TN	2,362
6	Berglund Performing Arts Theatre	Roanoke, VA	2,148
7	War Memorial Auditorium	Nashville, TN	2,044
8	Schermerhorn Symphony Center	Nashville, TN	1,860
9	Tivoli Theatre	Chattanooga, TN	1,762
10	Tennessee Theatre	Knoxville, TN	1,630
11	Clayton Center for The Arts	Maryville, TN	1,196
12	Niswonger Performing Arts Center	Greeneville, TN	1,146



MARKET ANALYSIS

Comparable Facilities

AUDITORIUMS

City, State	Facility
Athens, GA	The Classic Center
Columbia, SC	Township Auditorium
Durham, NC	Durham PAC
Greenville, SC	The Peace Center
Louisville, KY	Whitney Hall - Kentucky Center

COLISEUM/AUDITORIUM COMPLEXES

City, State	Facility
Augusta, GA	Augusta Entertainment Complex
Duluth, GA	Gwinnett Center
Greensboro, NC	Greensboro Coliseum Complex
Huntsville, AL	Von Braun Center
North Charleston, SC	N. Charleston Coliseum & PAC
Reading, PA	Santander Arena & Perf. Arts Center

RECENTLY CONSTRUCTED COLISEUMS

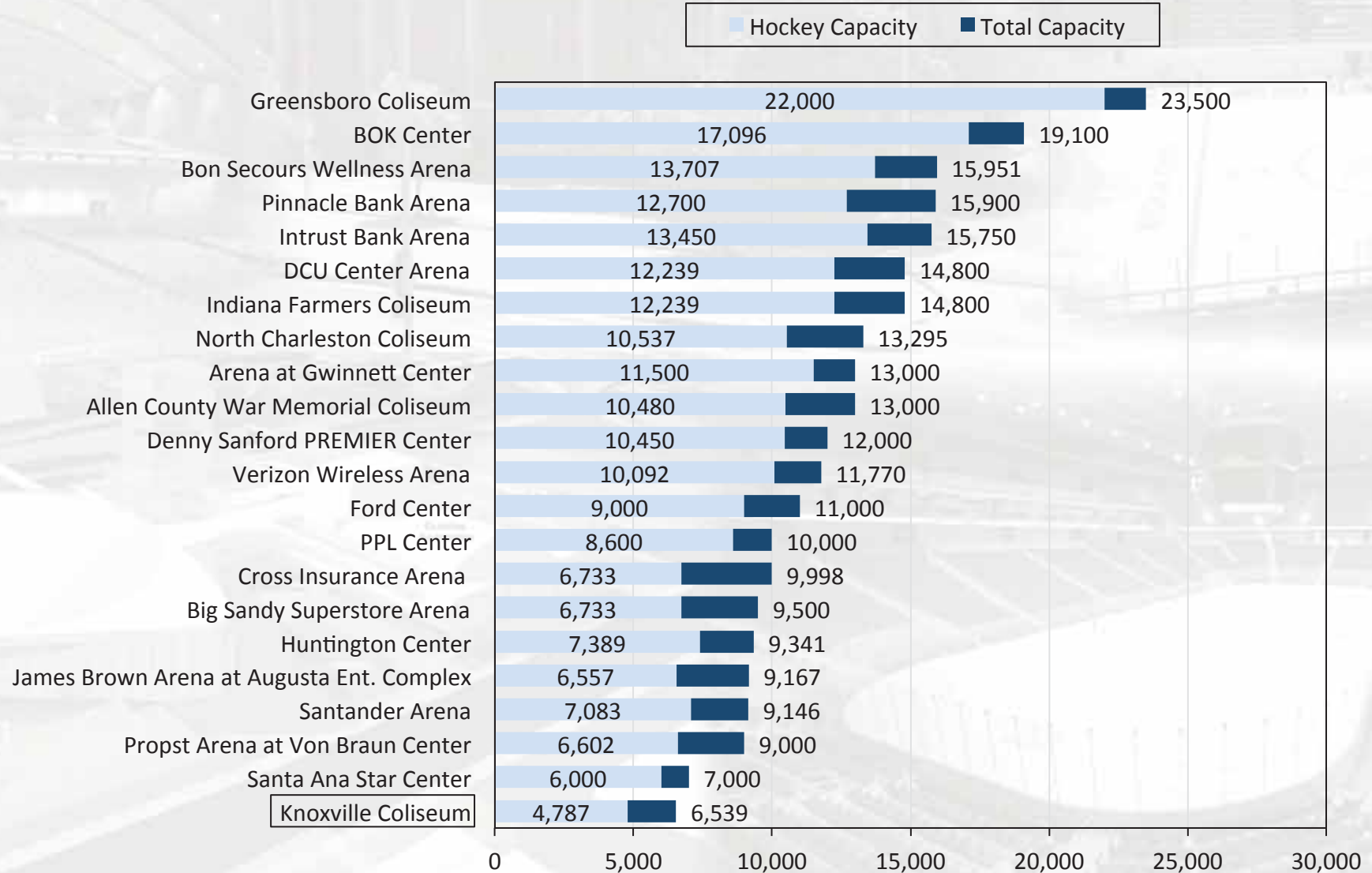
City, State	Facility
Allentown, PA	PPL Center
Evansville, IN	Ford Center
Lincoln, NE	Pinnacle Bank Arena
Manchester, NH	Verizon Wireless Arena
Rio Rancho, NM	Santa Ana Star Center
Sioux Falls, SD	Denny Sanford Premier Center
Toledo, OH	Huntington Center
Tulsa, OK	BOK Center
Wichita, KS	Intrust Bank Arena

RECENTLY RENOVATED COLISEUMS

City, State	Facility
Fort Wayne, IN	Allen County War Memorial Coliseum
Greenville, SC	Bon Secours Wellness Arena
Huntington, WV	Big Sandy Superstore Arena
Indianapolis, IN	Indiana Farmers Coliseum
Portland, ME	Cross Insurance Arena
Worcester, MA	DCU Center Arena

Comparable Coliseum Facilities

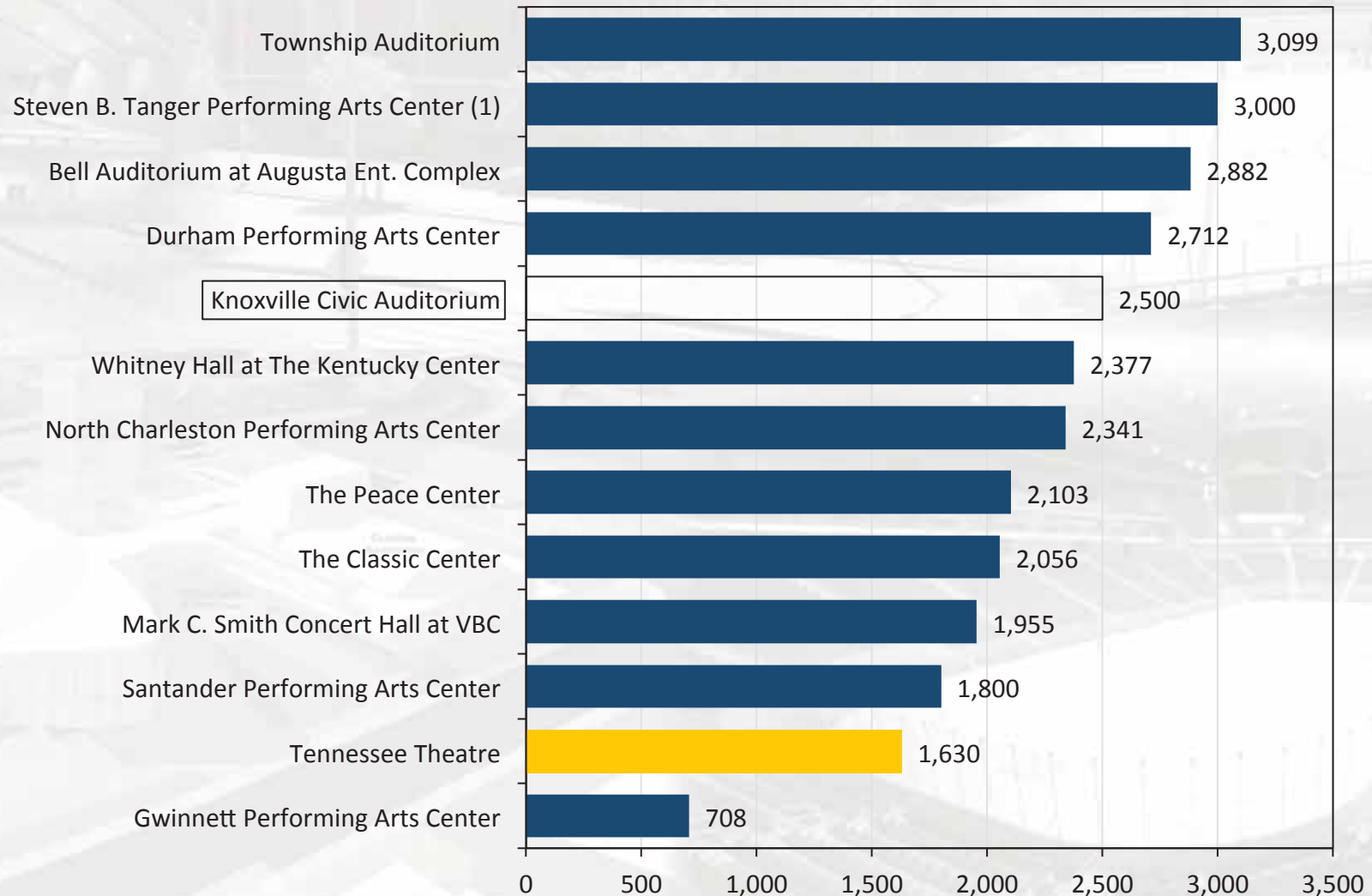
Facility Capacity Comparison



MARKET ANALYSIS

Comparable Auditorium Facilities

Seating Capacity Comparison



MARKET ANALYSIS

Comparable Coliseum Facilities

State of the Industry Comparison – Entry



Pinnacle Bank Arena



BOK Center



Santa Ana Star Center



Knoxville Civic Auditorium and Coliseum



Intrust Bank Arena

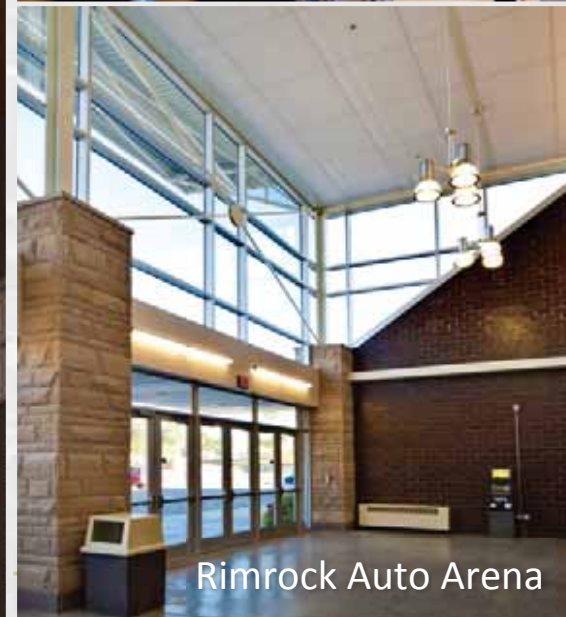
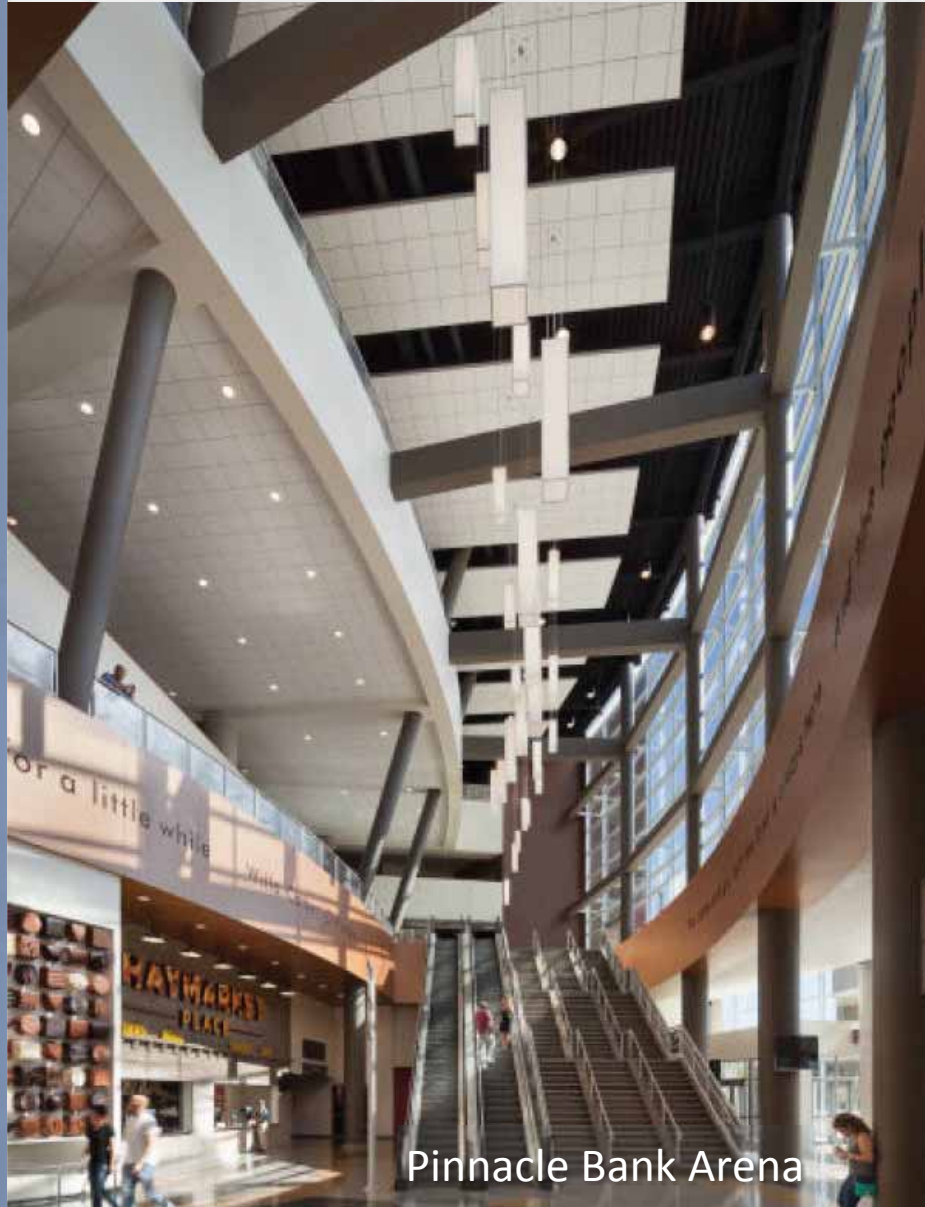
Comparable Coliseum Facilities

State of the Industry Comparison – Entry/Lobby

17

Market and Feasibility Study of the
Knoxville Civic Auditorium and Coliseum

MARKET ANALYSIS



MARKET ANALYSIS

Comparable Coliseum Facilities

State of the Industry Comparison – Concourse



Indiana Farmers Coliseum



Pinnacle Bank Arena



Knoxville Civic Auditorium and Coliseum

Comparable Coliseum Facilities

State of the Industry Comparison – Concessions



KFC Yum! Center



Rimrock Auto Arena – Billings, MT



Denny Sanford Premier Center



Knoxville Civic Auditorium and Coliseum

Comparable Coliseum Facilities

State of the Industry Comparison – Capacity/Seating

MARKET ANALYSIS

Market and Feasibility Study of the
Knoxville Civic Auditorium and Coliseum

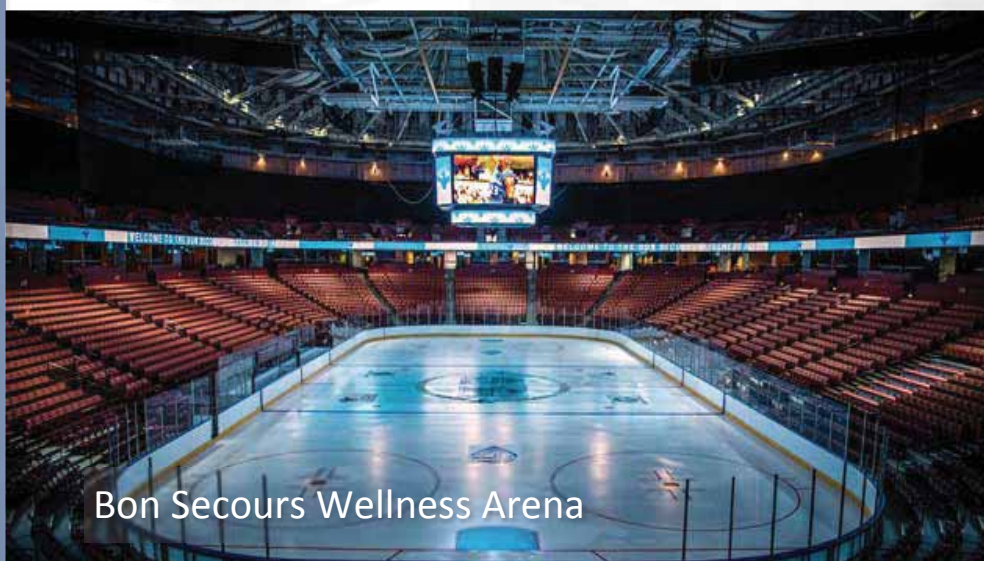
20



Ford Center



Pinnacle Bank Arena



Bon Secours Wellness Arena

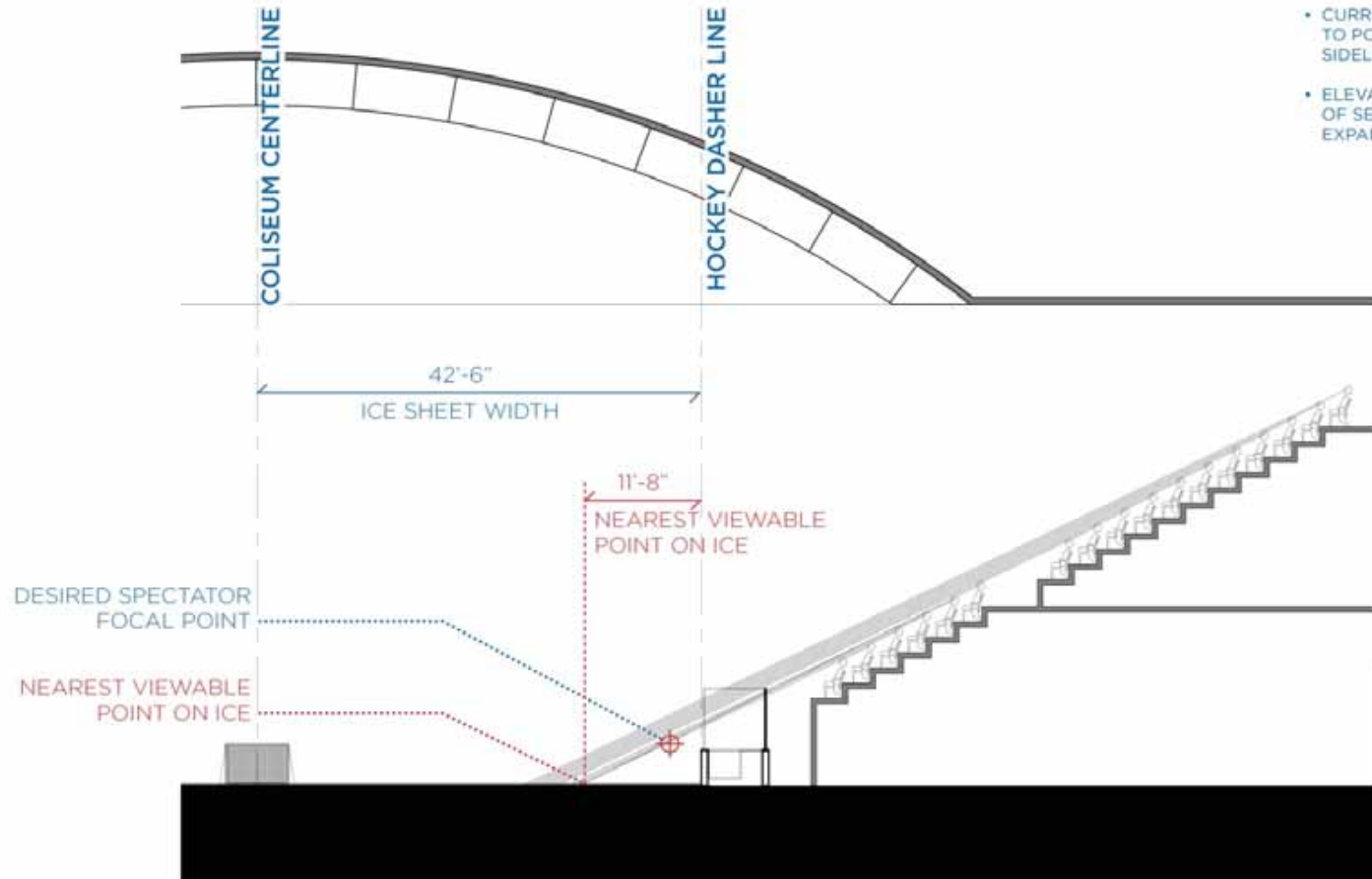


Knoxville Civic Auditorium and Coliseum

Comparable Coliseum Facilities

State of the Industry Comparison – Sightlines

KNOXVILLE CIVIC AUDITORIUM & COLISEUM SPECTATOR SEATING BOWL EVALUATION



- CURRENT CONFIGURATION HAS MARGINAL TO POOR SIGHTLINES FOR HOCKEY AT THE SIDELINES.
- ELEVATION OF 1ST ROW HURTS EFFICIENCY OF SEATING BOWL & INHIBITS ABILITY TO EXPAND.

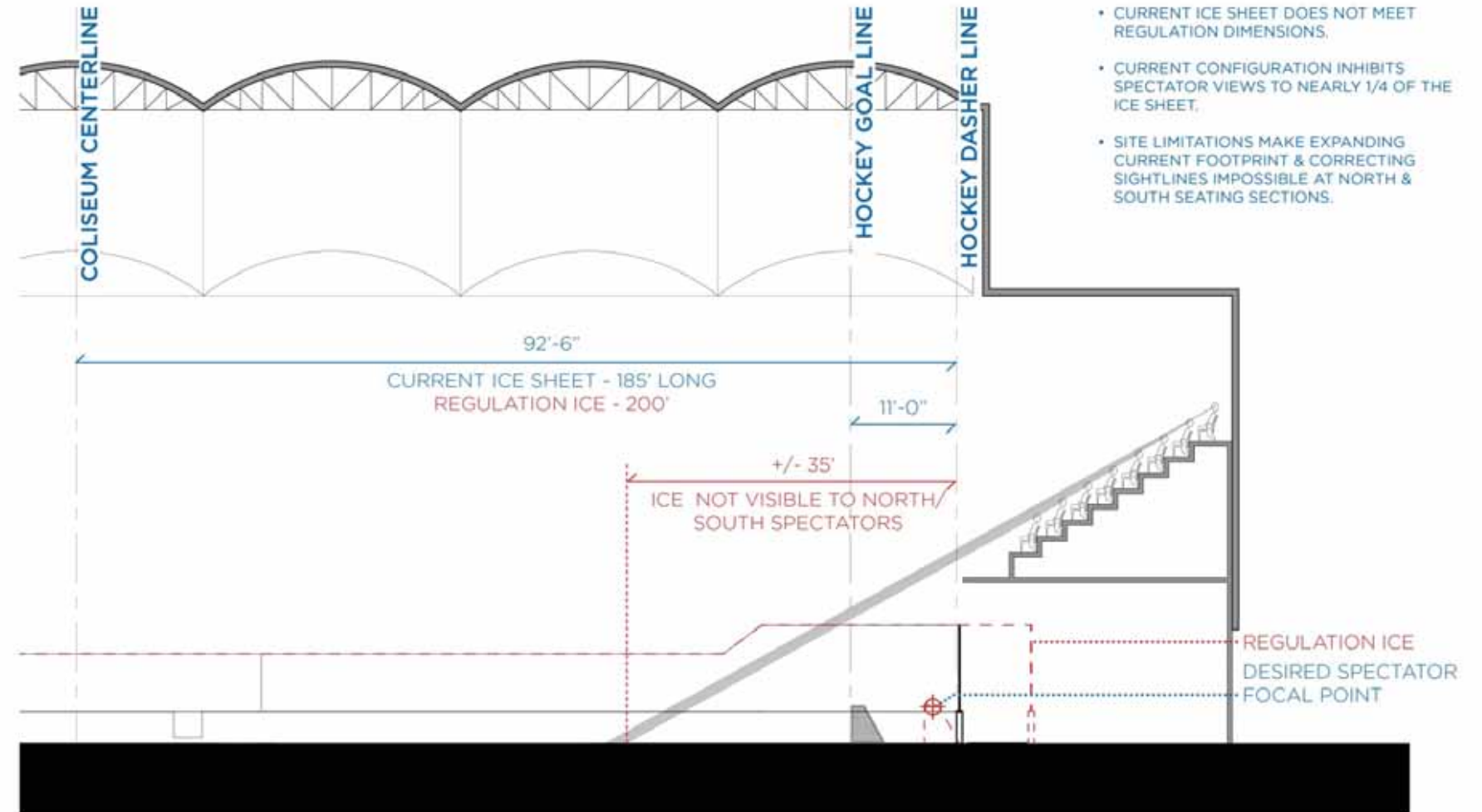
SIDELINE SECTION
HOCKEY SIGHTLINE STUDY

MARKET ANALYSIS

Comparable Coliseum Facilities

State of the Industry Comparison – Sightlines

KNOXVILLE CIVIC AUDITORIUM & COLISEUM SPECTATOR SEATING BOWL EVALUATION



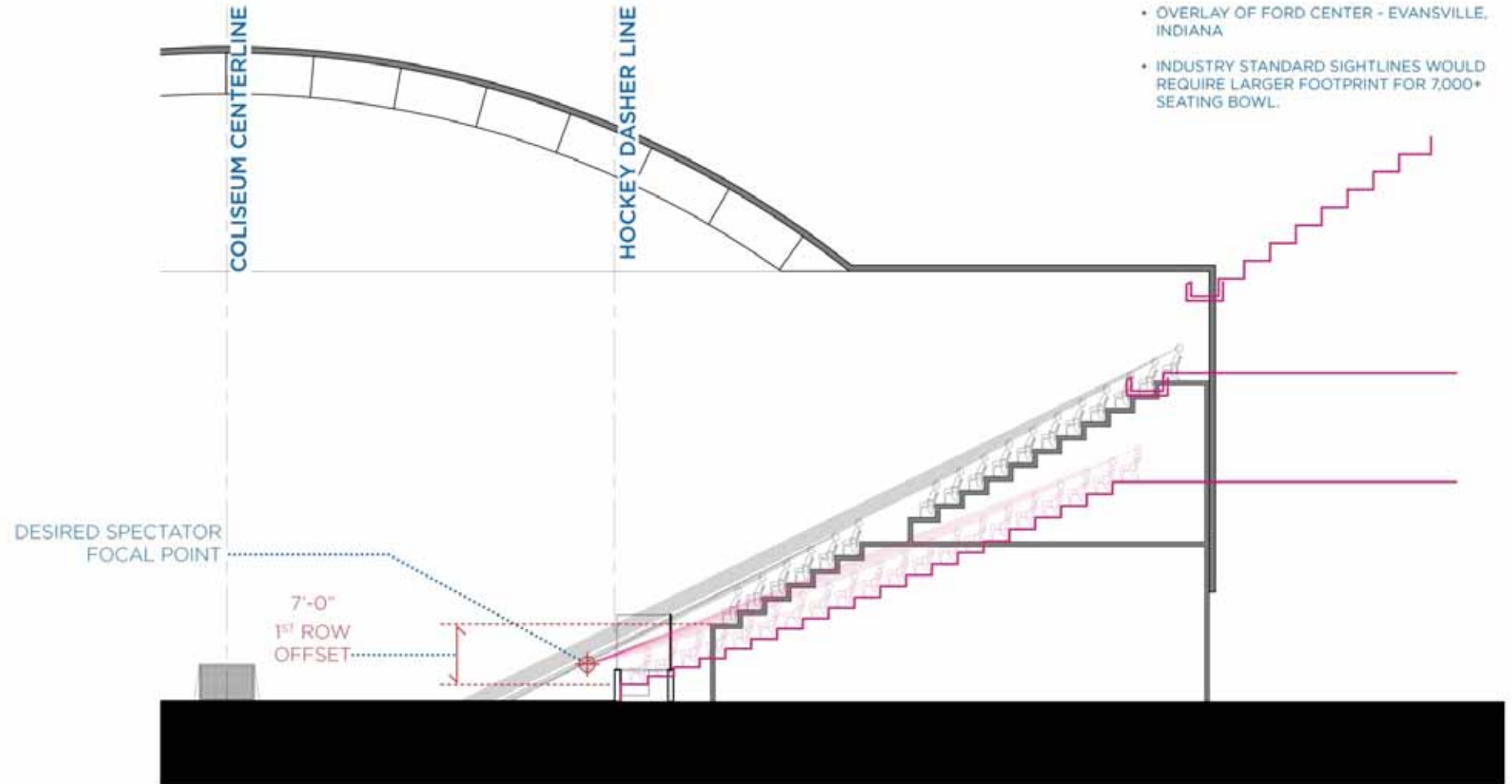
- CURRENT ICE SHEET DOES NOT MEET REGULATION DIMENSIONS.
- CURRENT CONFIGURATION INHIBITS SPECTATOR VIEWS TO NEARLY 1/4 OF THE ICE SHEET.
- SITE LIMITATIONS MAKE EXPANDING CURRENT FOOTPRINT & CORRECTING SIGHTLINES IMPOSSIBLE AT NORTH & SOUTH SEATING SECTIONS.

END ZONE SEATING SECTION
HOCKEY SIGHTLINE STUDY

Comparable Coliseum Facilities

State of the Industry Comparison – Sightlines

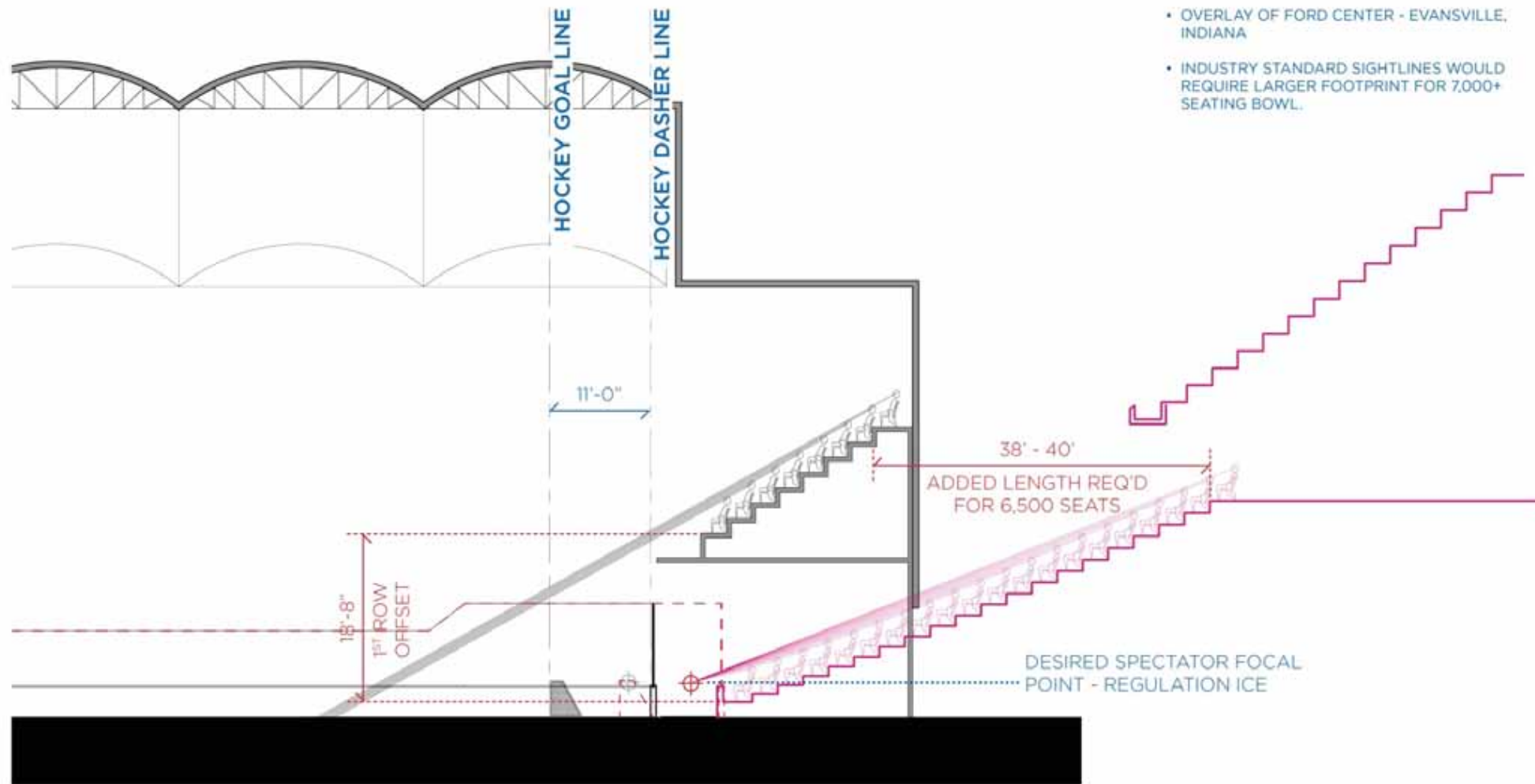
KNOXVILLE CIVIC AUDITORIUM & COLISEUM SPECTATOR SEATING BOWL EVALUATION



SIDELINE SECTION INDUSTRY SIGHTLINE COMPARISON

MARKET ANALYSIS

State of the Industry Comparison – Sightlines



END ZONE SECTION

INDUSTRY SIGHTLINE COMPARISON

Comparable Coliseum Facilities

State of the Industry Comparison – Premium Seating



KFC Yum! Center



Pinnacle Bank Arena



Ford Center



Knoxville Civic Auditorium and Coliseum

Comparable Coliseum Facilities

State of the Industry Comparison – Premium Areas

MARKET ANALYSIS

Market and Feasibility Study of the
Knoxville Civic Auditorium and Coliseum

26



Huntington Center



Pinnacle Bank Arena



Intrust Bank Arena



Indiana Farmers Coliseum



Ford Center

Comparable Coliseum Facilities

State of the Industry Comparison – Technology

MARKET ANALYSIS

Market and Feasibility Study of the
Knoxville Civic Auditorium and Coliseum

27



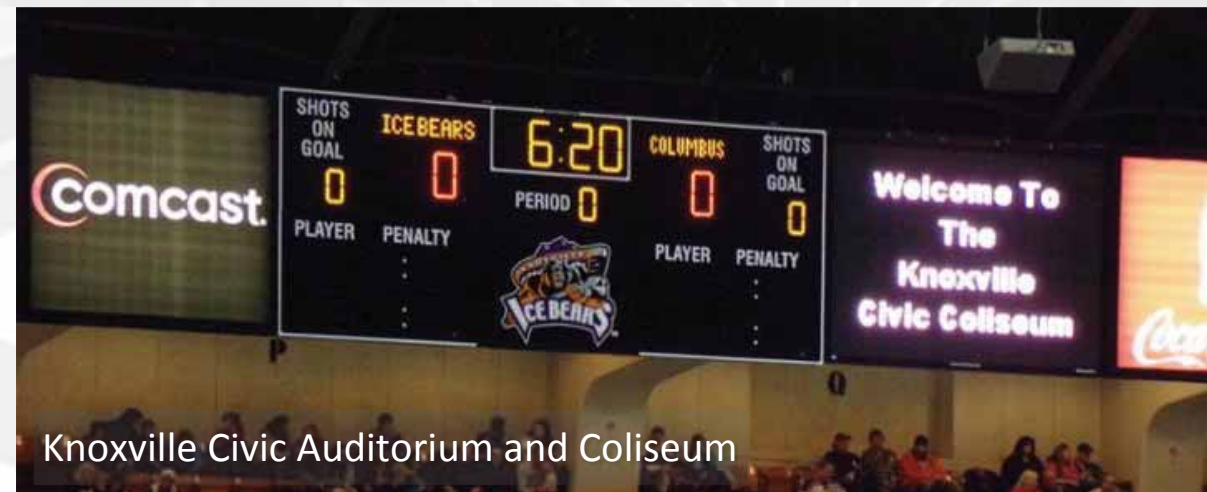
BOK Center



Ford Center



PPL Center



Knoxville Civic Auditorium and Coliseum

MARKET ANALYSIS

Comparable Coliseum Facilities

State of the Industry Comparison – Back of House/Locker Rooms



Huntington Center



Pinnacle Bank Arena



Indiana Farmers Coliseum



Knoxville Civic Auditorium and Coliseum

MARKET ANALYSIS

Comparable Auditorium Facilities

State of the Industry Comparison – Capacity/Seating



Comparable Auditorium Facilities

State of the Industry Comparison – Entry

MARKET ANALYSIS

Market and Feasibility Study of the
Knoxville Civic Auditorium and Coliseum

30



The Peace Center



Tobin Center – San Antonio, TX



AT&T PAC – Dallas, TX



Durham PAC



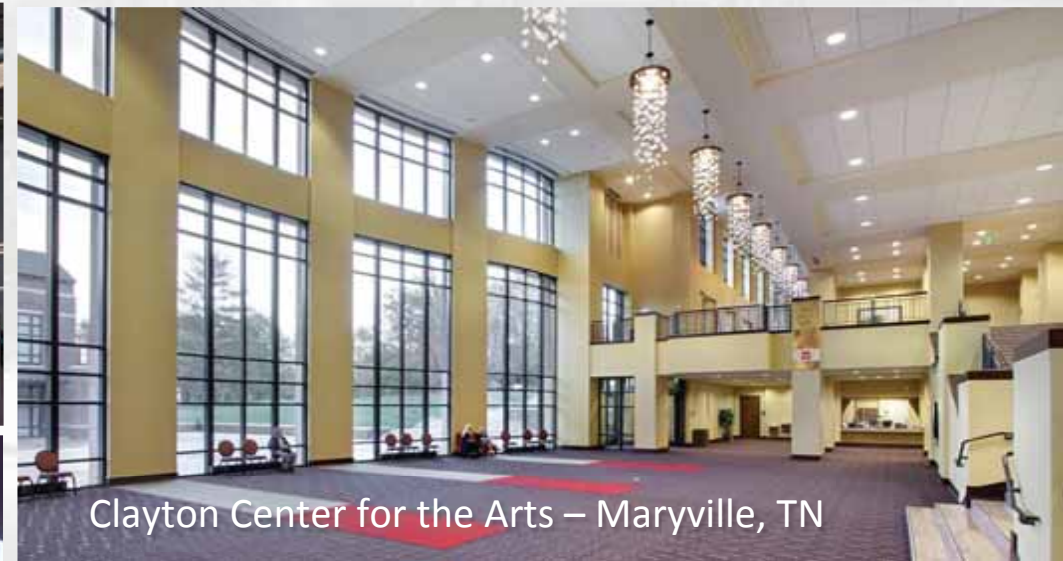
Knoxville Civic Auditorium and Coliseum

Comparable Auditorium Facilities

State of the Industry Comparison – Lobby



AT&T PAC – Dallas, TX



Clayton Center for the Arts – Maryville, TN



Tennessee Performing Arts Center – Nashville, TN



Knoxville Civic Auditorium and Coliseum

Comparable Auditorium Facilities

State of the Industry Comparison – Box Office

MARKET ANALYSIS

Market and Feasibility Study of the
Knoxville Civic Auditorium and Coliseum

32



AT&T PAC – Dallas, TX



The Kentucky Center



The Peace Center



Knoxville Civic Auditorium and Coliseum

Comparable Auditorium Facilities

State of the Industry Comparison – Concessions



AT&T PAC – Dallas, TX



Tobin Center – San Antonio, TX



Knoxville Civic Auditorium and Coliseum

Importance of Proximate Visitor Amenities

Market and Feasibility Study of the
Knoxville Civic Auditorium and Coliseum

MARKET ANALYSIS



Louisville, KY



San Antonio, TX



Nashville, TN



Oklahoma City, OK

Market Surveys

- In-person interviews of local groups and individuals
- Follow-up telephone interviews
- Surveys with Potential Event Planners:
 1. Touring concert, family show and other event promoters
 2. Local performing arts organizations
 3. Professional minor leagues

MARKET ANALYSIS

Market Analysis Conclusions

COLISEUM

- **Implications of Doing Nothing:**

The Coliseum has exceeded its practical life and should be brought up to state-of-the-industry standards to be able to continue accommodating existing event activity and grow future market share. Failure to do so will result in continued erosion of market share and diminishing event, performance and attendance levels at the KCAC.

- **Greatest Areas of Need:**

Greatest areas of need for the Coliseum include improved rigging capacities, expanded floor/ice space, increased seating capacity and improved sight lines. Other areas of need include improvements to ingress/egress, attendee flow and ancillary revenue generating potential.

- **Redevelopment Rather than Renovation:**

While some areas of need could be addressed through a renovation of the existing structure, replacement of the roof and expansion of the floor space and capacity, while improving sight lines likely will require a full redevelopment of the facility.

MARKET ANALYSIS

Market Analysis Conclusions

AUDITORIUM

- **Role in Marketplace:**

The Auditorium continues to serve the market demand for fixed-seating venue space with requirements for seating capacity in excess of the 1,600 seats available at the Tennessee Theatre.

- **Purpose of Improvements:**

Improvements to the Auditorium are not expected to significantly increase market share or attendance; however, failure to bring the facilities up to state-of-the-industry standards may result in the eventual erosion of attendance.

- **Updates Needed:**

Consideration should be given to updating the seats, décor, food and beverage provision, back of house and other such functional measures within the facility.

- **Construction Implications:**

It is anticipated that these improvements could be accomplished while largely leaving the existing Auditorium structure intact.

DEVELOPMENT OPTIONS

Evaluated Development Scenarios

“Base” & “Enhanced” Options Possible for Each Scenario

- **Scenario 1: Retain Existing KCAC**
 - Coliseum renovation
 - Auditorium renovation
- **Scenario 2: Renovated/Redeveloped KCAC**
 - New Arena built next to Auditorium, Coliseum removed
 - Auditorium renovation
 - Added support space
- **Scenario 3: Full Replacement**
 - KCAC is demolished
 - New Arena and Theater built
 - KCAC site or different site, combined model or separate model

KCAC Site Issues

- **Strengths:**

1. Parking
2. Hotel support
3. Location in downtown on periphery of central business district
4. Strong interstate accessibility and visibility
5. Potential for limited KCAC disruption during construction period
6. Additional adjacent and proximate mixed use development opportunities
7. Site and associated parking assets already owned by City

- **Weaknesses:**

1. Perception of disconnect to downtown core
2. Adjacent land uses not synergistic at this time
3. If Auditorium is retained, optimal orientation of new Arena would be challenging

DEVELOPMENT OPTIONS

Scenario 2a: Renovated/Redeveloped



DEVELOPMENT OPTIONS

Scenario 2a: Renovated/Redeveloped



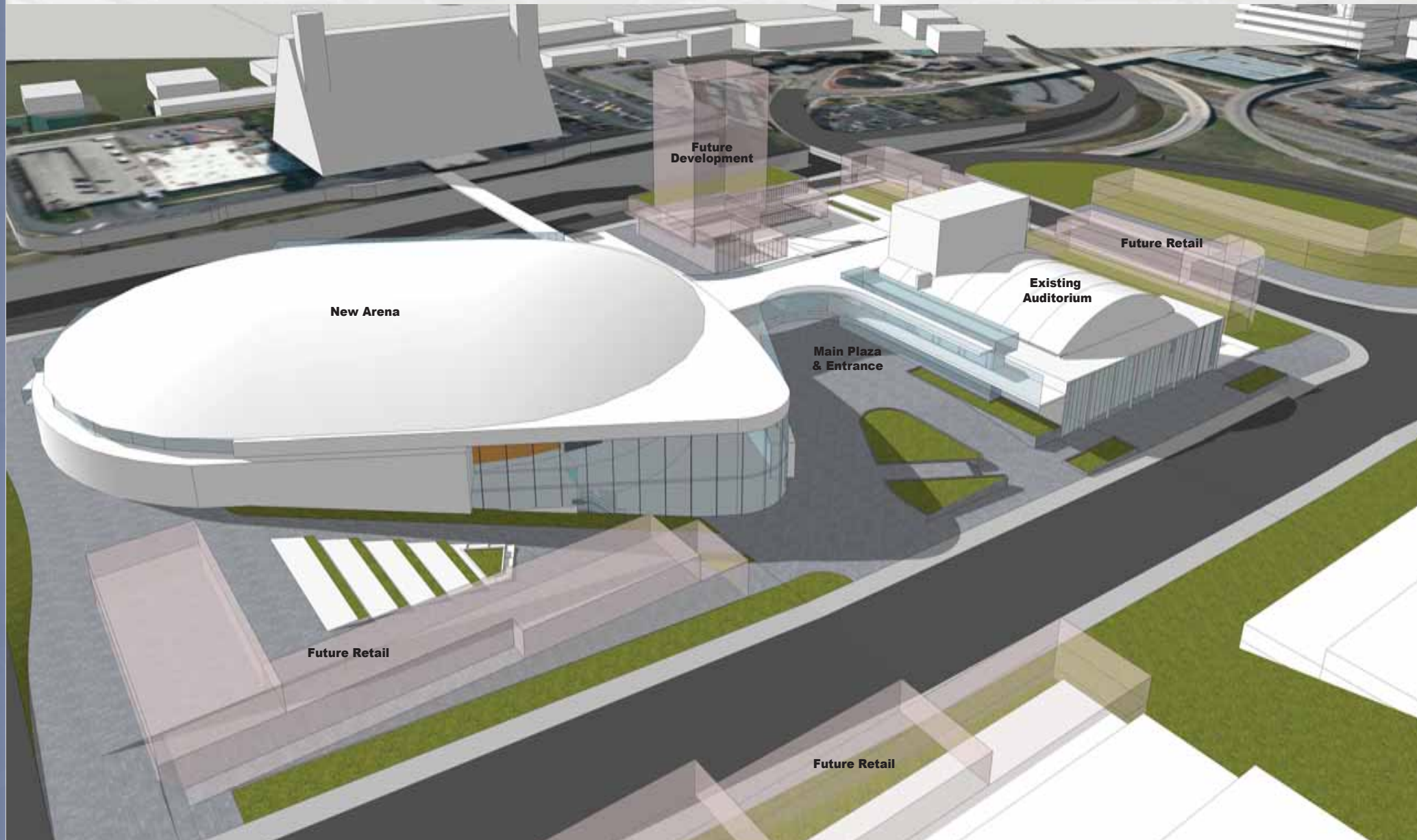
DEVELOPMENT OPTIONS

Scenario 2b: Renovated/Redeveloped



DEVELOPMENT OPTIONS

Scenario 2b: Renovated/Redeveloped



DEVELOPMENT OPTIONS

Interior Rendering



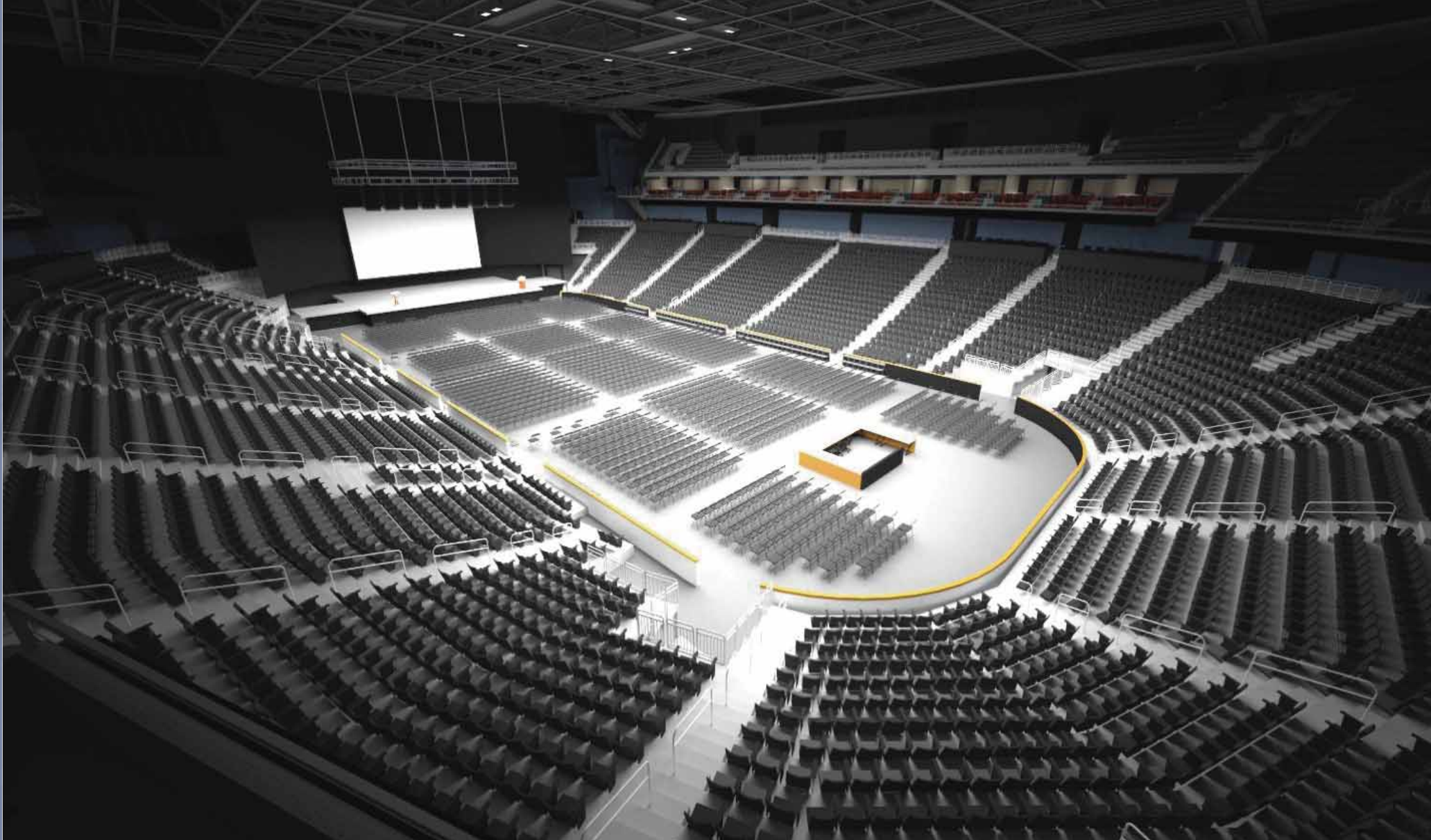
DEVELOPMENT OPTIONS

Interior Rendering



DEVELOPMENT OPTIONS

Interior Rendering



COST/BENEFIT ANALYSIS

Preliminary Construction Costs

Order-of-Magnitude, Current Dollars

	Scenario 1: Retain Existing KCAC		Scenario 2: Redeveloped KCAC		Scenario 3: Full Replacement	
	Base Option	Enhanced Option	Base Option	Enhanced Option	Base Option	Enhanced Option
Hard Construction Costs	\$26,000,000	\$33,000,000	\$108,500,000	\$158,000,000	\$170,000,000	\$215,000,000
Soft Construction Costs	==	==	<u>32,550,000</u>	<u>47,400,000</u>	<u>51,000,000</u>	<u>64,500,000</u>
Total Construction	\$26,000,000	\$33,000,000	\$141,050,000	\$205,400,000	\$221,000,000	\$279,500,000

COST/BENEFIT ANALYSIS

Event & Attendance Estimates

Stabilized Year of Operations, Assumed 4th Year

	Scenario 1: Retain Existing KCAC	Scenario 2: Redeveloped KCAC	Scenario 3: Full Replacement
Arena:			
Event Days/Performances	85	125	125
Attendance	180,000	350,000	350,000
Theater:			
Event Days/Performances	45	75	90
Attendance	60,000	110,000	150,000
Combined:			
Event Days/Performances	130	200	215
Attendance	240,000	460,000	500,000

COST/BENEFIT ANALYSIS

Estimated Annual Financial Operations

Stabilized Year of Operations, Current Dollars

Combined:

Operating Revenue

Operating Expenses

Net Operating Profit/Loss

Scenario 1:

Retain Existing KCAC

\$1,550,000

2,650,000

-\$1,100,000

Scenario 2:

Redeveloped KCAC

\$4,260,000

5,100,000

-\$840,000

Scenario 3:

Full Replacement

\$4,600,000

4,950,000

-\$350,000

COST/BENEFIT ANALYSIS

Estimated Annual Economic Impacts

Net New to City of Knoxville, Stabilized Year, Current Dollars

	Scenario 1: Retain Existing KCAC	Scenario 2: Redeveloped KCAC	Scenario 3: Full Replacement
Operations (Annual):			
Direct Spending	\$4,200,000	\$8,050,000	\$8,750,000
Total Output	\$5,880,000	\$11,270,000	\$12,250,000
Direct Spending (incremental)	--	\$3,850,000	\$4,550,000
Total Output (incremental)	--	\$5,390,000	\$6,370,000
Construction (One-time):			
Direct Spending	\$16,900,000	\$133,510,000	\$181,675,000
Total Output	\$23,660,000	\$186,914,000	\$254,345,000

COST/BENEFIT ANALYSIS

Rationale for Public Sector Investment

- **Generation of new quantifiable economic impacts:**
 - Construction
 - Operations
- **Creation of new unquantifiable/intangible benefits:**
 - Potential transformative and iconic effects
 - Positive effects on nearby commerce and activity
 - Quality of life for residents
 - New visitation
 - Spin-off development
 - Destination branding and marketing
 - Anchor for revitalization
 - Reduction in lost local impact
 - Community reputation and image

FUNDING ALTERNATIVES

Funding Alternatives

- **Public Sector Led Projects:**

Virtually all comparable facilities have the majority of their funding provided by the public sector. Nearly half of all comparable projects are wholly funded by the public sector.

- **G.O. Bonding Most Prevalent:**

The most viable option for financing the renovation/redevelopment of the KCAC may be through General Obligation Bonds. Revenue bonds would be expected to be less viable of an option.

- **Tourist Taxes:**

Currently, City Hotel/Motel tax collections may only be used for debt service on the Knoxville Convention Center. While there are restrictions, there may be some potential flexibility with the allocation of a portion of County Hotel/Motel tax revenues.

- **Sales Taxes:**

The City has the capacity to increase the local option sales tax rate up to an additional 0.5%. A small increase in the local option sales tax rate could cover all the debt obligations for a KCAC project.

- **Other Sources:**

include TIF, TDZ funding, and broadening of the 5.0% Amusement Tax.

- **Private Sector Contributions:**

Private sector revenue sources could defray some of public sector funding obligation. These could include:

- Ticket surcharges
- Contractually-obligated income
- Naming rights
- Concessionaire/vendor rights
- Private donations/endowments
- Other sources



ADDITIONAL INFO

For More Information

Link to study report:

http://knoxvilletn.gov/government/city_departments_offices/public_assembly_facilities/kcac_feasibility_study/

Or go to:

www.knoxvilletn.gov and search “feasibility study”

Email comments to :

Comments@knoxvilletn.gov

Mail to:

Chip Barry, Operations Project Manager

City of Knoxville, Suite 681

PO Box 1631

Knoxville, TN 37901

