

Market Validation and Financial Feasibility Study

Scope of Work

■ Study Goals

- Validate the market viability of a new arena and convention center in West Haymarket to serve the greater Lincoln area.
- Determine the appropriate size (i.e., seating and suites configuration) and facility components for a new arena and convention center.
- Validate the operating expenditures, on-going and one-time revenues, capital/development costs, and net expenses for a new arena and convention center in the West Haymarket area.

■ Work Elements

A. Arena and Convention Center Market Validation

- Estimate the approximate **number of events** per year for both the arena and convention center by event type (e.g., UNL Men's and Women's basketball games, other UNL athletic events, all other sporting events, concerts, circus, ice shows, trade shows, conventions.)
- Project the probable annual **attendance figures** for both the arena and convention center by event type, and indicate marketing and operational approaches for maximizing attendance and facility usage.
- Based upon the arena market validation analysis, recommend **optimal event footprints** (i.e., sq. ft. needed to support a particular event) interior to the arena, including but not limited to such events as basketball, volleyball, wrestling, arena football, concerts, ice shows, ice hockey, rodeos, family stage shows, trade shows, conventions, sport practice facilities, etc.
- Based upon the arena market validation analysis, recommend the **optimal number and size of pertinent facility components** needed within the arena. [Please note the City expects to retain

the services of an architectural firm to assist in this task. The architectural firm will be hired independently from the Market Validation and Financial Feasibility Study described in this RFP; however, the firm selected to undertake this study will be expected to work closely with the architectural firm in the completion of this task.]

- Based upon the arena market validation analysis, recommend the **optimal event seating capacity, pricing and leasing strategy** for a new arena to maximize its use and financial feasibility. These estimates should include but not be limited to figures for premium seating, luxury suites, terrace suites, club seats, mezzanine seats, and other seating as applicable.
- The arena market validation analysis should address the event and sport facility requirements of the **National Collegiate Athletic Association** and how the Devaney Center at UNL and a new Lincoln facility would compare to existing and planned event venues in the **Big IX Conference**.
- The arena market validation analysis should consider the future operational relationship between a **new downtown arena** and UNL's existing **Devaney Center**.
- Based upon the convention center market validation analysis, recommend the **square footage capacity, pricing, and operational strategy** for a new convention center to maximize its use and financial feasibility.

B. Financial Feasibility Analysis

Capital Construction Analysis

- Based upon the market validation analysis, separately project annual (each year over 20 years) revenue sources that may be available for **bonding** to pay for the initial capital cost of the arena and convention center.
- Based upon the market validation analysis, separately project **initial, one time revenue sources** that may be available for the initial capital cost of the arena and a new convention center.

- Based upon the market validation analysis, separately project **capital construction, site related property acquisition, and land preparation costs** for a new arena and a new convention center.
- Prepare a **sources and uses statement** that incorporates the revenue and bond proceeds and a detailed uses of funds.

Operating Analysis

- Based upon the market validation analysis, separately project annual (each year over 20 years) facility-related **operating revenues** for a new arena and a new convention center.
- Based upon the market validation analysis, separately project annual (each year over 20 years) and **on-going operating expenditures** for a new arena and a new convention center.
- Prepare a net operating income statement (by year over 20 years) that incorporate the operating revenues and expenditures to arrive at a projected surplus or loss that will require a city subsidy.

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Firms Submitting Professional Services Proposals for
Market Validation and Financial Feasibility Study

- PriceWaterhouseCoopers
- Convention, Sports & Leisure International
- Hunden Strategic Partners
- PA Sports & Entertainment