

Meeting Notes		West Haymarket Action Team	
2015>ision		March 4, 2008	
		9:30 a.m.	
		Mayor's Conference Room	
		County/City Building, 555 S. 10th Street	
Members Present	Mayor Beutler Cathy Beecham Dick Campbell	Doug Lienemann Tom Osborne Liz Shotkoski	Amy Tipton Terry Uland Linda Wilson
Members Absent	Wendy Birdsall Mike Dunlap	Terry Fairfield Charles Hull	Dan Muhleisen Harvey Perlman
Others Present	Linda Beacham Miki Esposito Greg Garlock Randy Hoskins Steve Hubka Kris Humphrey Lynn Johnson Jon Jordan Scott Keene	David Landis Meg Lauerman Mark Lutjeharms Tom Lorenz Dallas McGee Stan Meradith Mike Merwick Steve Miller Kent Morgan	Kiki Nichols Trish Owen Denise Pearce Hallie Salem Ken Smith Deena Winter Lauren Wismer Michele Abendroth

Welcome and Opening Comments - Mayor Beutler

Beutler called the meeting to order at 9:32 a.m.

Acknowledgment of Nebraska Open Meetings Act - Mayor Beutler

Beutler acknowledged the Nebraska Open Meetings Act.

Public Comment Period - Mayor Beutler

There were no public comments.

Review Minutes from January 8, 2008 Meeting - Mayor Beutler

Beutler asked the committee if there were any corrections to the January 8, 2008 meeting minutes. As there were none, the minutes will stand as written.

Background of "Feasibility Analysis Report" - Kent Morgan

Morgan distributed the feasibility report and noted that it will also be posted on the Planning Department's web page. He stated that the process began with community validation and discussions on the need for an arena. That segment has been completed and a redevelopment plan was approved last year. We now have proposals from redevelopers, and the process of selecting a redeveloper has begun. We are doing more detailed work to get to the election. Morgan noted that we are progressing nicely in terms of the schedule.

Presentation of "Feasibility Analysis of Proposed New Arena and Convention Center Development in Lincoln" - John Kaatz, CSL International

John Kaatz of Convention Sports & Leisure International (CSL) stated that there is a lot of data covering the past six months of research. There are two components of analysis in the research; those being the arena and the convention center. Pertaining to the arena, there were a number of steps to study market demand potential and sizing parameters. One of the elements they like to focus on is the concert and entertainment market. Average attendance for the top 100 tours from 1998-2006 ranged from 6,000-8,000. Even those tours with large attendance play at moderate sized facilities. The average tickets sold per show of the top 100 shows in 2006 was 9,122 tickets. He noted that there is little correlation between market size and arena capacity. It is important to note that there is a difference between an arena with the University and one without the University.

When looking at the Big 12 Conference basketball arenas, Kaatz noted that the top five schools sell at 90% capacity. The bottom six schools sell at 62% capacity. Nebraska is near the mid-point and sells at approximately 78% of capacity. The quality, characteristics and amenities of the arena will be a factor in where the program goes. The goal in moving to a new arena is to get average attendance to 13,000-14,000, but it would require an improvement in the facility.

Nine markets with populations of 200,000 to 500,000 have opened new arenas since 1995. The arena capacity ranges from 6,200 to 13,500 with an average of 9,700. Every market hosts at least one, and up to three, professional sports tenants. Certainly the more capacity you add, the more concerts you can get, but the law of diminishing returns will kick in.

Kaatz noted that they also performed a demographic analysis. In looking at a 50-mile radius, Lincoln performs better in terms of demographic data. In terms of population, we rank at 53% of the average. We are growing faster than average. We are average in terms of median age. We are average in terms of the population age group of 35-54. We have a higher income in Lincoln. If you just look at the population base, it looks like there could be an issue. But if you enter into discussion of the University population base, then the dynamics change.

Interviews with about twelve event promoters were also conducted. On average, promoters estimated they may bring 4-6 shows to Lincoln per year each. They estimated they prefer an arena with over 11,000 total seats. Promoters also indicated that a high level of sub-divisibility through a curtain/rigging system would be preferred.

CSL's recommended arena building program includes a seating capacity of 13,000 to 16,000 seats. Capacity is based on the unique demographics of the market and assumes University participation. He also recommends 600 club seats based on demographic characteristics and 20 suites based on corporate statistics. Without University participation, the recommended capacity and other seating amenities would likely be reduced.

He then reviewed the financial operations. They looked at several arenas which have been recently built and are similar in size. Of the six arenas, net income ranged from a deficit to a

surplus of approximately \$2 million. When talking about these numbers, it is absolutely critical to understand what goes into these equations, such as a parking revenue component, the premium seating revenue and leasing tenants.

Campbell asked if it is a fair statement that an arena is not considered a money-making proposition, but where the community benefits is from the additional sales tax dollars, lodging tax dollars and other sources of revenues. Kaatz stated that is a fair and accurate statement especially concerning the convention center.

Kaatz then reviewed the analysis with respect to the convention center. Current hotels in Lincoln include the Holiday Inn which has about 6,000 square feet of space contiguous space with additional meeting space for a total of about 11,800 square feet. The Embassy Suites has about 13,000 square feet of contiguous space and total square footage of 14,600 square feet. The Cornhusker has about 12,000 square feet of contiguous space and total square footage of 27,600 square feet. Both contiguous space and total square footage are important to focus on.

Other entertainment space in Lincoln includes the Lancaster Event Center which has about 90,000 square feet of contiguous space with total space of 185,000 square feet. The State Fair Park has a small contiguous area with total space of 70,100 square feet. Pershing Center has total square footage of 44,200. None of these are suitable for conferences or conventions in a traditional sense.

In comparison of total sellable space, the average size of convention centers in competitive and comparable facilities is 144,300 square feet. In comparing hotel rooms, the average number of rooms in competitive and comparable markets is 345 hotel rooms.

Kaatz also surveyed event planners within the region and asked them whether or not they would use the building. The combined positive response was 75% which is a very high positive response rate. They also asked the promoters how much exhibit space was needed to satisfy their needs. At 10,000 square feet of contiguous space, 55% of the market will be captured. At 12,000-13,000 contiguous square feet, 75-80% of the market will be captured. It is important to remember that doesn't necessarily mean that Lincoln can capture all of this demand. If we had a building of 30,000 contiguous square feet and had a ballroom and meeting space, it would be a 95% capture rate.

State and regional events tend to be smaller and can generally be accommodated by existing properties. New business potential exists in attracting larger events and increasing overall market capture in this segment. National events are larger, and competition from Omaha and regional markets will be significant. Local community, corporate, University and other such events could generate facility usage. These would include consumers, banquets, receptions, meetings, seminars and other such events.

The recommended convention center building program includes approximately 30,000 square feet of sub-divisible, column-free, multipurpose space. The space should be durable, have upscale flooring, have ceiling heights of at least 28 feet, be sub-divisible, and have a high level

of finish in terms of floor covering, wall treatment and ceiling fixtures. He recommends approximately 10,000 square feet of breakout meeting space and approximately 20,000 square feet of sub-divisible, upscale ballroom space. A headquarters hotel property with 250 rooms attached or adjacent to the convention center will be critical to the success of a potential new convention center.

Osborne asked about the viability of a UNL basketball practice facility attached to the arena. Kaatz indicated a separate facility is not a concern and could be effectively designed as part of the overall complex. He did suggest there could be operational and scheduling challenges associated with this arrangement should there be a desire to share such space between the arena operator, the University, and hotel operator.

Kaatz concluded by stating that total attainable revenue is estimated at \$10,810,000 at the low end and \$18,240,000 at the high end.

Discussion by WHAT Members RE: "Feasibility Analysis Report"

Beecham asked about the effect the seat capacity of the Qwest Center had on the seat estimate. Kaatz stated while CSL was aware of the seating capacity of the Qwest Center, his firm's recommendation to the City of Lincoln was based on what was best for the Lincoln market, with UNL basketball being part of that overall market mix. Moreover, while certainly the role of the Qwest Center as a sports and entertainment venue within Lincoln's marketshed must be factored into the seating capacity calculation, the capacity of Qwest does not preclude Lincoln from having a successful venue in the 13,000 to 16,000 seat range.

Campbell asked about the convention space and how to factor in the anticipated growth of the community to size the space sufficiently and for a number of years. Kaatz stated that it is important to allow for expansion but it is difficult to determine what kind of space may be needed.

Report on On-Going West Haymarket Project Activities - Kent Morgan

Morgan updated the committee on several ongoing projects. He stated that the West Haymarket Redeveloper Selection was moving forward and was progressing as hoped.

He also noted that proposals for the Transportation, Environmental & Utilities Plan were received from three firms. A firm has been selected for the Integrated Development Plan. Mayor Beutler attended a working session in October in Charleston and took this project to them. They are starting an alumni program award. Approval has been obtained from Burlington Northern to begin archeological research and a test pit will be dug in April. Finally, Morgan noted that proposals for the Pershing Adaptive Reuse and Site Study are due March 5th.

Report on Legislative Efforts - Denise Pearce

Pearce stated that LB912 is the Lincoln amendment to the Qwest Center bill. It would turn back a portion of the state sales tax revenue. There were several proponents of the bill and no opposition. However, one of the issues was the size of the arena. Some of the Senators were

concerned that we were trying to build a Lincoln Qwest Center. One of the Senators suggested a seating capacity, and the bill was subsequently approved with a seating capacity of 16,000 seats.

Determine Next WHAT Meeting Date - Mayor Beutler

The committee selected the next meeting date as May 13, 2008 at 9:30 a.m.

Other West Haymarket Action Team Business - Mayor Beutler

No discussion took place under this agenda item.

Adjournment

The meeting was adjourned at 10:49 a.m.

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