



Greensboro Performing Arts Center Task Force
The Community Foundation of Greater Greensboro

**Downtown Performing Arts Center and
Economic and Community Impact Report
June 19, 2012**

Table of Contents

Introduction & Background	3	The Current Situation: War Memorial Auditorium.....	16
Study Construct.....	3	Use Projections for a New, Downtown Venue	16
The “Givens”.....	4	Operating Pro Forma.....	19
Our Approach.....	4	Community Impact.....	21
The Bottom Line	5	The Economic Impact of a Proposed Facility in Downtown Greensboro	22
Market Assessment and Community Input.....	6	Appendices.....	23
Market Analysis	6	Appendix 1: Market Analysis	
Competition.....	7	Appendix 2: Competitive Analysis	
Community Leadership Interest	8	Appendix 3: Leadership Interview Summary	
Community Survey	9	Appendix 4: Community Survey Report	
Potential Users	9	Appendix 5: Comparable Facilities Case Studies	
Local Organizations	9	Appendix 6: Operating Pro Forma	
Regional & National Touring Promoters	10	Appendix 7: Economic and Community Impact Report	
Comparable Facilities	11		
Durham Performing Arts Center	11		
Richmond CenterStage.....	12		
Progress Energy Center for the Arts – The Mahaffey.....	13		
Citi Performing Arts Center	14		
GPAC Activity Profile.....	16		

Introduction & Background

In March 2012 AMS Planning & Research was engaged by the City of Greensboro and the Community Foundation of Greater Greensboro to undertake a study of the benefits of a new downtown performance facility, including an economic and community impact study. Our charge was to assess market, program and community impact potential, and to prepare a financial operating plan to maximize operating success, including an assessment of proposed venue form, review of reported capital costs and seating capacity.

Currently arts and entertainment performances take place at the 2,460-seat War Memorial Auditorium at the Greensboro Coliseum Complex, an aging facility which is managed in conjunction with other Complex venues including the Coliseum, Special Events Center, Odeon (capacity 300), Pavilion, White Oak Amphitheatre, and the new Aquatic Center. Built in 1959, the War Memorial Auditorium has served its useful life and is in need of significant functional and public space upgrades. Proposals to replace the facility on its current site have twice failed in bond referendum initiatives since 2006. Since that time, the new Durham Performing Arts Center has opened to public acclaim and success. Considering the increased market competition and faced again with the prospect of considerable capital investment in the current facility, City leaders seek to understand the appropriate venue and potential benefit of a replacement facility located downtown.

Study Construct

The Economic and Community Impact Study was commissioned by the Economic Impact and Feasibility Committee of the Greensboro Performing Arts Center Task Force and is a component of a larger effort that includes community input and private fundraising analysis. The study sought to address several key questions concerning the proposed facility:

- What programs and events are envisioned to take place in the new facility? What existing organizations will use the facilities? What are their technical needs? Are there product categories missing in the marketplace?
- What is the market and competitive environment for arts and entertainment programming in and around Greensboro? How is this new facility best positioned to complement or compete with other major venues in nearby cities?
- What is the potential economic and community impact of a new facility on downtown Greensboro?
- What can be learned from other communities that have invested in similar facilities?
- What would the new venue cost to operate? What are the staffing requirements? What are the revenue opportunities?
- Are the projected capital costs adequate to develop the proposed facility?

The “Givens”

From the outset there were some parameters to the inquiry that were relatively fixed. Importantly, this was a study for a facility to *replace* the War Memorial Auditorium, and content that had historically relied on that facility would need to be accommodated. Rather than studying the feasibility of adding a venue to the marketplace, we were to assess the *incremental* activity that could be accommodated; activity that did not currently play the War Memorial Auditorium but might play a new venue, and whether or not it was additive to the market (rather than relocated out of other venues).

Second, the facility would be located downtown, at a specific site yet to be determined. The Coliseum Complex would continue to be the operator, allowing for efficiencies and expertise to be shared, and minimizing unnecessary competition in the marketplace. Finally, a target of \$50 million in potential capital investment was established.

Our Approach

Our approach began with an analysis of the pattern of War Memorial Auditorium utilization to provide a baseline from which to consider additional potential utilization. A web survey of local arts organizations was conducted to establish priorities and a pattern of activity, and telephonic interviews were held with local stakeholders and regional and national promoters. AMS conducted an assessment of market characteristics and looked specifically to understand venues and activities in the closest competing markets of Winston-Salem, Raleigh, Durham, Chapel Hill and Charlotte.

With a firm understanding of the local market, AMS conducted an analysis of the activity profile from comparable venues in four markets (Richmond CenterStage in Richmond, Virginia; Mahaffey Center in St. Petersburg, Florida; Citi Center in Boston, Massachusetts; and Durham Performing Arts Center) to provide context in considering the mix of activities appropriate for Greensboro. Commercial programming in six other markets of similar population to Greensboro was also reviewed to consider potential ‘gaps’ in programming. Finally, a community survey was developed to gather information on programming preferences as well behavioral and spending data related to participation in/attendance at arts and cultural events and activities. This survey was conducted online.

The emerging activity profile for Greensboro Performing Arts Center formed the basis for an operating forecast of attendance, revenues and expenses for the new facility. The forecast informs the economic impact study, which was complemented by case study research on the community impact of recent similar developments in Omaha, Nebraska, Madison, Wisconsin, and Durham, North Carolina.

The activity profile also informed the emerging design proposal by the Coliseum Complex. AMS reviewed the concept design, capital cost estimate and proposed sites under consideration for consistency with the intended utilization of the facility.

The Bottom Line

There is a need in Greensboro for a new performance facility. The War Memorial Auditorium has served its useful life, and utilization and attendance have fallen, in part, as a result of shortcomings in the facility. The program mix has shifted to be less reliant on regular or repeat customers, and Broadway, specifically, has all but left the market.

Our assessment of the Greensboro market is that it is of a size and composition that should support additional programming in a modern, functionally state-of-the-art venue with appropriate audience and performer amenities. Feedback from citizens is that there is demand, especially for programming that currently 'skips' the market (popular concerts, spectacles, Broadway).

Local arts groups are optimistic about the future and support a new venue but, being conservative, their projections of use are consistent with current patterns. Some product that currently is accommodated elsewhere (i.e. Westover Church Worship Center) would likely move back into the new facility. Local leadership and arts organizations are positive about a new downtown facility and its ability to complement, rather than compete with, the Carolina Theater, Triad Stage and other area venues and attractions.

A new, larger venue would attract additional product from regional and national touring promoters, both Broadway and other concerts and events. Our activity profile and economic impact analysis show the following:

- Projections for the new venue reflect attendance of approximately 300,000 patrons and \$12 million in ticket sales annually
- Construction of the new Performing Arts center will generate a one-time impact of \$28.6 million in household income and 1,277 FTE jobs. This translates to \$1.1M in local government revenue and \$1.7M in state government revenue
- Operation of the performing arts center will generate a baseline annual expenditure of \$7.3 million. This supports 268 jobs, and provides state and local revenue of approximately \$750,000 each year.

The above figures use a conservative figure of \$19.45 per capita in additional spending as calculated by Americans for the Arts in *Arts and Economic Prosperity IV*. Research suggests that when limited to performing arts center attendance, the per capita spending can be considerably higher, and a survey of the Greensboro community suggests that additional spending could be as high as \$63.04. These figures do not include the additional economic impact of the presence of touring shows and artists in the community; quantified at as much as \$6.5 million in further benefit based on research by the Broadway League.

Finally, it is important to consider the non-direct economic and community benefits for a new facility downtown. These include expanded arts, cultural and entertainment offerings for Greensboro citizens, increased regional competitiveness and civic pride, the ability to attract and retain "knowledge workers," and additional property tax revenue and growing tax rolls from development in the area

instigated by the new arts center as demonstrated in markets nationally.

Market Assessment and Community Input

Market Analysis

AMS conducted a market analysis of the Greensboro area to determine the presence of market characteristics that typically suggest potential to engage in arts and cultural activities. A detailed analysis is provided in Appendix 1.

Three trade areas were analyzed: In addition to the City of Greensboro, the primary market area has been defined as a 25-minute drive time from downtown, and the total trade area was defined as a 65-mile radius from downtown Greensboro. This market definition was affirmed through an analysis of customer lists provided by the Carolina Theatre, Triad Stage and the Greensboro Coliseum Complex.

In terms of demographics, key variables that were examined were: population size and growth, age composition of the population, educational achievement, household income, ethnicity, household composition and occupation. The primary market for the City of Greensboro itself has a demographic profile that is complex when it comes to arts and cultural participation. Education, as well as household income, have been proven and tested to be important indicators of interest in and the ability to participate in arts and cul-

tural activities. While over 30% of the population within the primary market has a college degree, a good indication of the potential for arts and cultural participation, the median household income of \$43,096 suggests that the population in general does not possess large amounts of disposable income for traditional arts and cultural activities.

To better understand lifestyle behaviors, the Prizm_{NE} market segmentation system, developed by The Nielsen Corporation, was used to categorize the households within each of the three areas into one of 66 segments based upon demographic profiles and consumer research into psychographics and consumption patterns. Again, the primary market of Greensboro presents a diverse profile for arts and cultural participation when compared to the national average.

The top ten segments that make up the primary market of the city of Greensboro only represent about 45% of the market and no one segment compromises more than 6% in terms of percent composition. This suggests great diversity in the socioeconomic profiles of households within the primary market and could provide challenges both in terms of marketing and programming.

While each of the top five segments in the marketplace indexes below the national average in terms of arts and cultural participation, other segments in the marketplace index above the national average in terms of arts and cultural participation (although they do not fall within the top ten segments). This is positive for participation in an expanded definition of arts, culture and entertainment programming. Moreover, Greensboro compares favorably to other regional markets with proven success in diverse programming. Therefore the potential for expanded arts, culture and entertain-

ment participation does exist at some level within the primary market and the overall trade area. Recognizing the diversity of the market and programming accordingly will be key to success.

Competition

AMS inventoried performance facilities in the nearby markets of Winston-Salem, Raleigh, Durham, Chapel Hill and Charlotte (see Appendix 2). As noted above, in reviewing these different markets, it became apparent that while Greensboro’s total trade area and median income are smaller than those of other regional competition, the consumer profile is not dramatically different (Tables 1 & 2).

Table 1: Demographics of Competing Markets

City	Population	65-mile Trade Area population	Median HH Income	Comparable Venue
Greensboro	252,254	1.93 mil.	\$38,694	War Memorial Auditorium
Winston-Salem	229,828	3.08 mil.	\$39,808	Stevens Center
Durham	229,174	3.54 mil.	\$46,136	Durham PAC
Raleigh	405,791	3.22 mil.	\$51,969	Progress Energy Center
Charlotte	709,441	3.51 mil.	\$49,975	Blumenthal PAC
Chapel Hill	53,546	3.74 mil.	\$47,356	Memorial Hall

Table 2: Lifestyle Indicators (100=National Average)

Attribute	Greensboro	Winston-Salem	Raleigh	Durham	Charlotte	Chapel Hill
Interested in The Arts	94	90	93	93	92	93
Music Is an Important Part of My Life	97	97	98	98	98	98
Buy 60/70's Pop/Rock	97	97	101	100	99	100
Buy Classical Music	96	84	92	93	88	93
Buy Contemporary Pop Music	99	92	97	97	95	98
Buy Country Music	98	115	113	111	116	111
Buy Rap/Hip Hop Music	104	91	97	97	93	97
Go to Live Theater	90	81	87	88	86	88
Go to Museum	91	86	92	92	90	92
Go to Music/Dance Performance	92	88	91	92	91	92
Go to Rock/Pop Concert	91	84	91	91	89	91
Play Musical Instrument	99	98	100	100	100	101

Community Leadership Interest

AMS conducted one-on-one interviews with 17 individuals representative of community leadership to receive general impressions of the potential for a new performing arts center downtown (see Appendix 3). Almost all respondents were very aware of this initiative.

Generally, people were positive about a new performing arts facility downtown. Civic pride, ability to bring events that the community does not currently attract, economic impact and downtown vitality topped the list of positive factors. Several respondents noted the poor condition of the War Memorial Auditorium, with sentiment ranging from “antiquated” and “inadequate” to “embarrassment” and “tragedy.”

Funding a new facility was the predominant challenge cited by all respondents. Several noted failed past bond referenda and general skepticism as obstacles to success. Many noted the challenge of educating the public about the long-term economic and community benefit of the investment in the context of current economic challenges.

Success was defined as the ability to attract prime events, full audiences, and a perception that the venue offered something for everyone; that the community feels pride and ownership, and everyone attends. Additionally, people cited a vibrant downtown and an increased perception of Greensboro both as a destination and a desirable place to live and work.

Most anticipated the programming mix in a new venue to be an enhancement of what takes place at the War Memorial Auditorium, with the opportunity to do “bigger” and “better” shows as well.

Many people noted that a state-of-the-art facility would attract national touring artists that do not currently come to Greensboro, but it is also expected that the facility be sufficiently flexible to accommodate local arts organizations as well.

Some noted the need to broaden the audience and build awareness and enthusiasm for cultural participation among the community’s diverse population. There were varying degrees of expectation regarding a new facility’s ability to grow audiences, but among those who believed it would the focus was on new and different product offerings as the mechanism to do so. Several respondents believe that a new venue would “re-capture” audiences that are traveling elsewhere for their entertainment, and would be regional in nature.

Universally, respondents believe a new downtown venue could provide economic activity and benefit to downtown, especially the restaurants. Several noted the broader economic benefits of enhancing Greensboro’s quality of life in attracting businesses and employees and encouraging downtown development. Respondents also liked the potential synergies that might exist with other cultural institutions downtown. Obstacles cited include finding the best site, the higher cost of downtown land, and negative perceptions regarding safety and parking.

People stressed the importance of underscoring the public benefit of a new downtown venue and guarding against an elite image. “Our community is based on the Quaker consensus model and dates back to the Woolworth’s sit-in,” noted one respondent. “You need a very diverse group of voices to introduce and get behind the project or it will not succeed.”

Community Survey

This survey was developed to gather behavioral and spending data related to attendance at arts and cultural events. It also sought to gather information on potentially competitive communities/venues, programming preferences and demographic data. The complete survey report including methodology can be found in Appendix 4.

A master survey link was posted on the City of Greensboro website and also distributed through email networks of local arts and cultural institutions, neighborhood organizations, and nonprofit organizations. There were 860 responses to the survey.

Survey responses affirmed that there is demand for additional programming in the Greensboro market:

- ▶ 69% of respondents would attend arts and cultural activities *more* than they currently do (and 29.6% about the same as they currently do) if a performing arts center was built in downtown Greensboro
- ▶ Having more choices for product (73.7%), maintaining a convenient location (76.1%) and other amenities (restaurants, shops, etc.) nearby the venue (70.9%) were agreed to be important to a high percentage of respondents
- ▶ 47% of those who reported attending performances outside of Greensboro did so for musical theatre performances; 38% for popular music
- ▶ Most spend additional money on food and drink and local transportation (parking, taxi, gas, etc.) in conjunction with their attendance at arts and cultural activities

Potential Users

Local Organizations

An online survey was administered to 124 Greensboro area arts organizations and individual artists (lists supplied by the Greensboro Performing Arts Center Task Force and Coliseum Complex staff) to gather inputs on current operations as well as future needs from potential users of the proposed performing arts center.

Potential users who responded included the Greensboro Symphony, Greensboro Opera, Bryan Lecture Series, Greensboro Opera, North Carolina Shakespeare Festival, Touring Theatre of North Carolina, Greensboro Oratorio Society, Triad Pride Men's Chorus, United Arts Council of Greensboro and others representing youth and family programming, dance recitals and talent competition and other community uses.

Most respondents who quantified potential use of a new facility were current War Memorial Auditorium users, and while respondents are optimistic about future program growth, when asked to estimate use in a new Performing Arts Center in downtown Greensboro, growth estimates were moderate.

Local Arts Organizations typically require fewer than 2,000 seats, although the Symphony Pops programs and Bryan Lecture Series require greater capacity. Stage size, acoustics and configuration are among the top considerations for the performance area, and top-notch sound system, lighting and multi-media capacity were highest among technical needs, with acoustical quality considered to be an

“imperative.” Most respondents indicated that they would use the facility for performances or rehearsals, and several stated the desire for rehearsal space outside of the main hall.

Regional & National Touring Promoters

AMS interviewed seven regional and national touring promoters, all of whom were enthusiastic about the prospect for a new venue in Greensboro. Their assessment of market opportunity in the community is positive, and all stated that they would bring additional programming to the market. Desired capacity ranged from 2,500/2,800 for Broadway and variety to 3,500/4,000 for concerts and urban shows.

Comparable Facilities

AMS conducted benchmark studies of four relevant venues to provide comparisons for a potential new Greensboro Performing Arts Center’s programs, attendance forecasts, staffing, and business plan. Criteria established to select theaters for study included market nature and area competition, seat count, diversity of programming including both local organizations and touring product, and other factors.

The theaters selected for study are the Durham Performing Arts Center in Durham, North Carolina; Richmond CenterStage in Richmond, Virginia; Progress Energy Center for the Arts – The Mahaffey in St. Petersburg, FL; and; and Citi Performing Arts Center in Boston, Massachusetts. Full reports can be found in Appendix 5.

Venue	Location	Population	Capacity
Durham Performing Arts Center	Durham, NC	228,330	2,712 seats
Richmond CenterStage	Richmond, VA	204,214	Landmark Theater 3,600 seats Carpenter Theatre 1,800 seats Gottwald Playhouse 200 seats
Progress Energy Center for the Arts — The Mahaffey	St. Petersburg, FL	244,769	2,031 seats
Citi Performing Arts Center	Boston, MA	617,594	Wang Theatre 3,600 Shubert Theatre 1,500 Colonial Theatre 1,700

Durham Performing Arts Center Durham, North Carolina



The mission of the Durham Performing Arts Center is: *To bring unique, one-of-a-kind live entertainment events to Triangle audiences.*

The DPAC opened in November 2008. The center was built and is owned by the City of Durham, and is operated by the venue management firm PFM (Professional Facilities Management), in partnership with the Nederlander Organization. PFM operates other regional performing arts centers, including facilities in Rhode Island, Massachusetts, Connecticut, Illinois, Florida, Maryland and Colorado.

The operating arrangement is that the management company bears all operating costs and risk (e.g., payroll, show costs, utilities, insurance) and regular maintenance and the City pays for capital improvements and major maintenance (e.g., roof replacement). The management company is paid a fee of \$125,000 per year plus annual increases (4%) and a \$65,000 annual fee plus annual increases (3%) for services performed at PFM's head office (e.g., programming, human resources) and retains 60 percent of any profits the Center produces. The remaining 40 percent is paid to the City. The City is not liable for any operating losses the Center may incur. In addition, the management company collects fees on each ticket sold, 50 percent of which is paid directly to the City for debt service and 50 percent of which is revenue for the center.

The City Council appoints a five-person advisory Oversight Committee to monitor the implementation of the operating agreement with PFM/Nederlander. PFM/Nederlander is required to report to the Oversight Committee every six months on the status of DPAC operations. The Committee then provides a written report to the City.

DPAC has an administrative staff of 25. The programming mix is dominated by Broadway (121 performances in 2011; 84 in 2010 and 2009) and other popular events (concerts, comedy, special events). It is not used by local arts organizations with the exception of the American Dance Festival, which is guaranteed seven weeks in the venue each year.

DPAC reported attendance of 414,056 in 2011.

Richmond CenterStage Richmond, Virginia



Richmond CenterStage is jointly owned by the City of Richmond and CenterStage Foundation, a 501(c)(3) private, nonprofit organization, and operated under contract by SMG. The Broadway provider is JAM Theatricals. Operations are handled by SMG and Richmond Performing Arts Center (RPAC, a subsidiary of CenterStage) pays the occupancy costs. The CenterStage Foundation raises \$500,000 annually, which is then matched by the City of Richmond. The \$1 million is then provided to RPAC to engage SMG, pay for occupancy costs and for operations of the building.

The mission is: *To promote an inspiring environment where performing arts will flourish and strengthen Richmond's cultural, social and economic vitality. To provide support and strengthen relationships among visual, performing and all cultural arts. To broaden audience participation through diverse and innovative programming*

and community engagement. To create transformational performing arts educational opportunities for students of all ages. To assist the development of strategies for new and enhanced performing arts venues and related real estate. To provide financial support for the operations of all Richmond CenterStage venues.

CenterStage partners with both producing and presenting performing arts organizations. Producing Resident Companies include performing arts partners who produce and perform their own programs, while Presenting Resident Companies bring diverse programs from across the country and beyond to CenterStage. The majority of Broadway and commercial presentations take place at the 3,600-seat Landmark Theater, while the smaller (1,800 seats) Carpenter Theatre is the venue of choice for Richmond's performing arts organizations.

Total attendance at the Carpenter Theatre is between 80,000 - 100,000; when the numbers from the Landmark Theater programming are included, the number goes up another 200,000-250,000.

Progress Energy Center for the Arts – The Mahaffey St. Petersburg, FL



The Mahaffey Theater is a donor-funded, community-led performing arts center focused on presenting the finest performing arts experiences to all segments of the community. Its mission is: *The Mahaffey Theater serves as the focus of a revitalized and growing downtown area. Its programming provides cultural nourishment to the community, serves as an economic stimulus attracting patrons and event organizers to the City, educational experience and enrichment through its Class Acts offerings and similar programs, and an incomparable community resource to local non-profit and emerging enterprises. In addition, we serve as a capable and willing collaborator to other major and community institutions, allowing them to leverage their efforts and enhancing the quality of life for the citizens of the City of St. Petersburg.*

Progress Energy and the City of St. Petersburg recently entered into a 20-year partnership and renamed the facility Progress Energy Center for the Arts. Featuring both visual and performing arts, the Center includes the newly renovated Mahaffey Theater, the offices of The Mahaffey Foundation, the Center Plaza Waterfront Park and the new home of the Salvador Dali Museum.

The Mahaffey hosts national and international touring artists in Broadway, classical, pop, rock, comedy, dance, and family performances. It is also one of the regular performance venues for the Florida Orchestra.

The owner is the City of St. Petersburg, who is responsible for the occupancy costs. Real estate developer, music producer and Big 3 Entertainment Chairman and CEO Bill Edwards officially took over management on September 1, 2011 following three years of operation by SMG. Big 3 aims to reduce the amount the City of St. Petersburg has had to contribute to operations by increasing the number of shows presented by the Mahaffey rather than simply relying on pure rentals. Bill Edwards Presents, sister company to Big 3, will sponsor 24 events. Meanwhile, the Mahaffey Theater Foundation Inc. – or the “M Foundation” – will raise money to support the theater.

Attendance for the building in fiscal year 2011 was 143,000 – but this was the transition year from SMG operating the facility to the new operator, Big 3. In fiscal year 2010, total attendance was 165,000 and in fiscal year 2009 it was 177,000.

Citi Performing Arts Center Boston, Massachusetts



The Wang Center for the Performing Arts, Inc., dba Citi Performing Arts Center, is New England’s largest cultural venue. A private, non-profit 501(c)3 organization, it manages and operates the Wang Theatre, the Shubert Theatre and the Colonial Theatre. The Wang Theatre is leased from Tufts Medical Center, Boston, MA. The Shubert Theatre is leased from the Shubert Organization in New York, NY. The Colonial Theatre is owned by Emerson College in Boston, MA.

Citibank and MSG Entertainment are key institutional partners and Citi Performing Arts Center considers these partnerships groundbreaking in the nonprofit arts sector, creating financial stability, while attracting thousands of new and diverse audiences.

Its mission is: *Citi Performing Arts Center is dedicated to providing high-quality, diverse and culturally relevant arts and entertainment and arts education programming. As a nonprofit institution, it is committed to KEEPING LIFE COLORFUL for New England residents*

and visitors by inspiring a greater appreciation for the performing arts through educational outreach, public programming and community partnerships.

As manager of multiple theaters, Citi Center shifts the bulk of its Broadway programming between the Wang and Shubert, depending on which space better suits the projected popularity of the production. MSG Entertainment (MSGE), the live entertainment arm of Madison Square Garden, has an exclusive co-booking agreement with Boston's Citi Performing Arts Center Wang Theatre.

In July 2012 Citi Performing Arts Center assumes operations of the Colonial Theatre as well, with a booking agreement with Broadway Across America.

GPAC Activity Profile

The Current Situation: War Memorial Auditorium

Total use of and attendance at the War Memorial Auditorium has declined over the past decade; sharply so since 2006 (see Figures 1 & 2).

War Memorial Auditorium had 133 use days in 2011, 30% of which were non-audience (rehearsals, load-ins, etc.) days. This figure is down from previous years, and in fact the 10-year average (2002-2012) is 175 use days. There are more than 70 different, regular users of the facility including national touring shows, Symphony, family shows, graduations, talent competitions, dance recitals, conventions and meetings, lectures and theatrical presentations among others. Rental charge is the greater of \$2,500.00 minimum rental fee vs. 12% of gross admission receipts after taxes, allowing for a co-promotion or 'split' with promoters on more profitable shows, while mitigating their risk on shows that may not sell as well.

Use Projections for a New, Downtown Venue

In assessing the projected activity in a new facility, the growth from current use of the War Memorial Auditorium is largely in the categories of touring shows, including Broadway (Figure 3). Total Use Projections reflect a 75% increase over current WMA activity (Figure 4).

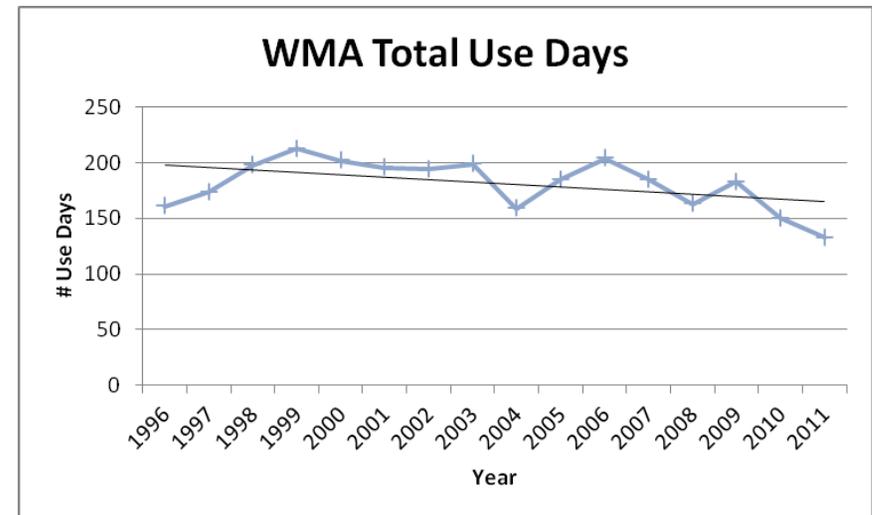


Figure 1: War Memorial Auditorium Use Days Over Time

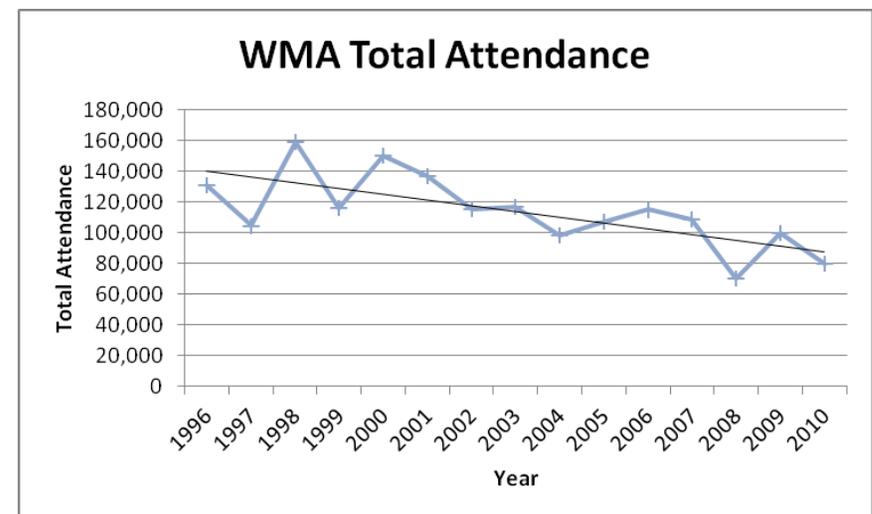


Figure 2: War Memorial Auditorium Attendance Over Time

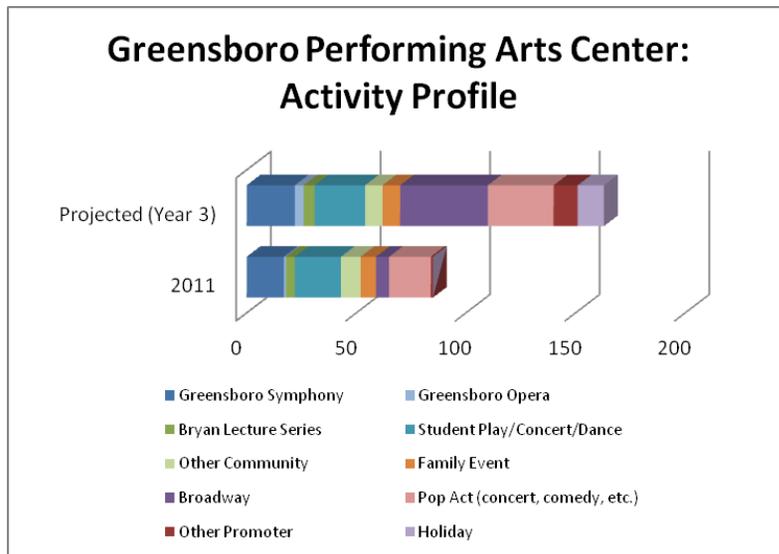


Figure 3: GPAC Use Projection by Category

Estimates for touring product were derived through conversations with regional and national promoters, and then benchmarked against six communities of comparable population size (see Figure 5).

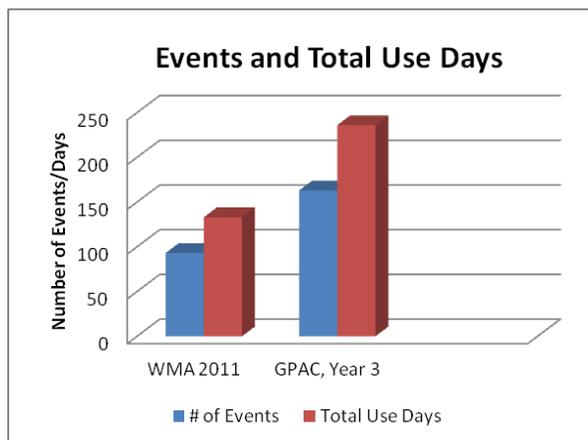


Figure 4: Comparison of Use Days and Public Events

City	Population	Venue	Number of Broadway Performances (2010)	Number of Broadway Performances (2011)	Concerts (2011)
Schenectady, NY	852,293	Proctor's Theatre	80	51	1
Dayton, OH	831,173	Schuster PAC	59	32	5
Greensboro, NC	729,816	War Memorial Auditorium	21*	6*	11
Greenville, SC	656,013	Peace Center	53	24	18
Fort Myers, FL	619,668	Mann PAC	56	36	36
Des Moines, IA	581,699	Civic Center	88	85	41
Madison, WI	570,970	Overture Center	63	45	13

Figure 5: Touring Product Benchmarks

The activity profile below estimates 163 performance days in the new facility annually, with a total utilization of 236 days. This corresponds to 2011 figures at the War Memorial Auditorium of 93 and 133, respectively.

**Greensboro Performing Arts Center:
 Pro Forma Operating Model**

Activity Estimates

	Year 3: Base Operating Year			Total Attendance
	# of Events	Tickets Sold	Average Ticket price	
Broadway	24	2,100	\$ 50	
Broadway Blockbuster	16	2,800	\$ 65	
Symphony Orchestra	13	1,200	\$ 30	
Symphony Pops	4	2,500	\$ 30	
Symphony Schools	5	2,000		
Bryan Lecture Series	5	2,500	\$ 37	
Holiday Production	12	1,600	\$ 35	
Opera	4	1,400	\$ 45	
Student Play or Concert	12	1,500		
Dance Recital/Talent Competition	11	1,000		
Other Non Profit Uses	8	1,100		
Other Commercial Uses - Family	8	1,800	\$ 25	
Other Commercial Uses - Concert	30	2,500	\$ 45	
Other Commercial Uses	11	2,200	\$ 30	
TOTAL	163			319,500

Figure 6: Uses, Attendance & Ticket Price Estimates by Genre

Based on our analysis and feedback from the community, a new facility in Greensboro, unlike Durham, will have to accommodate local performing groups, touring Broadway and major concerts and events in roughly equal measure (see Figure 7).

Distribution of Activity (base year)

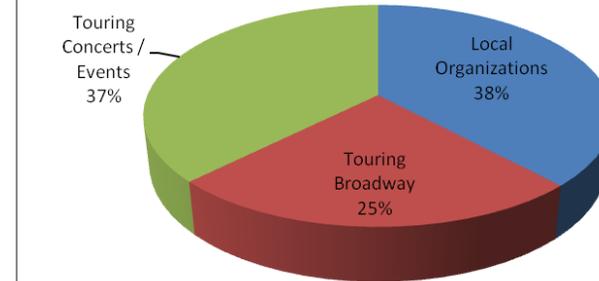


Figure 7: Distribution of Activity

Building Form and Size

As suggested by the activity profile, a new facility needs to be able to accommodate three discrete forms of presentations:

- Local Arts Organizations. Seating capacity of 1,500 to 2,500; typically in a lyric-style facility. Modest seating capacity is often complemented by high aesthetic values and investment in natural (as well as amplified) acoustics.
- Touring Broadway. Seating capacity of 2,000 to 3,000; accommodated in either a lyric-style theater or roadhouse with proscenium opening between 40' and 50' wide.
- Concerts, events and spectacles. Promoters suggested a minimum capacity of 3,200 and capacities as high as 4,000 for these events.

AMS has reviewed the concept design developed by the Coliseum Complex and agrees with the general approach for a venue design that allows flexible configurations and is of sufficient capacity to be economically viable for touring shows. However, the current proof-of-concept as prepared by Rosser Architects requires further development to address issues with sightlines for touring theatrical productions and local performances. In addition, the provision for theater equipment and acoustical accommodations should be studied further. Review by AMS's theater consultants' Stages, identified a number of areas for future study. As a concept design, details of audience and performer amenities are not yet detailed, and these factors will figure significantly in the facility's ultimate success and should be planned accordingly as the design advances.

AMS engaged Venue, a national cost consulting firm specializing in the performing arts, to review projected design and construction costs for the project concept prepared for the Coliseum Complex by Rosser Architects and Skanska. It is our understanding that these estimates were based on actual experience in development of the Durham Performing Arts Center. This initial review identified several areas requiring further investigation. While recognizing a strong commitment locally to tight management of development projects, we note that certain finish levels, many typical contingencies and other owner-related costs are excluded from the project budget and the comparison to DPAC. In addition, a survey of projects nationally places the projected costs per square foot at the lowest end of the range of recent projects. Further adjustments may be required as areas noted above are addressed and mark-ups are applied to total costs. This detailing is typical as a project moves from concept to actual design.

Operating Pro Forma

Based on the activity profile, research into comparable facilities and our experience with similar venues, AMS prepared the operating pro forma estimate found in Appendix 6.

The report assumes operation by the Greensboro Coliseum Complex but on a downtown location. As such, the model does include site personnel, but not management and overhead personnel or typical central office services such as accounting, HR, and IT. Rental rates, box office and other chargebacks and related policies are consistent with current practice. Facility size assumptions are based on the square footage provided by the conceptual design developed by the Coliseum Complex architects.

The five-year model contains the following escalations and assumptions:

- Expenses escalate 3% annually; non-activity based revenues escalate 3% bi-annually.
- Rental rates increase 3% annually
- Salaries escalate 3% annually; fringe benefits rate for full-time employees is 33%
- For commercial activity (Broadway, concerts, holiday events, etc.) the stated rental rates are a base only; renters pay the greater of this rate or 12% of ticket sales (9% negotiated for Broadway blockbuster).
- Patrons pay a per-ticket facility preservation fee of \$1.00; this is waived for family and youth programming. The re-

sulting revenue is offset by expense for annual repair and replacement.

- Ticketing services are outsourced under a contract similar in nature to the current Coliseum contract.
- At this level of planning AMS includes a 5% expense contingency

In presenting financial results, we focus on the third year post-opening as a base, stable year of operation. In year 3, the Greensboro Performing Arts Center has an operating budget of approximately \$1.7 million, with operating revenues of \$2.3 million, with net results of \$575,000 to contribute to Coliseum overhead expenses.

Greensboro Performing Arts Center: Pro Forma Operating Model	
SUMMARY PRO FORMA	Base Year (in 000s)
EARNED REVENUES	
Rental Income	\$1,277
Concessions	\$115
Preservation Fee	\$142
Ticketing Fee/Rebate	\$708
Other Operating Revenue	\$40
TOTAL EARNED REVENUES	\$2,281
OPERATING EXPENSES	
Administration	\$236
Marketing	\$125
Box Office	\$80
Theater Operations	\$253
Plant Operations	\$795
Other Expenses (includes Annual Repair & Replacement)	\$142
Expense Contingency	\$74
TOTAL OPERATING EXPENSES	\$1,705
OPERATING RESULT	\$577

Economic Impact Summary

In assessing the potential economic and community impact of a new performing arts center downtown, AMS used marketplace input from the community survey, case studies from recently completed facilities of a similar nature, and a 'regional input-output model' (RIMS) developed especially for the arts, and calibrated to Greens-

boro, by Americans for the Arts to calculate financial impact from construction and operations of a new center. Please see Appendix 7 for the complete Economic Impact Report.

Community Impact

A. Marketplace Input

Marketplace input regarding the perceptions of the arts and cultural market in Greensboro indicated that were limitations to the choices for arts and cultural programming available in Greensboro currently. 75% of survey respondents indicated that they wished there were more choices for arts and cultural programming in Greensboro. Similarly, the top five genres that survey respondents felt should be featured in the proposed GPAC (Broadway musicals, non-musical stage plays, classical music, jazz and popular music concerts) were some of the top genres that people attended outside of Greensboro. Survey respondents typically have a full meal or a drink at a bar or pub in association with their attendance at an arts and cultural activity. By providing arts and cultural activities that are missing in the marketplace, GPAC can help Greensboro retain more of this ancillary spending by audiences elsewhere and thereby increase the potential economic impact of this center.

B. Literature Review & Case Studies

From our literature review and case studies, it is evident that performing arts centers are substantial contributors to the overall viability of their cities. They are catalysts for development and investment downtown as well as key drivers of “cultural vitality.” Beyond the primary benefits of increased quality and diversity in cultural opportunity, evidence and expert opinion suggest that performing

arts centers encourage significant improvement in a range of public benefits — from a more vital downtown to improved quality of life; from increased year-round residential presence to the attraction and retention of a creative workforce for the region.

- The activity of the Overture Center, its resident companies and the spending by their audiences and visitors support 1,471 full-time equivalent jobs; generate \$26.39 million in household income to local residents; and return \$4.47 million in local and state government revenue annually.
- Omaha Performing Arts had a substantial economic impact on Douglas County during 2011. The overall economic impact on the city was \$31.58 million. This impact included \$9.22 million in labor income paid to an estimated 398 workers employed either by OPA or at businesses throughout the Douglas County economy.
- The Durham convention and visitors Bureau has estimated the Durham Performing Arts Center (DPAC) attracted over \$27 million in direct visitor spending and generated an overall impact (value added) to the Durham economy of \$24.3 million in FY 2009-10. The total local tax revenues generated were approximately \$1.2 million.

The Economic Impact of a Proposed Facility in Downtown Greensboro

The capital construction impacts¹ were calculated based on the estimates that AMS provided to Americans for the Arts of (1) a 60/40 split between labor and materials, and (2) a 35/65 split of materials purchased locally vs. non-locally. Total capital construction costs are projected to be \$50,000,000² for the construction of the Greensboro Performing Arts Center. It is expected that this project would have a one-time impact of full-time equivalent jobs of 1,277 with a total household income paid to residents of \$28,575,000. Revenues generated to local government by the construction project are estimated to be \$1,116,000 and revenues generated to state government are estimated to be \$1,715,000.

The Greensboro Performing Arts Center and its audiences and visitors are estimated by AMS Planning & Research Corp. and the Americans for the Arts to be a significant economic force in Greensboro and Guilford County with direct spending of \$7.3 million exclusive of ticket purchases and spending by touring companies and local arts groups. This direct spending – \$1.7 million by GPAC and an additional \$5.6 million in event-related spending by its audiences and visitors – supports 268 full-time equivalent jobs. The activity of the organization and the spending by its audiences and visitors generate \$4.7 million in household income to local residents, and delivers \$737,000 in local and state government revenue annually.

¹ A one-time impact

² Our review of current design and cost estimates provided by the Coliseum Complex suggests this figure could be \$60 million

The above figures use a conservative estimate of \$19.45 in additional spending based on research conducted of participation in *all* arts and cultural activities in Guilford County as calculated by Americans for the Arts in *Arts and Economic Prosperity IV*. Research suggests that when limited to performing arts center attendance, the per capita spending can be considerably higher, and a survey of the Greensboro community suggests that additional spending could be as high as \$63.04. Additionally, these figures do not include the additional economic impact of the presence of touring shows and artists in the community; quantified at as much as \$6.5 million in additional benefit as calculated by the Broadway League.

Finally, it is important to consider the non-direct economic and community benefits for a new facility downtown. These include expanded arts, cultural and entertainment offerings for Greensboro citizens, increased regional competitiveness and civic pride, the ability to attract and retain “knowledge workers,” and additional property tax revenue and growing tax rolls from development in the area instigated by the new arts center.

Appendices

Appendix 1: Market Analysis

Appendix 2: Competitive Analysis

Appendix 3: Leadership Interview Summary

Appendix 4: Community Survey Report

Appendix 5: Comparable Facilities Case Studies

Appendix 6: Operating Pro Forma

Appendix 7: Economic and Community Impact Report