FARGO PERFORMING ARTS CENTER

FARGO, NORTH DAKOTA

UPDATE TO 2015 FEASIBILITY ANALYSIS | 2019

JLG architects

HVS

Mr. Michael Redlinger
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Dear Mr. Redlinger:

Provided in this document is a synthesis of the work completed by the 2019 Fargo Performing Arts Center (PAC) Task Force. This document serves as an update to the 2015 Fargo Performance Center Feasibility Analysis; primarily documenting the work completed by the re-engaged Fargo PAC Task Force and confirming that the general interest, commitment and market viability found in 2015 remains and is only more viable in 2019.

JLG Architects, and HVS Convention, Sports and Entertainment Facilities Consulting certifies that we have no undisclosed interest in the properties studied, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Thank you for the opportunity to revisit this incredible effort. The City of Fargo has many great projects in progress. The consideration of this one-of-a-kind endeavor remains exciting to imagine the opportunities it would be bring to the community and region. It will be a game changer.

It is a pleasure working with you and your team. We look forward to the evolution of this project.

Sincerely,
JLG Architects

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1.0 INTRODUCTION TO 2019 FEASIBILITY ANALYSIS UPDATE

Updated Feasibility Study 2015 | 2019

In early 2019 the City of Fargo commissioned a local task force to re-engage in the discussion of the Fargo Performance Center. The primary charge of the task force was to revisit the 2015 Fargo Performance Center Feasibility Analysis to verify that market viability of the perspective project remained in 2019. Additionally, with the time elapsed from the previous study and the immense City-wide development, the 2019 Fargo Performing Arts Task Force was also charged with confirming the site selection, surveying new and existing stakeholders, updating the proposed project development costs to future escalated costs and discussing prospective financing and fundraising options.

2015 STUDY

Original study conducted in the spring of 2015

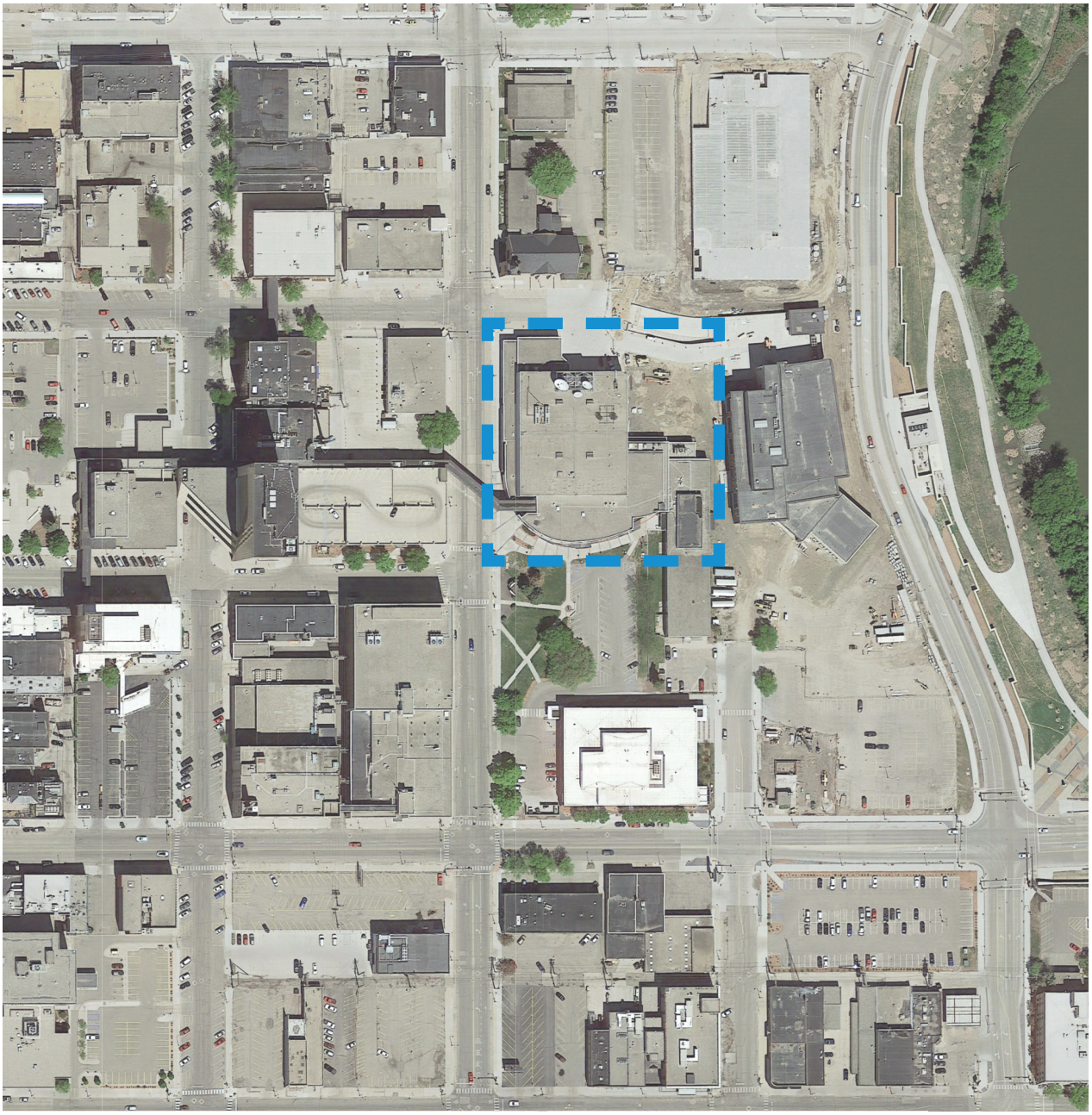
- Analyzed market for a performance center
- Interview stakeholders
- Evaluated alternative building programs
- Projected event demand
- Analyzed financial operation
- Provided project costs estimates
- Recommended and approach to financing
- Estimated economic impact

2019 UPDATE

Revisited 2015 study in 2019 to confirm market viability remained

- Additional site considerations, verified site selection
- Surveyed new and existing stakeholders
- Analyzed market for a performance center (2019 update)
- Projected event demand (2019 update)
- Analyzed financial operation (2019 update)
- Provided project costs estimates (2019 update)
- Caste study financing approaches
- Fargo specific financing approaches
- Recommended approachs to financing
- Preliminary fundraising discussions
- Estimated economic impact

AERIAL VIEW OF THE FARGO CIVIC CENTER - PROPOSED LOCATION FOR FUTURE FACILITY



2.0 USERS & STAKEHOLDERS VERIFICATION

2019 updated stakeholders survey description, questions and summary

2.0 USERS & STAKEHOLDERS VERIFICATION

In 2015, user and stakeholder engagement were the critical avenue to establish the appropriate project goals and proposed building program. The building goals and program was then utilized to propose building size, amenities, and operating cost, in order to accurately perform feasibility proformas and lastly to determine viability.

In 2019, for the update to the 2015 Feasibility Analysis, it was determined that the PAC task force would not be updating the previously established building program but would use that program to confirm viability remained in escalated construction cost.

To confirm the project continued to have community support from users and stakeholders, the 2019 PAC task force distributed a digital survey to both the 2015 stakeholder group as well as a new group of potentially interested parties.

In response to the survey, six existing stakeholders from the 2015 study responded and twenty-two (22) new individuals responded with comments and feedback. In summary, the feedback remained consistent with the responses of the 2015 interviews of stakeholders. A sample of comments received are noted below.

EXISTING STAKEHOLDERS:

- One indicated growing audiences
- Some new concerts series have been established since 2015
- Continued interest in Performance Center (if affordable)

NEW STAKEHOLDERS:

- Student and parents audiences
- High level of interest for school performances and graduations
- Emphasize the need for a multi-purpose venue
- Affordability is an issue raised by many respondents

2015 EXISTING USER AND STAKEHOLDER SURVEY GROUP INCLUDED:

- Jade Presents
- Fargo/ Moorhead Opera
- Fargo/Moorhead Symphony Orchestra
- Jam Theatricals
- Haney School of Dance
- Red River School of Dance
- Arts Partnership
- Theater B
- Fargo/Moorhead CVB
- Downtown Community Partnership
- Fargo/Moorhead Economic Development Corporation
- Fargo/Moorhead/West Fargo Chamber of Commerce
- Kilbourne Group
- Fargo/Moorhead Community Theater
- Trollwood Performing Arts School
- Scheels Arena
- Fargo Theater
- NDSU: Festival Concert Hall, Beckwith Recital Hall, Arkanase Auditorium, Walsh Studio Theater
- MSU Moorhead: Hanson Theater, Gaede Stage, Weld Hall, Fox Recital Hall
- Concordia College: Memorial Auditorium, Frances Frazier Cornstock Theater, Recital Hall

2019 NEW USER AND STAKEHOLDER SURVEY GROUP INCLUDED:

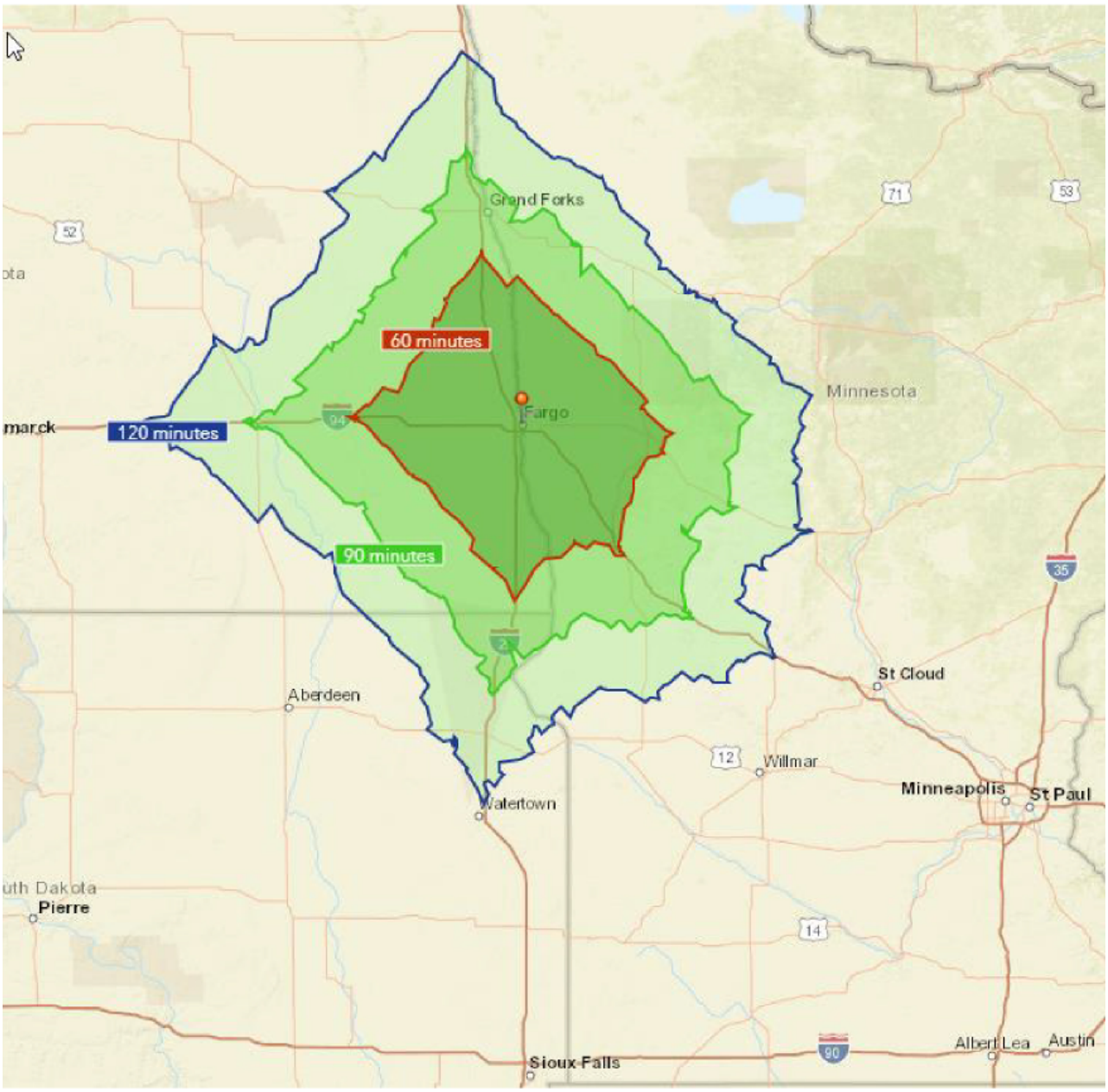
- City of Fargo
- City of Moorhead
- City of West Fargo
- Fargo Public Schools
- Moorhead Public Schools
- West Fargo Public Schools
- NDSU
- MSU Moorhead
- Concordia College
- Fargo Moorhead Area Youth Symphonies
- Fargo Moorhead Ballet
- Fargo Moorhead Choral Artists
- Lake Agassiz Concert Band
- Jam Productions
- Jam Productions
- Gate City Bank Theatre - FargoDome
- Fargo Moorhead Community Theater
- Fargo Moorhead Community Theater

*Note, PAC task force members also did send the survey to additional perspective users and stakeholders

3.0 2019 VERIFICATION OF MARKET & PROJECT VIABILITY

Drive time analysis Fargo-Moorhead venues, regional venues, suitability analysis, event demand, financial operations, spending

DRIVE TIME ANALYSIS



*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 2.3

DRIVE TIME POPULATION AND INCOME

Market	Population			Median Household Income ($)		
	2015	2018	% Change	2015	2018	% Change
Fargo MSA	231,285	251,294	8.7%	54,406	58,165	6.9%
60-minute drive time	278,205	322,211	15.8%	52,730	57,535	9.1%
90-minute drive time	462,331	513,285	11.0%	51,339	56,229	9.5%
120-minute drive time	622,603	687,207	10.4%	50,962	55,500	8.9%

*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 2.4

FARGO/MOORHEAD VENUES CAPACITY AND USES

Venue	Location	Seating Capacity	Typical Event Types / Users
FARGODOME	Fargo	3,200 - 19,000	sports, tradeshows, concerts, assemblies, theater
Scheels Arena	Fargo	4,000 - 5,500	sports, trade shows, concerts
Memorial Auditorium	Moorhead (Concordia)	1,800 - 7,000	sports, Concordia programs
Fargo Civic Center	Fargo	1,500 - 3,000	sports ,concerts
Bluestem Center for the Arts *	Moorhead	3,000	Trollwood programs, concerts
Festival Concert Hall	Fargo (NDSU)	990	NDSU programs, symphony, opera
Fargo Theatre	Fargo	900	films, concerts, assemblies
Hanson Theater	Moorhead (MSUM)	850	MSUM programs, recitals
Francis Frazier Cornstock Theater	Moorhead (Concordia)	400	Concordia programs
Askanase Auditorium	Fargo (NDSU)	380	NDSU programs
The Stage at Island Park	Fargo	330	community theater
Gaede Stage	Moorhead (MSUM)	322	MSUM programs, theater
Weld Hall**	Moorhead (MSUM)	275	MSUM programs, classes
Christiansen Recital Hall	Moorhead (Concordia)	250	Concordia programs
Beckwith Recital Hall	Fargo (NDSU)	200	NDSU programs, recitals
Fox Recital Hall	Moorhead (MSUM)	120	MSUM programs, classes
Theatre B	Moorhead	72	professional theater
Walsh Studio Theater	Fargo (NDSU)	black box	NDSU programs

*Outdoor amphitheater with fixed and lawn seating

** State provided $628,000 for renovation of Weld Hall in 2018.

*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 2.12

COMPARABLE REGIONAL VENUES

Name of Venue	Location		Year Opened or Renovated	Seating Capacity
Paramount Theatre	Cedar Rapids	IA	2012	1,690
Adler Theatre	Davenport	IA	2006	2,400
Globe News Center	Amarillo	TX	2006	1,300
Clay Center	Charleston	WV	2003	1,883
Fox Cities Performing Arts Center	Appleton	WI	2002	2,072
Orpheum Theatre	Sioux City	IA	2001	2,459
Washington Pavilion	Sioux Falls	SD	1999	1,900
Lied Center for Performing Arts	Lincoln	NE	1990	2,000
Alberta Bair Theatre	Billings	MT	1987	1,410
Chester Fritz Auditorium	Grand Forks	ND	1972	2,384
Centennial Concert Hall	Winnipeg	MB	1968	2,305

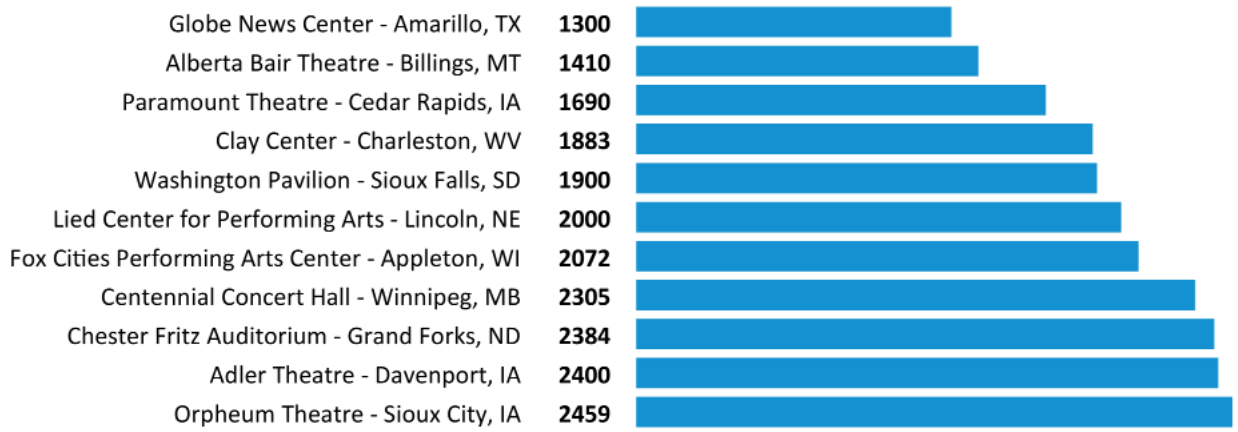
*DIAGRAM FROM 2015 FEASIBILITY ANALYSIS - SECTION 4.1

TENANTS OF COMPARABLE VENUES

Name of Venue	Symphony	Opera	Ballet	Broadway Series	University
Orpheum Theatre	✓			✓	
Adler Theatre	✓			✓	
Chester Fritz Auditorium					✓
Centennial Concert Hall	✓	✓	✓		
Fox Cities Performing Arts Center	✓			✓	
Lied Center for Performing Arts	✓				✓
Washington Pavilion	✓				
Clay Center	✓			✓	
Paramount Theatre	✓	✓		✓	
Alberta Bair Theatre	✓			✓	
Globe News Center	✓	✓	✓	✓	

*DIAGRAM FROM 2015 FEASIBILITY ANALYSIS - SECTION 4-3

COMPARABLE REGIONAL VENUES



*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 4.4

SUITABILITY ANALYSIS

2018 Total Population	
Charleston	783,132
Davenport	386,682
Lincoln	337,054
Cedar Rapids	276,375
Amarillo	271,627
Sioux Falls	268,153
Fargo	**251,294**
Appleton	240,427
Billings	177,338
Sioux City	174,546
Grand Forks	107,051

2018 Median Household Income ($)	
Appleton	64,776
Cedar Rapids	61,956
Sioux Falls	60,572
Fargo	**58,165**
Charleston	57,905
Lincoln	57,277
Billings	55,314
Sioux City	53,950
Grand Forks	53,948
Davenport	53,497
Amarillo	52,495

2018 Median Age	
Davenport	40
Billings	40
Appleton	39
Cedar Rapids	39
Sioux City	38
Charleston	37
Sioux Falls	36
Amarillo	36
Lincoln	35
Grand Forks	34
Fargo	**34**

SUITABILITY ANALYSIS (CONTINUED)

College Graduates	
Charleston	119,362
Lincoln	55,311
Davenport	47,997
Fargo	**44,157**
Cedar Rapids	40,401
Sioux Falls	40,101
Appleton	34,781
Amarillo	28,928
Billings	26,424
Sioux City	17,475
Grand Forks	14,822

Entertainment Spending Index	
Charleston	97
Appleton	97
Cedar Rapids	97
Sioux Falls	95
Fargo	**94**
Billings	93
Lincoln	93
Davenport	90
Sioux City	89
Grand Forks	89
Amarillo	88

Theater Tickets	
Charleston	18,387,302
Davenport	8,842,683
Lincoln	7,996,493
Cedar Rapids	6,796,252
Fargo	**6,188,649**
Sioux Falls	6,186,104
Appleton	5,747,758
Amarillo	5,542,723
Billings	4,275,052
Sioux City	3,306,585
Grand Forks	2,390,302

SUITABILITY ANALYSIS (CONTINUED)

Rank	City	2018 Total Population	2018 Median Household Income ($)	2018 Median Age	College Graduates	Entertainment Spending Index	Theater Tickets	Weighted Destination Score
1	Charleston	1.00	0.89	0.91	1.00	1.00	1.00	0.967
2	Lincoln	0.43	0.88	0.97	0.46	0.96	0.43	0.690
3	Davenport	0.49	0.83	0.83	0.40	0.93	0.48	0.660
4	**Fargo**	**0.32**	**0.90**	**1.00**	**0.37**	**0.97**	**0.34**	**0.649**
5	Cedar Rapids	0.35	0.96	0.87	0.34	1.00	0.37	0.647
6	Sioux Falls	0.34	0.94	0.93	0.34	0.98	0.34	0.643
7	Appleton	0.31	1.00	0.86	0.29	1.00	0.31	0.629
8	Amarillo	0.35	0.81	0.94	0.24	0.91	0.30	0.591
9	Billings	0.23	0.85	0.84	0.22	0.96	0.23	0.555
10	Sioux City	0.22	0.83	0.89	0.15	0.92	0.18	0.532
11	Grand Forks	0.14	0.83	0.99	0.12	0.92	0.13	0.521

EVENT DEMAND ESTIMATES

- Assumed new opening year in 2022
- Four year ramp up to stabilization

	Opening			Stabilized
	2022	2023	2024	2025
Events				
Concerts & Entertainment	20	22	25	28
Touring Theater	10	12	14	16
Symphony	11	11	11	11
Opera	4	4	4	4
Ballet/Dance	10	10	10	10
Local Theater	20	25	30	30
Assemblies	7	8	9	10
Banquets & Social	32	36	41	45
Other	5	5	5	5
Total	119	133	149	159
Attendees				
Concerts & Entertainment	33,000	36,300	41,250	46,200
Touring Theater	20,000	24,000	28,000	32,000
Symphony	12,100	12,100	12,100	12,100
Opera	2,400	2,400	2,400	2,400
Ballet/Dance	3,500	3,500	3,500	3,500
Local Theater	2,000	2,500	3,000	3,000
Assemblies	7,000	8,000	9,000	10,000
Banquets & Social	4,800	5,400	6,150	6,750
Total	84,800	94,200	105,400	115,950

*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 6.4

FINANCIAL OPERATIONS

- Change from prior pro forma reflect impact of inflation on revenue and expenses.
- Used actual CPI to update
- Assumed 2.5% inflation in the projection period.

	Opening			Stabilized
	2022	2023	2024	2025
Revenue				
Theater Rental	$328	$369	$418	$463
Gross Ticket Sales	2,978	3,461	4,069	4,706
Facility Fee	139	160	185	211
Function Space Rental	25	29	34	39
Food & Beverage (Gross)	779	886	1,025	1,162
Event Services (Gross)	93	100	109	114
Novelty (Gross)	411	465	542	623
Advertising	116	119	122	125
Other Revenue	23	24	24	25
Total Revenue	$4,892	$5,613	$6,528	$7,467
Cost of Sales				
Promoter Costs	$2,680	$3,115	$3,662	$4,236
Food & Beverage Costs	545	620	717	813
Event Services Costs	79	85	92	97
Novelty Costs	328	372	434	498
Total Cost of Sales	$3,633	$4,192	$4,905	$5,644
NET OPERATING INCOME (LOSS)	$1,260	$1,421	$1,623	$1,823
Operating Expense				
Salaries & Benefits	$651	$668	$684	$701
Adminstrative & General	131	144	159	174
Contractual Services	72	80	90	100
Operations and Maintenance	121	136	155	174
Utilities	379	406	440	474
Total Operating Expense	$1,355	$1,433	$1,527	$1,624
Non-Operating Expense				
Management Fee	$116	$119	$122	$125
Capital Maintenance Reserve	147	168	196	224
Total Non-Operating Expense	$263	$287	$318	$349
TOTAL NET INCOME (LOSS)	($358)	($300)	($222)	($149)

*DIAGRAM FROM 2015 FEASIBILITY ANALYSIS - SECTION 7.9

GROSS DIRECT SPENDING

Gross Direct Spending by Source*

	2022	2023	2024	Stabilized Year
City of Fargo				
Delegate Overnight Spending	742,256	840,583	959,142	1,076,264
Daily Delegate Spending	2,052,709	2,303,523	2,618,812	2,931,055
Facility Revenue	845,400	931,284	1,043,351	1,146,971
Total	3,640,365	4,075,390	4,621,305	5,154,289

Stated in constant 2019 dollars.

VISITOR SPENDING UPDATE

Daily Spending Per Overnight Stay	Amount in 2019 dollars	$126.56
Hotel Average Daily Room Rate	$57.07	45%
Food services and drinking places	14.81	12%
Retail stores - general merchandise	8.91	7%
Transit and ground passenger transportation	7.15	6%
Performing arts companies	33.92	27%
Other personal services	4.71	4%
Total	$126.56	100%
Daily Spending Per Day-trip Visitor		**$69.49**
Food services and drinking places	$14.81	21%
Retail Stores - General Merchandise	8.91	13%
Transit and ground passenger transportation	7.15	10%
Performing Arts Companies	33.92	49%
Other personal services	4.71	7%
Total	$69.49	100%

Sources: Arts & Economic Prosperity IV, STR, and HVS

*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 6.4

TOTAL SPENDING IMPACT

Net Direct, Indirect, and Induced Spending*

	2022	2023	2024	2025	2026
City of Fargo					
Net Direct	3,308,885	3,704,300	4,200,495	4,684,948	4,684,948
Indirect	1,284,551	1,438,053	1,630,679	1,818,746	1,818,746
Induced	558,801	625,576	709,375	791,187	791,187
Total City of Fargo	5,152,237	5,767,930	6,540,549	7,294,881	7,294,881

*Stated in constant 2019 dollars.

4.0 SITE STUDY AND VERIFICATION

Comparison of sites with scorecard,
parking and walking distances

As part of the 2019 update to the 2015 feasibility analysis, the PAC task force was requested to study and review three prospective site locations. The three site locations studied were: the site currently occupied by the Fargo Civic Center, the current parking lot located south of Fargo City Hall at the corner of 1st Avenue and 2nd Street, and the current Mid America Steel site. This work was completed in collaboration with Bishop Land Design and the PAC task force. At the time of the site analysis, Bishop Land Design was working closely with the City on the design of the current and future Fargo Civic Plaza. With their study they had relevant insight into the future development of the potential sites. During the analysis, the process concluded that the parking lot south of City Hall, as well as, the Civic Center location were the most viable sites for further study. The scorecard and diagrams illustrate the approach the PAC task force utilized to analyze the sites and concluded that the Civic Center location is the recommend site.

SITE SCORECARD

	Site A	Site B
Adjacencies		
Parking	7	5
Skyway	9	3
Downtown Amenities	8	6
Walkability – Park Once	8	6
Civic Plaza	10	10
Accessibility		
Car Access	7	5
Service Access	8	4
Visibility/Presence	6	8
Economic Impact		
Construction Cost	8	6
Operations Cost	8	6
Downtown District	9	7
Development Catalyst	7	8
Technical/Logistics		
Physically Fits	8	6
Flood (Elevation)	7	5
Existing Constraints	8	6
Site Availability	6	8
Total	124	99

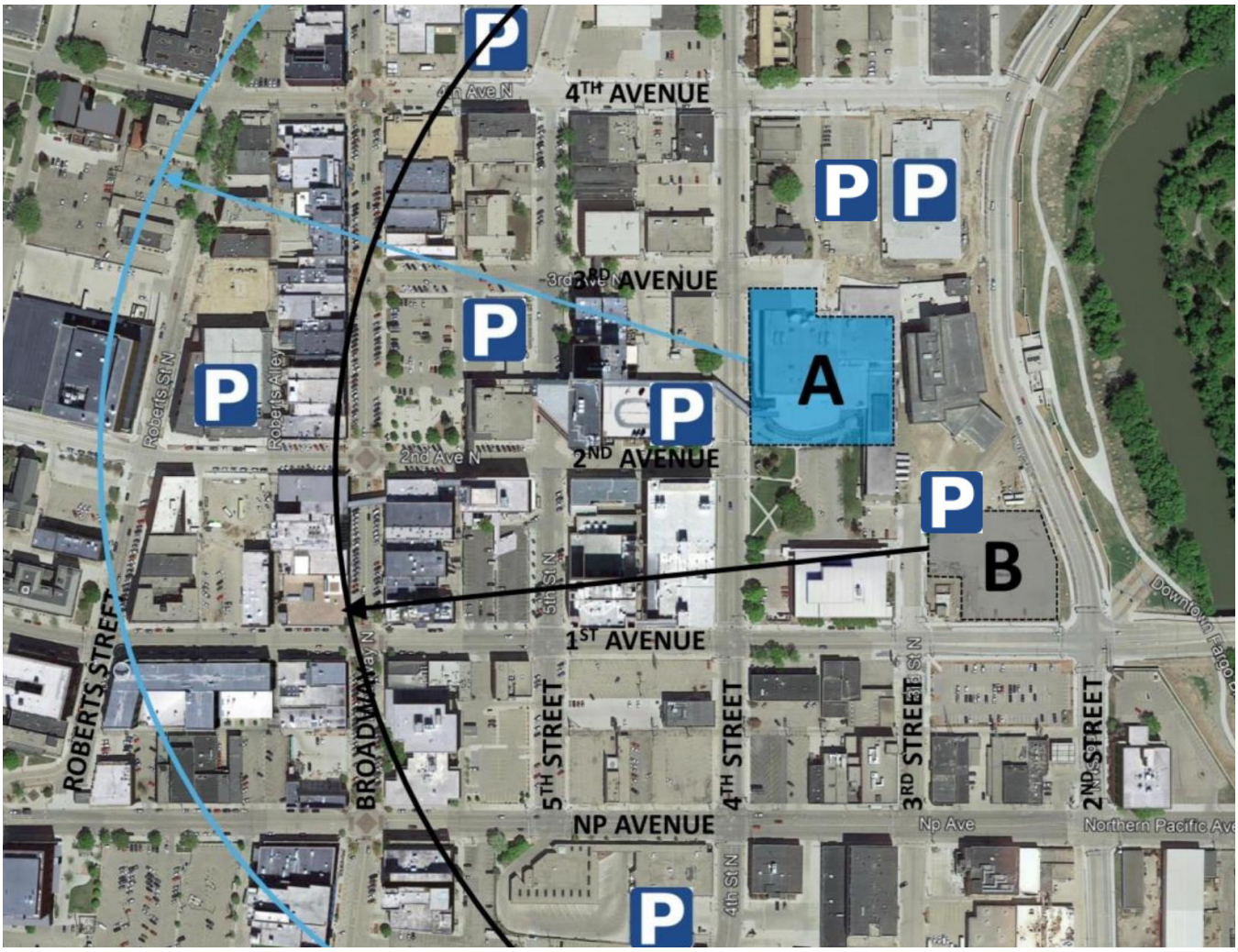
1 ---------- 5 ---------- 10

LOW RATING MEDIUM RATING HIGH RATING

PARKING & WALKING RADIUS

PUBLIC PARKING	DISTANCE	AVAILABLE PARKING	FACILITY SIZE
CIVIC CENTER RAMP	300 FEET	100	250
BLOCK 9 GARAGE	700 FEET	200	379
ROCO GARAGE	1,200 FEET	200	454
GTC GARAGE	1,200 FEET	150	185
CITY CENTER SURFACE	700 FEET	100	111
CITY HALL/LIBRARY SURFACE	200 FEET	149	149
PROPOSED MERCANTILE	1,350 FEET	200	370

EVENT STAFF PARKING		AVAILABLE PARKING	FACILITY SIZE
CITY HALL - INDOOR		50	80
CITY CENTER - INDOOR		60	110



SITE A SITE B

5.0 BUILDING PROGRAM & ESTIMATED DEVELOPMENT COSTS

Proposed building program and budget summary

FRONT OF HOUSE DETAILED PROGRAM

Level	Area	Quantity	Each sf	Net sf
1	Lobby - Orchestra (Main)	1	15600	15600
2	Lobby - Balcony	1	6000	6000
3	Lobby - Gallery	1	3200	3200
0-3	Elevator - Public	2	200	400
0	Elevator Equipment	1	48	48
0-3	Public Rest Room - Men	1	*28 fixtures*	963
0-3	Public Rest Room - Women	1	*44 fixtures*	1760
0-3	Janitor	3	48	144
1	Box Office	1	200	200
1	Box Office Will-Call Area	1	120	120
1	Box Office Manager	1	120	120
0	House Manager	1	120	120
0	Ushers' Room	1	180	180
1	Coat Room	1	550	550
0-3	Concession Areas / Bars	8	180	1440
0	Concession Storage	1	300	300
1	Catering Prep Area	1	600	600
0	Catering Storage	1	200	200
0-3	FOH Storage	2	200	400
1	Security Office	1	150	150
1	First Aid Room	1	150	150
2	Executive Director	1	180	180
2	Administration Offices	3	120	360
2	Copy Room	1	100	100
2	Conference Room	1	300	300
			Sub-total	33,585
			Gross factor	1.40
	FRONT OF HOUSE TOTAL			47,019

* FROM 2015 FEASIBILITY ANALYSIS - SECTION 5.8

HOUSE AND STAGE DETAILED PROGRAM

Level	Area	Quantity	Each sf	Net sf
1	House - Orchestra (Main)	1	13000	13000
2	House - Balcony	1	5000	5000
3	House - Gallery	1	4000	4000
1-3	Vestibules	12	80	960
1	Stage	1	2400	2400
1	Stage Wings	2	1280	2560
1	Stage Apron	1	480	480
0	Orchestra Pit	1	780	780
0	Orchestra Pit Access	2	600	1200
0	Trap Room	0	1200	0
1	House Audio Mix Position	1	200	200
2	Box Boom Lighting Positions	4	100	400
2	Control Room	1	240	240
3	Follow Spot Room	1	240	240
4	Catwalks	1	2880	*
5	Forestage Gridiron	1	4000	*
4	Stage Galleries	3	720	*
5	Stage Gridiron	1	4960	*
			Sub-total	31,460
			Gross factor	1.50
	HOUSE AND STAGE TOTAL			**47,190**

*PROGRAM FROM 2015 FEASIBILITY ANALYSIS - SECTION 5.9

BACK OF HOUSE DETAILED PROGRAM

Level	Area	Quantity	Each sf	Net sf
1	Green Room	1	750	750
1	Star Dressing Room	2	300	600
1	Principal Dressing Room	4	600	2400
2	Chorus Dressing Room	2	1200	2400
1	Janitor	1	48	48
1	Acoustic Shell Tower Storage	1	180	180
1	Piano Storage	1	96	96
1	Technical Director's Office	1	180	180
2	Production Staff Offices	4	120	480
1	Visiting Production Office	1	300	300
0	Crew Room	1	240	240
1	Loading Dock	1	300	300
1	Loading Area / Scenery Handling	1	600	600
1	Trash Room	1	150	150
0-2	Freight Elevator	1	360	360
0	Elevator Equipment	1	48	48
0	Production Storage	1	600	600
1	Wardrobe / Laundry	1	600	600
2	Lighting Dimmer Room	2	150	300
2	Lighting Storage	1	400	400
2	Audio Amps / Video Room	1	200	200
2	Audio / Video Storage	1	200	200
1	Rehearsal / Event Room	1	3000	3000
1	Rehearsal Vestibules	2	80	160
1	Rehearsal Storage	1	600	600
2	Rehearsal Control Room	1	200	200
3	Mechanical / Electrical Rooms	0	0	0
			Sub-total	15,392
			Gross factor	1.40
	BACK OF HOUSE TOTAL			**21,549**

*PROGRAM FROM 2015 FEASIBILITY ANALYSIS - SECTION 5.10

DEVELOPMENT COSTS

The work of the 2019 PAC task force did not include updating or modifying the proposed 2015 Feasibility Analysis building program of spaces. The program tables provided in this report are copies of the tables provided in the original 2015 report. The copied program is for reference of building size and is intended to be utilized to compare the suggested 2015 development cost with estimated development costs that have been escalated to the middle of the 2022 construction year. Escalation in building costs from year to year range based on economic and market nuances at a local, regional, national, and global level. Typically, the construction industry projects 3-4% annual inflation in industry costs. The range of low/medium to medium escalated development costs provided are suggested budget ranges from comparable facilities case studied in the region. Performing Arts Centers are developed in all types of sizes, shapes and costs. The development numbers provided are suggested values that align with the intent of the development costs proposed in the 2015 study and are aligned with the perspective cost of a facility of this caliber in the Fargo market.

	New Construction (2015 Study)	New Construction (2019 low/medium range)	New Construction (2019 medium range)
Demolition	$1,000,000	$1,000,000	$1,000,000
Unit Cost ($ per Sq Ft)	$360	$395.00	$435.00
Building Area (Sq Ft)	115,757	115,757	115,757
Renovation/Construction Cost	$41,672,520	$45,724,015	$50,354,295
Soft Costs and FF&E	16%	20%	20%
	$6,667,603.20	$9,144,803.00	$10,070,859.00
Owner Contingency	5%	10%	10%
	$2,083,626.00	$4,572,401.50	$5,035,429.50
Hazardous Material Removal	* $1,000,000.00*	$1,000,000.00*	$1,000,000.00*
Total Cost	$53,423,749	$62,441,220	$68,460,584
Total Project Cost Escalated to 2022		$68,685,341	$75,306,642
Skyway Allowance	4,000,000	4,800,000	4,800,000
Seating Wagon Option	2,700,000	3,200,000	3,200,000

*UPDATE TO 2015 FEASIBILITY ANALYSIS - SECTION 5.21

6.0 FINANCING & FUNDRAISING OPTIONS

The final effort completed by the 2019 Fargo PAC task force was the review and discussion of potential funding strategies and fundraising processes.

A specific strategy or funding mechanism was not proposed or agreed to as part of the 2019 feasibility update. Rather, at the preliminary feasibility stage, options were presented for discussion and feedback purposes.

To-date, the Fargo City Commission and the PAC task force have not committed to a formula, or balance, of City-backed funds relative to privately raised funds. To progress the discussion, Kent Costin, the City of Fargo Director of Finance, presented financing options to be considered for the project. Additionally, the city shared an overview of the financing models previously executed for the completion of other significant city building projects such as the new Fargo City Hall, the Fargo Public Library, and the Fargo Dome, among others. Below is an overview of the options for further consideration presented to the Task Force.

TAX EXEMPT FINANCING:

- Use of municipal tax exempt financing
- Provides lowest possible fixed interest rate
- Backed by City of Fargo financial stability

DEBT OPTIONS AVAILABLE:

- **General Obligation Debt – backed by property tax pledge**
  - Backed by full faith and credit of the City of Fargo
  - Total GO debt outstanding = $55,309,257*
  - Limited by NDCC to 5% of Cities assessed valuation
  - Legal capacity = $ 237,564,491*
  - Current capacity already consumed = $55,309,257 (23.3%)*
  - Generally requires a vote of the public to issue GO debt. Preferred location is in a renewal district. NDCC does not require public vote under this code section. Limited to 20 year amortization period.
  - Provides the lowest interest rate possible as secured by property tax authority
  - * - Source (2018 CAFR)
- **Revenue Debt – backed by cash reserves and dedicated revenue pledge**
  - Debt backed by dedicated revenue stream or streams
  - Typically requires a debt service fund reserve to assure payments
  - Higher risk and therefore, higher interest rate
  - Risk of default lies with the investor
  - Past Examples:
    - Sales tax revenue bonds used to fund the Fargodome construction with a 20 year authorization
    - Sales tax revenue bonds issued to fund Fargo Public Library
    - Sales tax revenue bonds issued to fund flood control projects
- **Annual Appropriation Debt – backed by our promise to repay bonds**
  - Backed by promise to repay debt
  - Slightly higher interest than GO debt
  - Can use longer amortization periods (25 years)
  - No requirement for public vote
  - Has been used in the past for Fargodome facility upgrades

PAST CITY OF FARGO PROJECTS

City Project	Cost	Funding Source	Financing Method
Fargodome	$52 million	Voter approved sales tax	Sales tax revenue bonds
Library	$13 million	Voter approved sales tax	Pay-go basis, not bonding
City Hall	$31 million	General Fund	General obligation bonding
ROCO Parking Ramp	$13 million	Parking Authority Revenues	General obligation bonding

COMPARABLE FACILITIES FUNDING METHODS

Facility	Cost	Size	Funding / Financing
Globe News Center – Amarillo, TX	$32 Million	1,300 seats	Majority private donations, City donated land and $1.8m, City established "TIRZ" tax increment reinvestment zone surrounding site
Fox Cities Performing Arts Center – Appleton, WI	$45 Million	2,100 + 450 seats 25,000SF lobby	Donations/Fundraising from local businesses, individuals and foundations ($45m), 14 cities in community dedicated $8m through hotel room taxes, City pledged 1% of lodging tax to cover operational needs, City designated site through its economic redevelopment authority and committed $4.2m towards site acquisition/preparation
Durham Performing Arts Center – Durham, NC	$48 Million	2,700 seats	Borrowed $33.7m through Certificates of Participation (COPs), Debt service payments on COPs are subject to annual appropriated by the city, Donations ($7.5m), Small sponsorships ($200,000)
Richmond CenterStage – Richmond, VA	$85.5 Million	1,800 + 200 seats + 80,000 SF	Grants from Commonwealth of Virginia ($8.5m), City of Richmond ($25m), Federal and State Historical tax credits ($18m), New Market credits ($2.5m), and other sources ($18m)
Washington Pavilion – Sioux Falls, SD	$30 Million	1,900 seats	1% city entertainment tax pays debt service on bonds, City contributes ($1.2m annually) towards operations in addition to $50,000 in state and federal grants, City pays capital improvements
Tanger Performing Arts Center – Greensboro, NC	$65 Million	3,000 seats	Public-private partnership: City committing ($30m) over 28 years through a portion of City's hotel tax revenue, ticket and user fees, and premium parking fees and the Community Foundation of Greater Greensboro ($35m)

PROSPECTIVE FUNDRAISING:

The PAC task force noted that community and private support of the proposed Performing Arts Center will be a critical component of the project's funding and development equation to implement a project. Initial discussion brought awareness that a two-part fundraising approach will be required to achieve success.

Phase 1 will need to be an ambitious locally-backed volunteer fundraising committee. A committee of five to seven volunteers inside and outside of the arts community, whom are connected to community partners, will be tasked with steering and leading the fundraising campaign. An eight week time frame is anticipated to establish and structure this committee.

The scale of the proposed project is anticipated to surpass the capacity and time obligation of local volunteers to raise the required project funds. Outside strategy development, and campaign consultation, is necessary to effectively guide the efforts of local fundraising volunteers and elected officials. The second portion of work- Phase 2 - will require partnership with a professional fundraising agency (or individual) that has experience and resources to strategically lead the development, and procurement process of funds. City Staff has taken the direction of the task force to reach out to fundraising agencies to garner further information to bring forward to the task force and City Commission for informed discussion.

Next steps for the project development will include the development of the local fundraising committee, a pre-design of the perspective project for refined budgeting and fundraising efforts, as well as the procurement of professional fundraising support.

JLG architects

HVS