

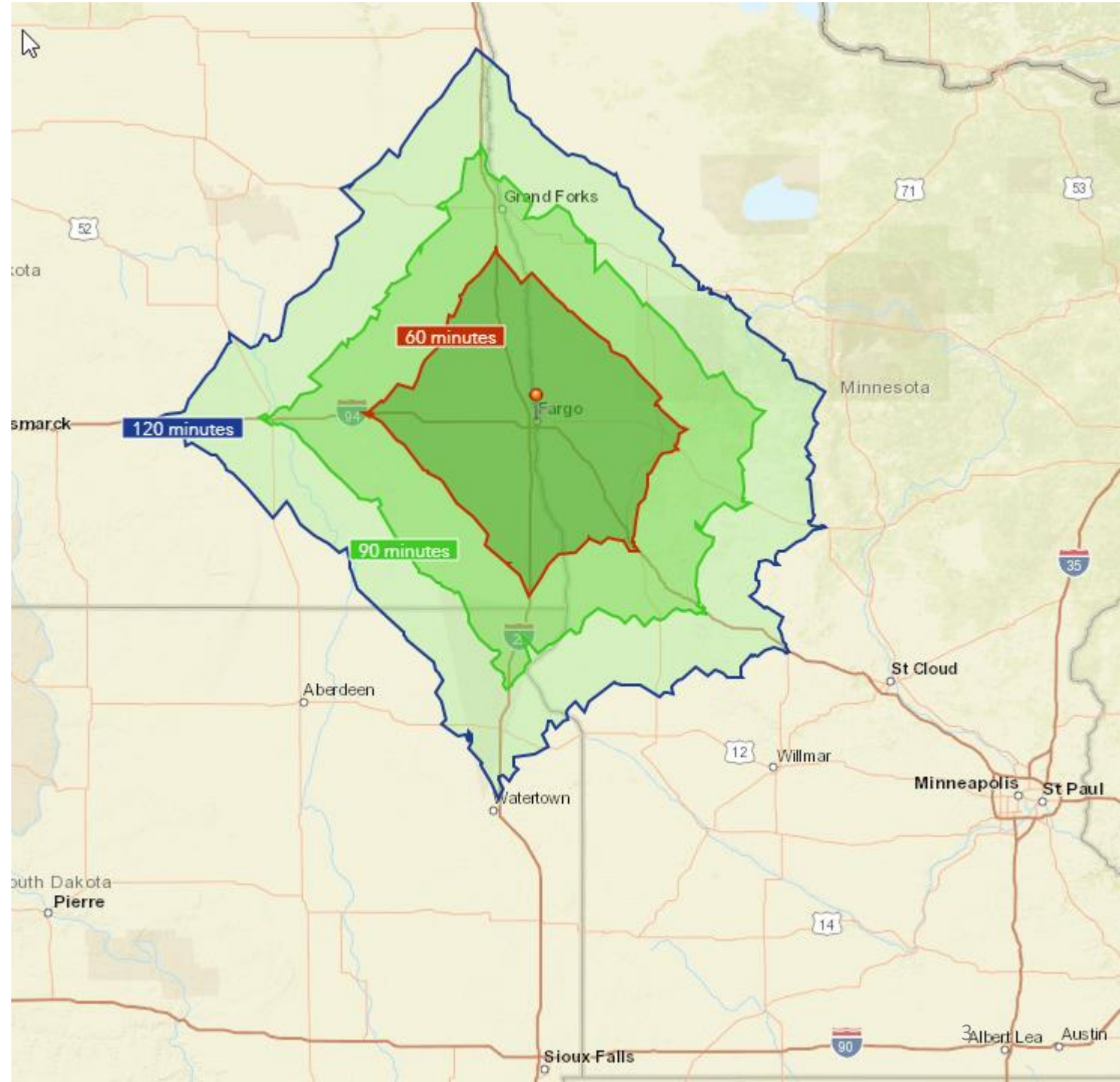


**Fargo Performance Center  
Market & Feasibility Study  
Update  
Fargo, North Dakota  
May 14, 2019**

# 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
  - Analysis financial operation
  - Provided project costs estimates
  - Recommended and approach to financing
  - Estimated economic impact

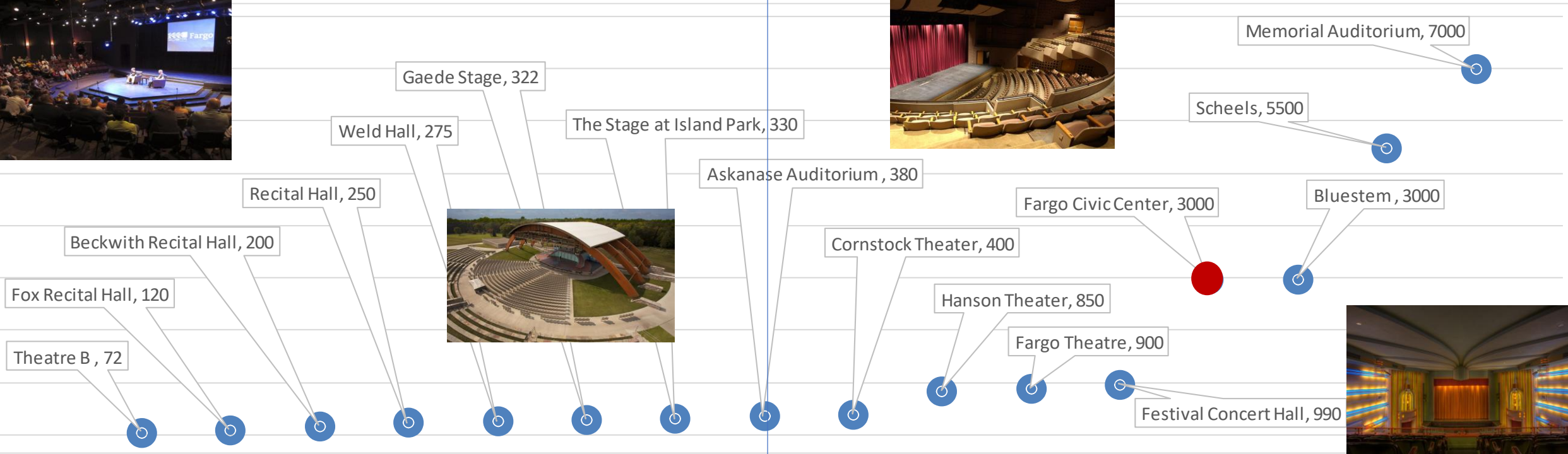
# Drive time analysis



# 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%

# Fargo-Moorhead Performance Venues



# Fargo/Moorhead Venues Capacity and Uses

Venue	Location	Seating Capacity	Typical Event Types / Users
FARGODOME	Fargo	3,200 - 19,000	sports, tradeshow, 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
Studio 6 (FMCT)***	Fargo	100	Summer education, performing arts camps
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.

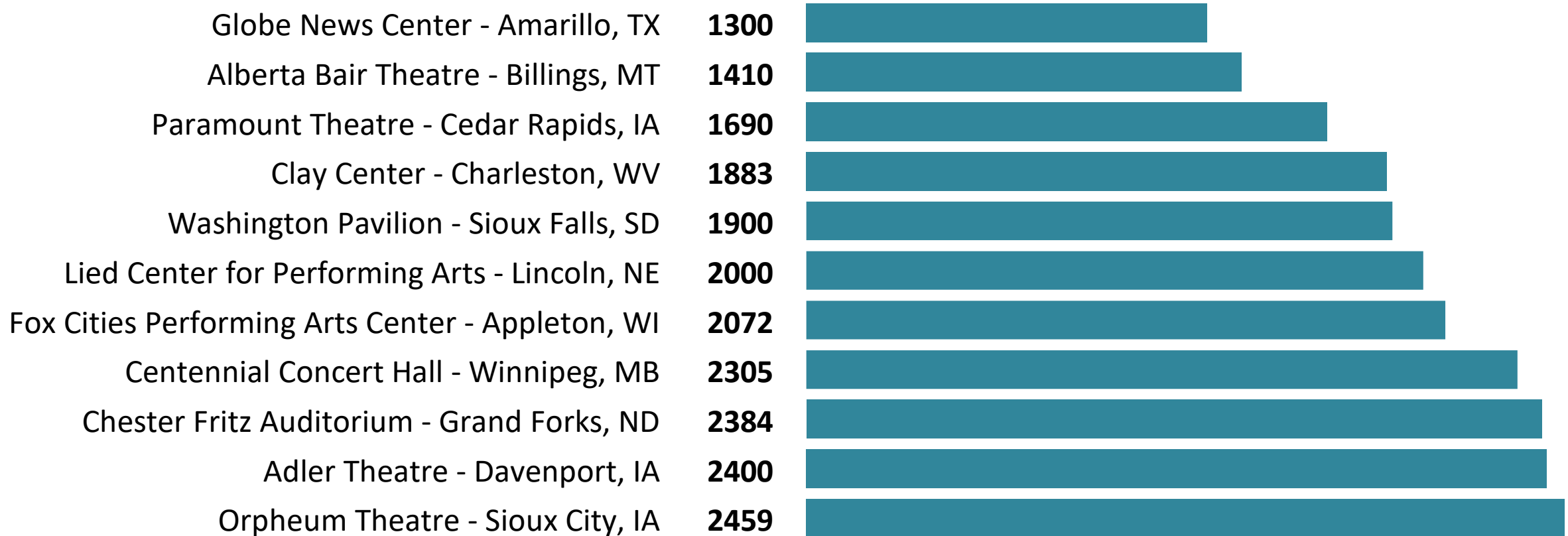
\*\*\*Expansion of FMTC programs (not included in 2015 report).

# 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

Sources: Respective Venues

# Comparable Regional Venues




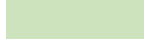


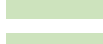








# Tenants of Comparable Venues


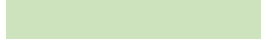


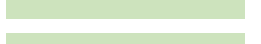

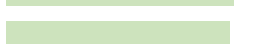




Name of Venue	Symphony	Opera	Ballet	Broadway Series	University
Orpheum Theatre	✓			✓	
Adler Theatre	✓			✓	
Chester Fritz Auditorium					✓
Centennial Concert Hall	✓	✓	✓		
Fox Cities Performing Arts Center	✓			✓	
Lied Center for Performing Arts	✓				✓
Washington Pavilion	✓				
Clay Center	✓			✓	
Paramount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

# Suitability Analysis


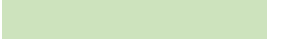


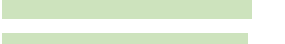

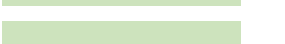




## 2018 Total Population

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

## 2018 Median Household Income (\$)

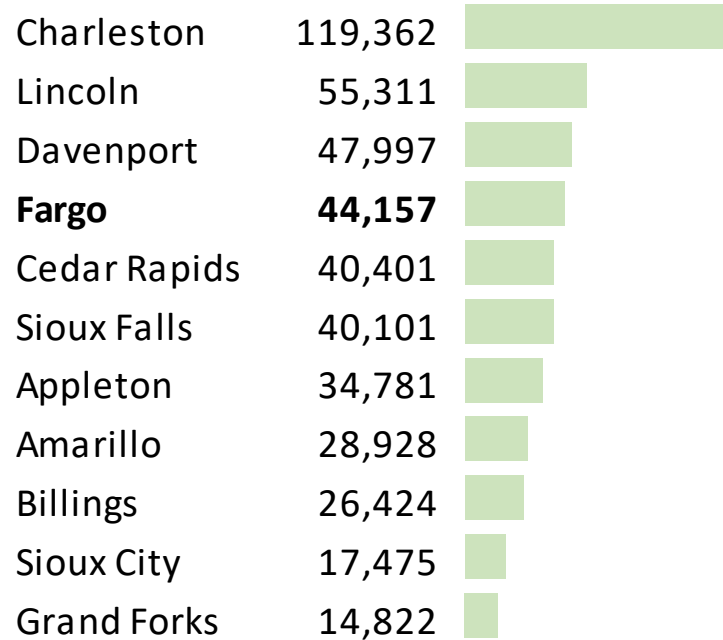
Appleton	64,776	
Cedar Rapids	61,956	
Sioux Falls	60,572	
<b>Fargo</b>	<b>58,165</b>	
Charleston	57,905	
Lincoln	57,277	
Billings	55,314	
Sioux City	53,950	
Grand Forks	53,948	
Davenport	53,497	
Amarillo	52,495	

## 2018 Median Age

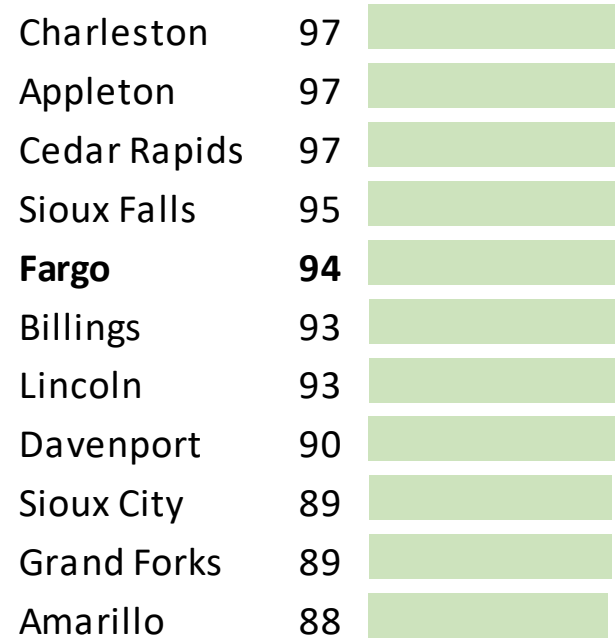
Davenport	40	
Billings	40	
Appleton	39	
Cedar Rapids	39	
Sioux City	38	
Charleston	37	
Sioux Falls	36	
Amarillo	36	
Lincoln	35	
Grand Forks	34	
<b>Fargo</b>	<b>34</b>	

# Suitability Analysis (continued)

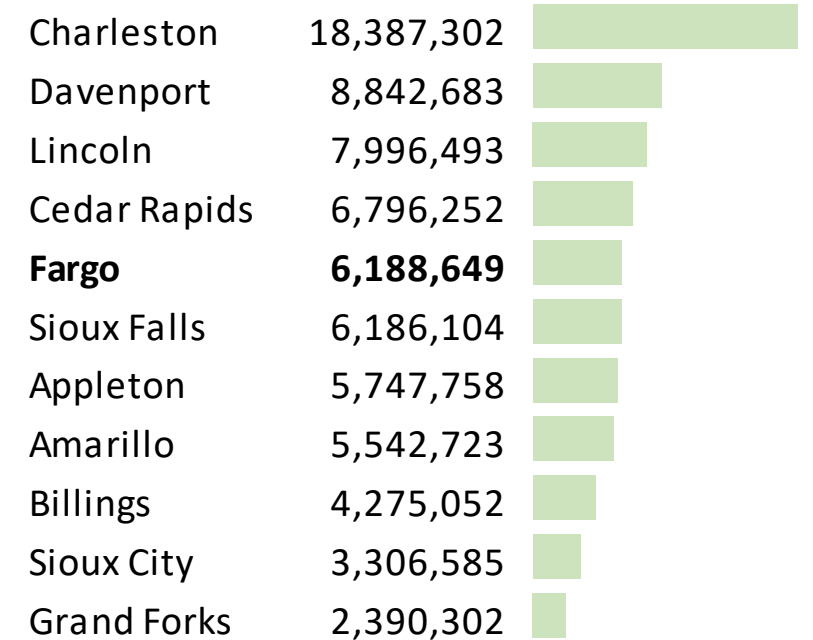
## College Graduates



## Entertainment Spending Index



## Theater Tickets



# Suitability Analysis (continued)

Rank	City	2018				Entertainm ent Spending Index	Theater Tickets	Weighted Destination Score
		2018 Total Population	Median Household Income (\$)	2018 Median Age	College Graduates			
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	<b>Fargo</b>	<b>0.32</b>	<b>0.90</b>	<b>1.00</b>	<b>0.37</b>	<b>0.97</b>	<b>0.34</b>	<b>0.649</b>
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

# Updated Survey Information

- Comments of Original Stakeholders (6 comments)
  - One indicated growing audiences
  - Some new concerts series have been established since 2015
  - Continued interest in Performance Center (if affordable)
- New Stakeholders (16 individuals, not organizations)
  - 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
- Responses consistent with 2015 interviews of stakeholders

# Event Demand Estimates

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












	Opening			Stabilized
	2022	2023	2024	2025
<b>Events</b>				
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
<b>Total</b>	<b>119</b>	<b>133</b>	<b>149</b>	<b>159</b>
<b>Attendees</b>				
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
<b>Total</b>	<b>84,800</b>	<b>94,200</b>	<b>105,400</b>	<b>115,950</b>

# 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.
- Assume public management rather than third-party management.

	Opening			Stabilized
	2022	2023	2024	2025
<b>Revenue</b>				
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
<b>Total Revenue</b>	<b>\$4,892</b>	<b>\$5,613</b>	<b>\$6,528</b>	<b>\$7,467</b>
<b>Cost of Sales</b>				
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
<b>Total Cost of Sales</b>	<b>\$3,633</b>	<b>\$4,192</b>	<b>\$4,905</b>	<b>\$5,644</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$1,260</b>	<b>\$1,421</b>	<b>\$1,623</b>	<b>\$1,823</b>
<b>Operating Expense</b>				
Salaries & Benefits	\$651	\$668	\$684	\$701
Administrative & General	131	144	159	174
Contractual Services	72	80	90	100
Operations and Maintenance	121	136	155	174
Utilities	379	406	440	474
<b>Total Operating Expense</b>	<b>\$1,355</b>	<b>\$1,433</b>	<b>\$1,527</b>	<b>\$1,624</b>
<b>Non-Operating Expense</b>				
Management Fee	\$0	\$0	\$0	\$0
Capital Maintenance Reserve	147	168	196	224
<b>Total Non-Operating Expense</b>	<b>\$147</b>	<b>\$168</b>	<b>\$196</b>	<b>\$224</b>
<b>TOTAL NET INCOME (LOSS)</b>	<b>(\$242)</b>	<b>(\$181)</b>	<b>(\$101)</b>	<b>(\$24)</b>

# Visitor Spending Update

<b>Daily Spending Per Overnight Stay</b>	<b>Amount in 2019 dollars</b>	<b>\$126.56</b>	
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%	
<b>Total</b>	<b>\$126.56</b>	<b>100%</b>	
<b>Daily Spending Per Day-trip Visitor</b>		<b>\$69.49</b>	
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%	
<b>Total</b>	<b>\$69.49</b>	<b>100%</b>	

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



# Gross Direct Spending

## Gross Direct Spending by Source\*

	2022	2023	2024	Stabilized Year
<b>City of Fargo</b>				
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
<b>Total</b>	<b>3,640,365</b>	<b>4,075,390</b>	<b>4,621,305</b>	<b>5,154,289</b>

Stated in constant 2019 dollars.

# Total Spending Impact

## Net Direct, Indirect, and Induced Spending\*

	2022	2023	2024	2025	2026
<b>City of Fargo</b>					
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
<b>Total City of Fargo</b>	<b>5,152,237</b>	<b>5,767,930</b>	<b>6,540,549</b>	<b>7,294,881</b>	<b>7,294,881</b>

\*Stated in constant 2019 dollars.