



SINKCOMBSDLTHLEFS
SPORTS ARCHITECTURE

Project Report
Rocky Mount Event Center
Market/Feasibility Study

Prepared for
City of Rocky Mount, North Carolina

Submitted by
AECOM Technical Services, Inc (AECOM)
December 3, 2013
Project No. 60278822

Table of Contents

I. Introduction and Executive Summary	7
Market Analyses.....	7
Summary of Recommendations.....	7
Projection of Events Center Operations and Impacts.....	8
II. Economic and Demographic Analysis of the Local Market	12
Population.....	12
Age of Population.....	13
Households.....	14
Income.....	15
Economic/Corporate Base	16
Visitor Infrastructure and Access	21
Downtown Rocky Mount	23
Randall Tourism Assessment	24
III. Facility and Events Industry Analysis	26
Planned Event Center in Rocky Mount.....	26
Existing Facilities in the Rocky Mount Area and Region	26
Interviews with Stakeholders and Potential Users.....	41
Surveys of Chamber of Commerce Members and State Associations	43
IV. Comparable Facilities	58
V. Facility Recommendations and Assumptions.....	79
Market-Based Conclusions	79
Facility Recommendations	79
VI. Forecasts of Events Center Demand/Usage	81
Event and Attendance Demand.....	81
Financial Analysis – Facility Operations	83

VII. Events Center Non-Operating Revenues and Expenses	90
Potential Costs, Funding Sources, and Scenarios	91
VIII. Events Center Economic and Fiscal Impacts	99
Introduction to Economic and Fiscal Impacts from Events Center Operations	99
Economic Impacts from Operations.....	100
Economic Impacts from Construction	112
IX. Conclusion	115

Report Tables and Figures

Table 1: Summary of Events and Attendance.....	8
Table 2: Summary of Revenues and Expenses (\$000s)	9
Table 3: Summary of Operational and Construction Impacts	11
Table 4: Population, 2000-2016 (Projection).....	13
Table 5: Age Cohort Distribution, 2010	14
Table 6: Households, 2000-2016 (Projection).....	15
Table 7: Median Household Income, 2000-2016 (Projection).....	16
Table 8: Rocky Mount Work Area Profile, 2002-2010.....	17
Table 9: Regional Employment, 2002-2011	19
Table 10: Largest Employers in the Rocky Mount MSA (2011).....	21
Table 11: Regional Facilities	29
Table 12: Crown Center Complex Revenues and Expenses (\$000s)	32
Table 13: CAEC Event Demand.....	34
Table 14: CAEC Revenues and Expenses (\$000s).....	35
Table 15: Salem Civic Center Historic Demand.....	36
Table 16: Salem Civic Center Demand, 2011-12.....	36
Table 17: Greenville Convention Center Historic Events and Attendance	39
Table 18: GCC Event Demand, 2012-13	40
Table 19: Types of Companies.....	44
Table 20: Reasons for not Holding an Event in Rocky Mount	54
Table 21: Interest in Rocky Mount.....	56
Table 22: Attractiveness of NC Meeting Destinations.....	57
Table 23: FCC 2012 Event Demand	61
Table 24: U.S. Cellular Center 2012 Demand.....	64
Table 25: U.S. Cellular Center Revenues and Expenses (\$000s).....	65
Table 26: Eihusen Arena Event Demand.....	68
Table 27: Eihusen Arena Revenues and Expenses (\$000s)	69
Table 28: Cumberland County Civic Center Events and Attendance	72
Table 29: Cumberland County Civic Center Revenues and Expenses (\$000s).....	73
Table 30: Swiftel Center Events and Attendance.....	75
Table 31: Swiftel Center Revenues and Expenses, 2004-07 (\$000s).....	77
Table 32: Swiftel Center Revenues and Expenses, 2011 (\$000s)	78
Table 33: Projected Annual Event Demand	81
Table 34: Projected Total Annual Attendance.....	81
Table 35: Projected Annual Operating Revenues and Expenses (000s)	84
Table 36: Various Operating Assumptions.....	84
Table 37: Estimated Project Development Costs.....	91
Table 38: Estimated Annual Funding Requirements.....	91
Table 39: Potential Funding Scenarios – No NMTC Investment	95
Table 40: Potential Funding Scenarios – One NMTC Investment	96
Table 41: Potential Funding Scenarios – Two NMTC Investments	97
Table 42: Potential Funding Scenarios – Three NMTC Investments.....	98
Table 43: Gross Facility Revenues.....	101
Table 44: Attendee Characteristics	102
Table 45: North Carolina Tourist Characteristics	104
Table 46: Total Gross Direct Spending Impacts	105
Table 47: Total Net Direct Spending Impacts.....	107

Table 48: Estimated Rocky Mount Multipliers	108
Table 49: Total Net Direct and Indirect Spending Impacts	109
Table 50: Local Wage and Employee Characteristics	110
Table 51: Estimated Employment-Related Multipliers	110
Table 52: Total Net Direct and Indirect Employment and Income Impacts.....	111
Table 53: Local Tax Rates.....	112
Table 54: Total Fiscal Impacts.....	112
Table 55 – Assumed Construction Costs (\$000s).....	113
Table 56 – Construction Spending and Employment Multipliers	113
Table 57 – Total Net Economic and Fiscal Impacts of Events Center Construction (\$000s).....	113

Figure 1: Rocky Mount Regional Map	12
Figure 2: Rocky Mount Age of Population, 2000-2016 (Projection).....	13
Figure 3: Rocky Mount and North Carolina Household Characteristics, 2000-2010.....	15
Figure 4: Unemployment Rate Comparison, 2002-2011	18
Figure 5: Nash and Edgecombe County Location Quotients by Industry, 2010.....	20
Figure 6: Local Hotel Map.....	22
Figure 7: Companies’ Employment	44
Figure 8: Past Events in Rocky Mount	45
Figure 9: Location of Past Events.....	46
Figure 10: Sufficiency of Existing Local Facilities	46
Figure 11: Reported Deficiencies of Local Facilities	47
Figure 12: Events Held Outside of Rocky Mount	48
Figure 13: Reasons for Holding Events Outside of Rocky Mount.....	48
Figure 14: Likelihood of Hosting Events in Rocky Mount.....	49
Figure 15: Hotel Policies.....	50
Figure 16: Type and Location of Associations	52
Figure 17: Past Events in Rocky Mount	52
Figure 18: Location of Past Events in Rocky Mount	53
Figure 19: Location of Events.....	55
Figure 20: Hotel Policies.....	56
Figure 21: Florence Civic Center.....	60
Figure 22: Eihusen Arena.....	67
Figure 23: Cumberland County Civic Center Renovation	71
Figure 24: Swiftel Center	75

General & Limiting Conditions

AECOM devoted effort consistent with (i) the level of diligence ordinarily exercised by competent professionals practicing in the area under the same or similar circumstances, and (ii) the time and budget available for its work, to ensure that the data contained in this report is accurate as of the date of its preparation. This study is based on estimates, assumptions and other information developed by AECOM from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the Client, the Client's agents and representatives, or any third-party data source used in preparing or presenting this study. AECOM assumes no duty to update the information contained herein unless it is separately retained to do so pursuant to a written agreement signed by AECOM and the Client.

AECOM's findings represent its professional judgment. Neither AECOM nor its parent corporation, nor their respective affiliates, makes any warranty, expressed or implied, with respect to any information or methods disclosed in this document. Any recipient of this document other than the Client, by their acceptance or use of this document, releases AECOM, its parent corporation, and its and their affiliates from any liability for direct, indirect, consequential or special loss or damage whether arising in contract, warranty (express or implied), tort or otherwise, and irrespective of fault, negligence and strict liability.

This report may not be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the Client. This study may not be used for purposes other than those for which it was prepared or for which prior written consent has been obtained from AECOM.

Possession of this study does not carry with it the right of publication or the right to use the name of "AECOM" in any manner without the prior written consent of AECOM. No party may abstract, excerpt or summarize this report without the prior written consent of AECOM. AECOM has served solely in the capacity of consultant and has not rendered any expert opinions in connection with the subject matter hereof. Any changes made to the study, or any use of the study not specifically identified in the agreement between the Client and AECOM or otherwise expressly approved in writing by AECOM, shall be at the sole risk of the party making such changes or adopting such use.

This document was prepared solely for the use by the Client. No party may rely on this report except the Client or a party so authorized by AECOM in writing (including, without limitation, in the form of a reliance letter). Any party who is entitled to rely on this document may do so only on the document in its entirety and not on any excerpt or summary. Entitlement to rely upon this document is conditioned

upon the entitled party accepting full responsibility and not holding AECOM liable in any way for any impacts on the forecasts or the earnings from (project name) resulting from changes in "external" factors such as changes in government policy, in the pricing of commodities and materials, price levels generally, competitive alternatives to the project, the behavior of consumers or competitors and changes in the owners' policies affecting the operation of their projects.

This document may include "forward-looking statements". These statements relate to AECOM's expectations, beliefs, intentions or strategies regarding the future. These statements may be identified by the use of words like "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "will," "should," "seek," and similar expressions. The forward-looking statements reflect AECOM's views and assumptions with respect to future events as of the date of this study and are subject to future economic conditions, and other risks and uncertainties. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, including, without limitation, those discussed in this study. These factors are beyond AECOM's ability to control or predict. Accordingly, AECOM makes no warranty or representation that any of the projected values or results contained in this study will actually be achieved.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

I. Introduction and Executive Summary

AECOM and Sink Combs Dethlefs were retained by the City of Rocky Mount to prepare a feasibility and economic impact analysis for a planned multipurpose event center in downtown Rocky Mount. This section summarizes the results of our analyses that appear in the full report.

Market Analyses

- Demographically, the local market appears to have the characteristics to support the potential facility. Through the analysis of existing facilities in the region, and comparable facilities nationally, the Rocky Mount market generally compares favorably.
- While Downtown Rocky Mount is experiencing significant redevelopment, it currently does not offer the level of amenities that are found in other downtown areas (in particular hotel rooms that could support facility usage). However, this type of facility can be a major contributor to further redevelopment. Other facilities have shown that they can help to cause additional development, and/or benefit from existing and complementary development such as hotels and restaurants.
- Existing facilities in Rocky Mount and the surrounding area are generally significantly smaller than the potential events center (in terms of seating capacity and square footage).
- A need for a larger facility has been identified through interviews with, and surveys of, a wide range of stakeholders such as local businesses, facility managers, event representatives, and others. These events include consumer shows, high school sports, tournaments and competitions, festivals, graduations, social events, and others.
- At least one nearby city has also considered developing a civic or events center due to the identification of the need for event space. This further speaks to the regional need for a facility and the importance for Rocky Mount, rather than another municipality, to capture its benefits.

Summary of Recommendations

As a result of our market analyses, we believe that there is a need for a new multipurpose events center that can accommodate events that existing facilities cannot host. In order to capture these events that cannot currently be held in Rocky Mount, and to retain those that will outgrow the city, a new multipurpose events center should be built. This facility, located in downtown Rocky Mount, can also help to further energize downtown and can help to spur other complementary development.

In general, the recommended facility should have:

- Approximately 5,000 fixed seats,
- A limited amount of “premium” seating,

- Multipurpose meeting/event space (approximately 15,000 square feet) for smaller events such as meetings and social events, as well as for additional space for events that use the main events center floor and seating bowl,
- Appropriate amounts of support and back-of-house spaces such as offices, storage, locker rooms, and others, and
- Parking for as many as approximately 2,000 cars (if physically possible).

Following a site analysis of available options in downtown Rocky Mount, these characteristics can be analyzed in more detail.

Projection of Events Center Operations and Impacts

Based on the assumed facility, we have projected its usage/demand, revenues and expenses, and economic and fiscal impacts for its first ten years of operation.

Events and Attendance

The following table summarizes the estimated number of events and attendance, by event type, for two years of facility operations – the assumed first year (2016) and its fifth, or stabilized, year (2020).

Table 1: Summary of Events and Attendance

	2016			2020		
	# of Events	Avg. Atten.	Total Atten.	# of Events	Avg. Atten.	Total Atten.
Sporting Events	10	3,500	35,000	15	3,500	52,500
Tournaments and Other Competitions	8	7,500	60,000	12	7,500	90,000
Concerts	10	3,000	30,000	12	3,000	36,000
Family Shows	5	1,500	7,500	6	1,500	9,000
Conventions and Trade Shows	5	500	2,500	8	500	4,000
Consumer Shows	8	2,000	16,000	10	2,000	20,000
Meetings and Conferences	25	125	3,125	30	125	3,750
Community Events	20	3,500	70,000	20	3,500	70,000
Social Events	25	250	6,250	25	250	6,250
Total	116		230,375	138		291,500

Source: AECOM

Operations

The following table summarizes the facility’s projected revenues and expenses for its first ten years.

Table 2: Summary of Revenues and Expenses (\$000s)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Revenues										
Space Rentals	\$433	\$444	\$515	\$528	\$613	\$628	\$644	\$660	\$677	\$693
Advertising/Sponsorships	135	138	141	145	149	152	156	160	164	168
Naming Rights	108	110	113	116	119	122	125	128	131	134
Facility Fee	141	141	170	170	198	198	198	198	198	198
Premium Seating	200	205	210	215	221	226	232	238	244	250
Merchandise	42	43	54	55	61	63	64	66	68	69
Food and Beverage	294	301	365	374	431	442	453	465	476	488
Parking	168	172	211	217	259	265	272	279	286	293
Other Revenues	22	22	23	23	24	24	25	26	26	27
Total Operating Revenues	\$1,541	\$1,576	\$1,802	\$1,843	\$2,074	\$2,121	\$2,169	\$2,219	\$2,269	\$2,321
Operating Expenses										
Salaries and Wages (Full-Time)	\$862	\$883	\$905	\$928	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076
Part-Time Staff	215	221	226	232	238	244	250	256	262	269
Benefits	269	276	283	290	297	305	312	320	328	336
General and Administrative	296	304	311	319	327	335	343	352	361	370
Utilities	188	193	198	203	208	213	219	224	230	235
Repairs & Maintenance	38	39	40	41	42	43	44	45	46	47
Management Fee	188	193	198	203	208	213	219	224	230	235
Insurance	54	55	57	58	59	61	62	64	66	67
Advertising	54	55	57	58	59	61	62	64	66	67
Total Operating Expenses	\$2,165	\$2,219	\$2,274	\$2,331	\$2,389	\$2,449	\$2,510	\$2,573	\$2,637	\$2,703
Net Operating Income (Loss)	(\$623)	(\$642)	(\$472)	(\$488)	(\$315)	(\$328)	(\$341)	(\$354)	(\$368)	(\$382)

Source: AECOM

As the table shows, the facility’s operating deficit is projected to range from approximately \$315,000 to \$642,000 per year.

Costs and Funding

Based on analyses provided by Sink Combs Dethlefs and the City, total development costs for a 125,000-square foot event center, a 15,000-square foot meetings/banquet facility, and adjacent parking is estimated to cost a total of \$37.2 million in downtown Rocky Mount. Assuming that this entire amount is converted into debt for project financing, approximately \$3.0 million to \$3.4 million per year would be required in the facility’s first ten years to fund its combined operating deficit and debt service.

Based on these estimates, we explored a number of potential sources for capital and operational funding, including New Market Tax Credits and increases/changes in occupancy taxes and sales taxes. Specifically, we analyzed the following funding opportunities:

- The impact of NMTC investments (each \$10-million investment would lower the city’s capital cost by \$2.5 million),

- Raising the sales tax rate by 0.25 percent and collecting revenues under the current per-capita distribution system, and potentially changing the distribution system for this incremental eighth-cent to reflect transactions' point of sale or capturing all incremental revenues from both Edgecombe and Nash counties.

Under the current system, an additional 0.25 percent of sales tax generates approximately \$950,000 per year to Rocky Mount. Point-of-sale sharing would generate \$2.4 million from the additional tax, and capturing the incremental tax from all sales in the two counties would generate \$3.8 million.

- Raising the occupancy tax rate by one percent and capturing the resulting collections. An additional one percent is currently worth approximately \$250,000.
- Implementing a one-percent food and beverage tax and capturing the resulting collections. Based on estimates of sales that would generate F&B tax revenue, this tax would currently generate approximately \$1.7 million.

A number of potential funding scenarios that involve these incremental tax revenues are explored in our full report. It is important to note that for assumptions of future occupancy and sales tax revenues, we have taken a very conservative approach by assuming that future collections do not increase from current levels (from either inflation or an increased base of sales). And for F&B tax revenues, the current level of sales is used to estimate potential future collections.

- With any level of NMTC investment, an additional 0.25 percent of sales tax collections would not be sufficient to fund the facility's deficit, under the current system of sales-tax distributions.
- The ability to capture the sales tax increase from all sales in the two counties would be sufficient to fund the facility's deficit without any other tax increases, under all scenarios analyzed.
- With the current system for distributing sales tax revenues or switching to point-of-sale sharing for an additional 0.25 percent tax, a new F&B tax and/or an additional one-percent occupancy tax would be necessary in order to fund the facility's estimated average annual deficit.

Economic and Fiscal Impacts

Based on the forecasts of the facility's usage, the following table shows the estimated economic and fiscal impacts to the City of Rocky Mount from its stabilized year of operations in 2020. (All dollar figures are rounded to the nearest thousand.)

Impacts associated with total spending, room nights, and new tax revenues are based on amounts captured within the City by people who live *outside* of the City. For example, spending impacts to Rocky Mount are created when non- Rocky Mount residents spend money in Rocky Mount. Jobs/employment, earnings, labor expenditure, and sales of materials and services impacts are those captured by residents and companies *within* the City.

Table 3: Summary of Operational and Construction Impacts

Operations	
Total Spending - Direct and Indirect	\$12,336,000
Total Jobs (Full-Time Equivalent)	89
Total Earnings	\$3,457,000
Room Nights	18,707
New Tax Revenues to the County	\$317,000
Construction	
Labor Expenditures	\$10,603,000
Sales of Materials and Services	\$12,041,000
Employment	199

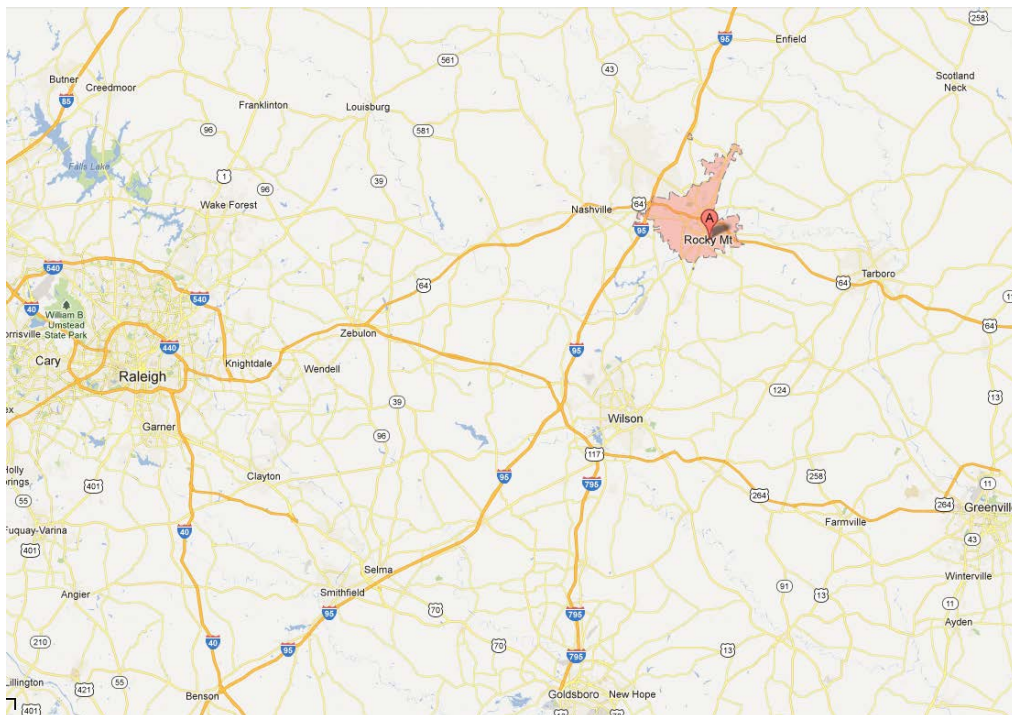
Source: AECOM

II. Economic and Demographic Analysis of the Local Market

AECOM analyzed the local market to provide background and context for the potential facility, which anticipates use by both local residents as well as visitors to the area. As a result, characteristics of the local area could influence local use of the facility, as well as the area’s ability to attract and host non-local residents.

Rocky Mount is a municipality in North Carolina that is located in both Edgecombe County and Nash County. The Twin Counties (Edgecombe and Nash) define the Rocky Mount Metropolitan Statistical Area (MSA). Rocky Mount is located approximately 60 miles east of Raleigh, positioned on US-64 (just east of I-95) along the Tar River. The following map shows a portion of North Carolina, highlighting the City of Rocky Mount.

Figure 1: Rocky Mount Regional Map



Population

Rocky Mount’s total land area is 43.8 square miles with a population density of over 1,300 people per square mile. For comparison, Edgecombe County (505.3 square miles at 112 people per square mile) and Nash County (540.4 square miles at 177 people per square mile) are similar in size, but Nash County is considerably denser.

Between 2000 and 2010, Rocky Mount’s total population increased by 1,584, or at a compound annualized growth rate of approximately 0.3 percent. The population in Rocky Mount increased

slightly quicker than that of Edgecombe County (0.17 percent) over this time period, but grew at a slower rate than Nash County (0.92 percent) and the overall MSA (0.64 percent). Meanwhile, the state witnessed a much higher rate (1.71 percent) of annualized population growth over the decade.

Table 4: Population, 2000-2016 (Projection)

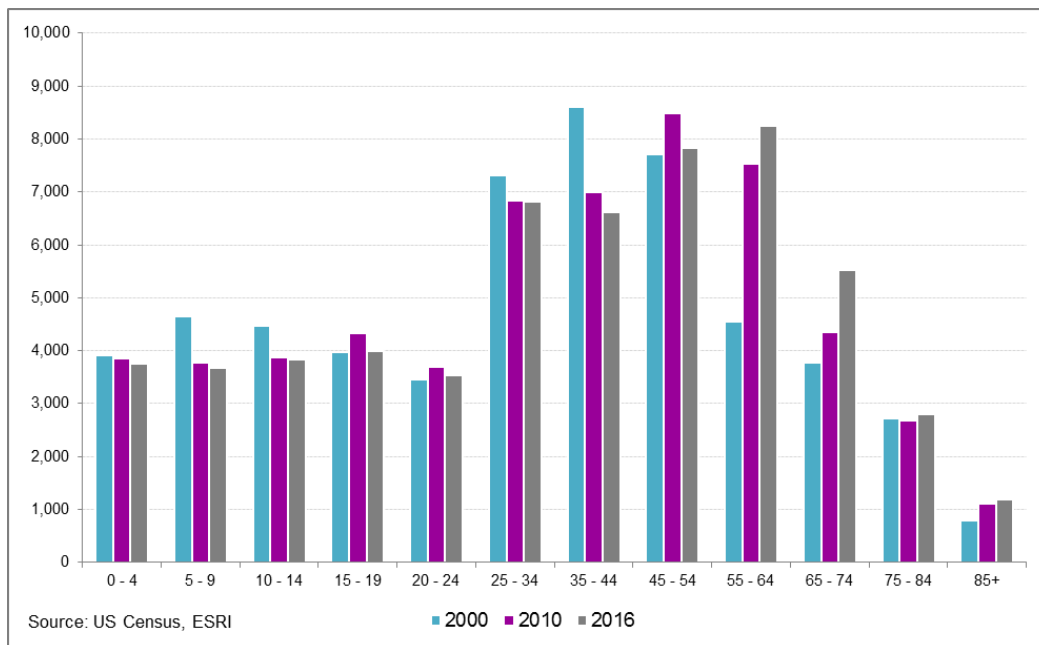
	2000	2010	2011	2016	2000-2010	
					CAGR	Net
Rocky Mount	55,893	57,477	57,237	57,794	0.28%	1,584
Edgecombe County	55,606	56,552	56,635	56,963	0.17%	946
Nash County	87,420	95,840	96,234	99,266	0.92%	8,420
MSA	143,026	152,392	152,869	156,229	0.64%	9,366
North Carolina	8,049,313	9,535,483	9,658,876	10,291,709	1.71%	1,486,170

Source: US Census, ESRI

Age of Population

In Rocky Mount, the median age was 35.2 years in 2000. It experienced a substantial uptick to 38.6 in 2010, which was slightly above the state’s median age (37.3) and slightly below both Edgecombe and Nash County’s median ages of 39.6 and 39.9 years, respectively. The age cohort experiencing the most growth from 2000 to 2010 was the 55-to-64 group. Population in this age group increased at an annualized rate of 5.2 percent; the next highest growth was found in the 85+ age cohort, which experienced an annualized growth rate of 3.3 percent.

Figure 2: Rocky Mount Age of Population, 2000-2016 (Projection)



While the local market may be characterized by a slightly younger population compared to the region, Rocky Mount has a higher percentage of population in both of the oldest (75-to-84 and 85+) age cohorts than each of the counties in the region. Rocky Mount is slightly older than the state and exhibits higher percentages of the population in all four of the oldest age cohorts (45-to-54, 55-to-64, 65-to-74, and 85+).

In Rocky Mount, the largest age segments were the 45-to-54 and 55-to-64 cohorts, which constituted a 14.8 and 13.1 percent share (respectively) of the municipality’s population in 2010. Each of the Twin Counties and the state also had the highest proportion of the population in the 45-to-54 age cohort. For the sake of comparison, the proportion of people age 45 or older was 42.0 percent in Rocky Mount, 43.1 percent in the Twin Counties, and only 39.2 percent in North Carolina.

Table 5: Age Cohort Distribution, 2010

Age Cohort	Rocky Mount	Edgecombe County	Nash County	Two County Region	North Carolina
0 - 4	6.69%	6.55%	6.13%	6.29%	6.63%
5 - 9	6.57%	6.66%	6.51%	6.57%	6.67%
10 - 14	6.73%	6.70%	6.92%	6.84%	6.62%
15 - 19	7.52%	7.21%	6.96%	7.06%	6.92%
20 - 24	6.43%	6.12%	5.63%	5.81%	6.94%
25 - 34	11.88%	11.50%	11.48%	11.49%	13.07%
35 - 44	12.16%	11.98%	13.37%	12.85%	13.92%
45 - 54	14.75%	15.12%	15.47%	15.34%	14.35%
55 - 64	13.09%	13.82%	13.54%	13.65%	11.94%
65 - 74	7.59%	8.06%	7.80%	7.90%	7.32%
75 - 84	4.67%	4.59%	4.51%	4.54%	4.08%
85+	1.91%	1.68%	1.66%	1.67%	1.55%

Source: ESRI

Households

From 2000 to 2010, the number of households in Rocky Mount increased by a total of 1,662, at a compound annual growth rate of 0.75 percent. While the number of households increased across all geographies in the study, Rocky Mount witnessed less growth in households compared to Nash County and North Carolina, and only slightly higher growth than the less-populated Edgecombe County. This trend, as expected, is somewhat similar to the growth in population over this time span.

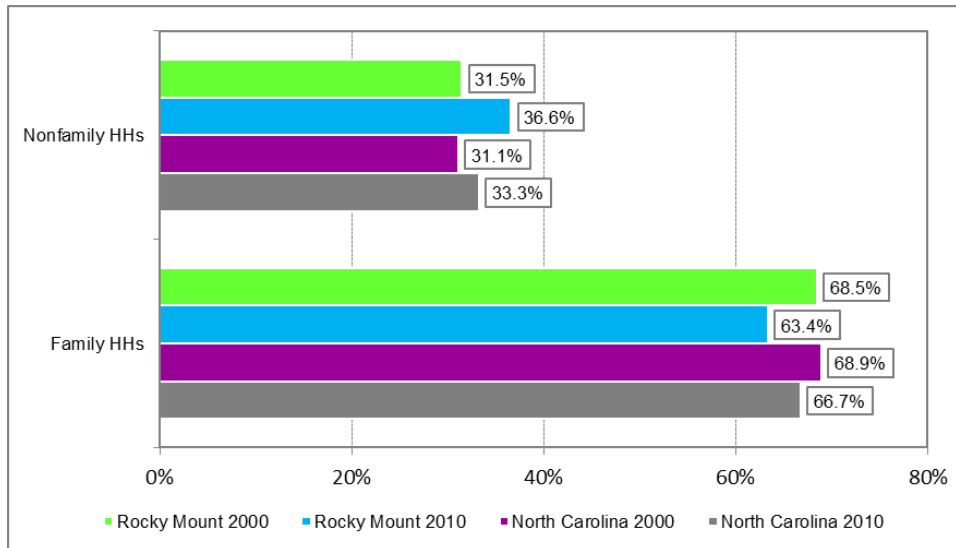
Table 6: Households, 2000-2016 (Projection)

	2000	2010	2011	2016	2000-2010	
					CAGR	Net
Rocky Mount	21,435	23,097	22,981	23,432	0.75%	1,662
Edgecombe County	20,392	21,680	21,713	22,109	0.61%	1,288
Nash County	33,644	37,782	37,941	39,386	1.17%	4,138
MSA	54,036	59,462	59,654	61,495	0.96%	5,426
North Carolina	3,132,013	3,745,155	3,794,438	4,052,072	1.80%	613,142

Source: US Census, ESRI

The Census defines a family household as containing at least two people – the householder and at least one other person related to the householder by birth, marriage, or adoption. A nonfamily household may contain only one person – the householder – or additional people not related to the householder. In North Carolina, nonfamily households increased as a share of total households, increasing more than two percentage points (from 31.1 to 33.3 percent) between 2000 and 2010. Nonfamily households in Rocky Mount increased at a faster rate than the state, climbing just over five percentage points (from 31.5 to 36.6 percent) as a share of total households. Conversely, the share of family households in both North Carolina and Rocky Mount declined from 2000 to 2010.

Figure 3: Rocky Mount and North Carolina Household Characteristics, 2000-2010



Source: US Census, ESRI

Income

In 2000, the median household income in Rocky Mount was approximately \$32,700, which increased at an annualized rate of 1.3 percent from 2000 to 2010 to more than \$37,000. Although Edgecombe County experienced growth at a slower pace than Rocky Mount, the median household income for Nash County and the state grew at a slightly quicker pace than the city.

Table 7: Median Household Income, 2000-2016 (Projection)

	2000	2010	2011	2016	2000-2010	
					CAGR	Net
Rocky Mount	\$32,661	\$37,059	\$35,202	\$41,012	1.27%	4,398
Edgecombe County	\$30,983	\$32,665	\$32,103	\$37,854	0.53%	1,682
Nash County	\$37,147	\$44,499	\$38,694	\$47,290	1.82%	7,352
North Carolina	\$39,184	\$45,570	\$42,941	\$51,200	1.52%	6,386

Source: US Census, ACS, ESRI

Economic/Corporate Base

To gain perspective on select characteristics of Rocky Mount’s labor market, AECOM utilized the US Census Bureau’s Local Employment Dynamics (LED) OnTheMap database. OnTheMap is a web-based mapping and reporting tool that provides data on where workers are employed within local areas. Overall, there were 34,613 employed individuals working in the City of Rocky Mount in 2010.

In 2010, local employment was driven primarily by the health care, manufacturing, retail, and accommodation/food services sectors. In sum, these four sectors accounted for more than half of Rocky Mount’s total employment. The manufacturing sector, the largest employment sector for the city in 2002, lost a total of nearly 3,300 jobs (or 41 percent) between 2002 and 2008. In terms of overall employment share, manufacturing fell 7.5 percentage points over this short time span. The second largest change in terms of share was the “professional, scientific, and technical services” sector, which gained 2.6 percentage points after more than doubling in terms of total jobs.

Table 8: Rocky Mount Work Area Profile, 2002-2010

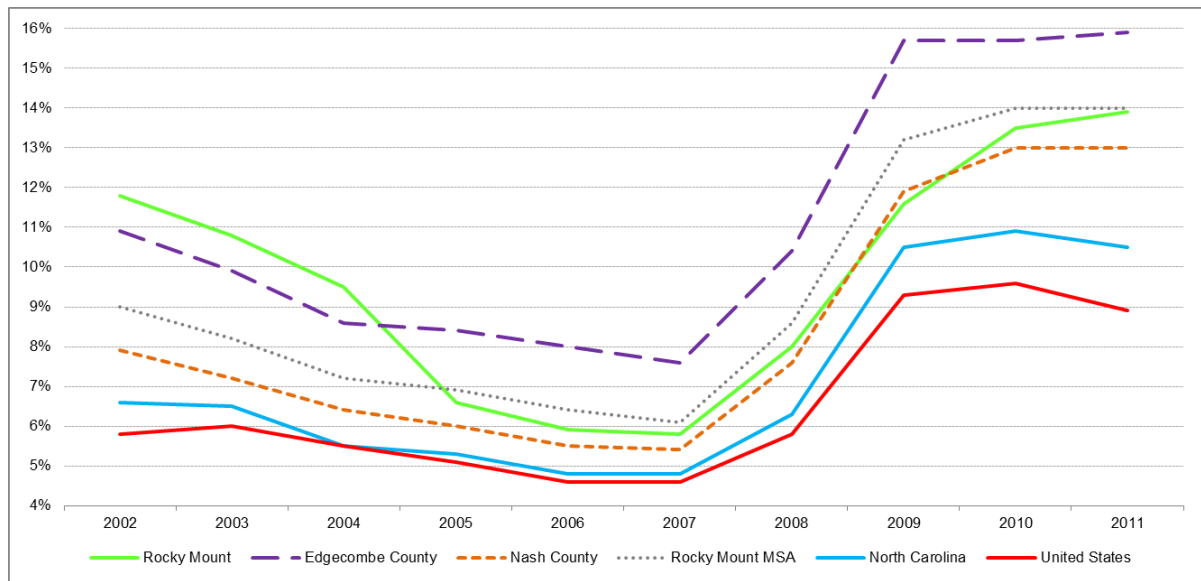
NAICS Sector	2002	2010	2002-2010	
			CAGR	Net
Agriculture, Forestry, Fishing and Hunting	15	61	19.2%	46
Mining, Quarrying, and Oil and Gas Extraction	12	2	-20.1%	-10
Utilities	0	46	N/A	46
Construction	1,721	1,079	-5.7%	-642
Manufacturing	7,992	4,709	-6.4%	-3,283
Wholesale Trade	1,659	1,616	-0.3%	-43
Retail Trade	5,352	4,641	-1.8%	-711
Transportation and Warehousing	510	742	4.8%	232
Information	1,594	1,367	-1.9%	-227
Finance and Insurance	1,466	1,117	-3.3%	-349
Real Estate and Rental and Leasing	404	334	-2.4%	-70
Professional, Scientific, and Technical Services	755	1,579	9.7%	824
Management of Companies and Enterprises	803	1,361	6.8%	558
Admin & Support, Waste Management and Remediation	2,215	2,135	-0.5%	-80
Educational Services	1,916	2,303	2.3%	387
Health Care and Social Assistance	5,827	5,809	0.0%	-18
Arts, Entertainment, and Recreation	122	166	3.9%	44
Accommodation and Food Services	3,316	3,373	0.2%	57
Other Services (excluding Public Administration)	944	886	-0.8%	-58
Public Administration	1,292	1,287	0.0%	-5
Total	37,915	34,613	-1.1%	-3,302

Source: US Census Bureau

To understand the greater area surrounding Rocky Mount, we looked at employment data reported by the US Bureau of Labor Statistics (BLS) for Rocky Mount, Edgecombe County, Nash County, the MSA, North Carolina, and the US. Overall, the ten-year annual average unemployment rate (from 2002 to 2011) was highest in Edgecombe County, at 11.1 percent. This figure nearly doubled the national average of 6.5 percent over this ten-year period. Although the rapid rise in unemployment between 2007 and 2009 has leveled off over the past few years across all study areas, the unemployment rate for Rocky Mount and the Twin Counties remains high; all three areas reported a three-year (2009 to 2011) annual average of greater than 12.5 percent. For comparison, the 2009 to 2011 average unemployment rate for North Carolina was a couple percentage points lower, at 10.6 percent, and the US was more than one percentage point (9.3 percent) lower than the state.

The figure below indicates that the unemployment rates in Rocky Mount, Edgecombe County, and Nash County have consistently trended higher than the state and national levels since 2002. It is interesting to note that Rocky Mount's unemployment rate dropped quicker than the other comparable areas between 2002 and 2007, as it was halved (from 11.8 to 5.8 percent) over this five-year period. Rocky Mount has mirrored Nash County's rise in unemployment since 2007 and continues to outperform Edgecombe County, but still lags well behind the state and nation.

Figure 4: Unemployment Rate Comparison, 2002-2011



Source: US BLS LAUS & CPS

From 2002 to 2011, Rocky Mount accounted for about 37 percent of the total jobs in the two-county region. This employment share remained constant between 2002 and 2007 as the city and region steadily added jobs, although employment in Edgecombe County dipped slowly over this period. Between 2007 and 2011, Rocky Mount’s share of regional employment fluctuated slightly after a significant loss in jobs between 2009 and 2010. Due to this sudden drop, Rocky Mount saw a higher annualized rate of job loss between 2007 and 2011 (-2.5 percent) compared to Nash County (-1.9 percent) and Edgecombe County (-0.9 percent). Over the entire ten-year period (2002-2011), the slow employment decline in Rocky Mount closely resembled that of Edgecombe County. Coincidentally, Nash County had nearly the exact same number of jobs in 2011 as it did in 2002, after experiencing growth and subsequent decline over the decade.

Table 9: Regional Employment, 2002-2011

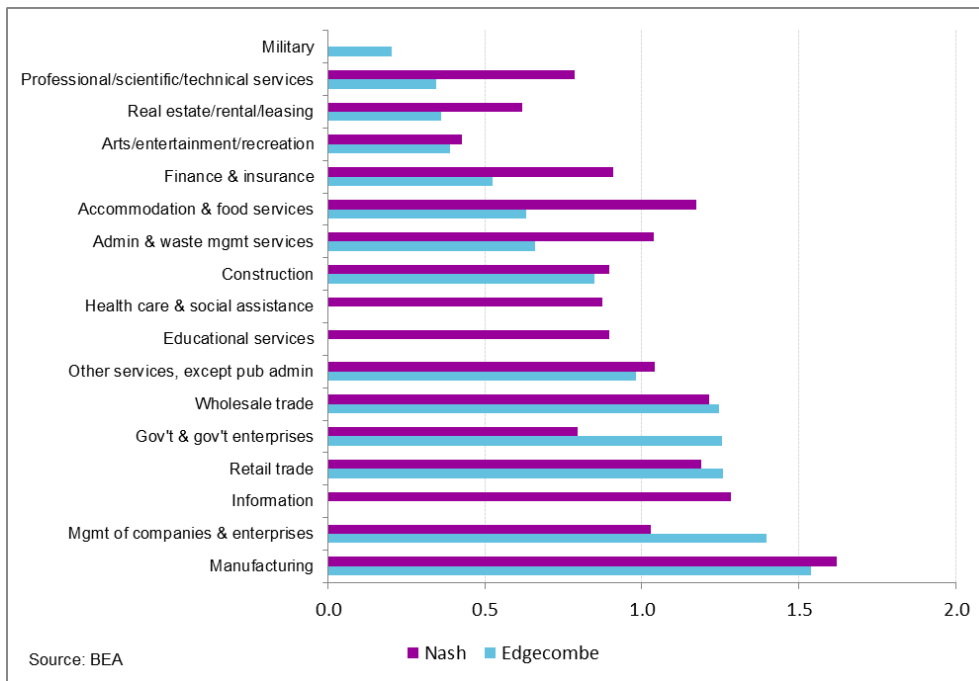
Year	Rocky Mount	Edgecombe County	Nash County	Two County Region	Regional Share
2002	23,463	22,537	40,490	63,028	37.2%
2003	23,726	22,569	41,082	63,651	37.3%
2004	23,890	22,449	41,536	63,985	37.3%
2005	23,858	22,362	41,861	64,223	37.1%
2006	24,247	22,472	42,629	65,100	37.2%
2007	24,647	22,343	43,744	66,087	37.3%
2008	24,352	22,024	43,428	65,452	37.2%
2009	24,095	20,552	41,640	62,193	38.7%
2010	22,400	21,660	40,704	62,363	35.9%
2011	22,293	21,556	40,510	62,066	35.9%
CAGR 02-07	0.99%	-0.17%	1.56%	0.95%	
CAGR 07-11	-2.48%	-0.89%	-1.90%	-1.56%	
CAGR 02-11	-0.57%	-0.49%	0.01%	-0.17%	

Source: US BLS- LAUS

The table below is a location quotient analysis focused on jobs by industry sector in the Twin Counties in relation to the state. This analysis identifies which industry sectors are more significant in Edgecombe and Nash County compared to the state as a whole. In other words, location quotients are used to determine how well the local market (each of the Twin Counties) resembles a larger market (North Carolina). Industry sectors with an LQ ratio greater than 1.0 have a higher share of jobs in that industry than the state. On the other hand, industry sectors with an LQ ratio less than 1.0 have a lower share of jobs in that industry than the state. In general, higher location quotients point to industry sectors that are more integrated into the local economy, and have a greater influence on growth and job creation. Due to the suppression of certain data for reporting purposes, not all industry sectors are represented in this analysis.

In 2010, the manufacturing industry reported the highest location quotient in both Edgecombe County (1.54) and Nash County (1.62). This sector includes a myriad of industry sub-sectors dealing with different types of manufacturing. While not reported due to data suppression, the transportation and warehousing industry most likely has a high location quotient due to the presence of some large employers (see Table 8). Other notable industry sectors indicating a strong local presence are the retail trade and wholesale trade sectors. Industries with a relatively low share of jobs compared to the state include the real estate, rental, and leasing sector and the arts, entertainment, and recreation sector.

Figure 5: Nash and Edgecombe County Location Quotients by Industry, 2010



In July 2011, the largest employers in the Rocky Mount MSA were the Nash-Rocky Mount School System, Hospira, and Nash Health Care Systems. Cummins-Rocky Mount Engines, Edgecombe County Schools, QVC, CenturyLink, and Universal Leaf were also large employers in the region, each employing at least 1,000 people. The area's largest employers are listed below.

Table 10: Largest Employers in the Rocky Mount MSA (2011)

Company	Product/Service	Employ.	County
Nash-Rocky Mount School System	Education	2,275	Nash
Hospira	Pharmaceuticals	1,800	Nash
Nash Health Care Systems	Health care services	1,480	Nash
Cummins-Rocky Mount Engines	Diesel engines	1,150	Nash
Edgecombe County Schools	Education	1,100	Edgecombe
QVC, Inc.	Distribution	1,100	Edgecombe
CenturyLink	Telecommunications	1,000	Both
Universal Leaf NA	Leaf tobacco processing	1,000	Nash
City of Rocky Mount	Local government	850	Nash
Sara Lee Bakery	Bakery products	850	Edgecombe
Edgecombe County	Local government	650	Edgecombe
MBM Corporation	Food service distribution	650	Edgecombe
Kaba Ilco Corporation	Locks, hardware	575	Nash
Nash County	Local government	575	Nash
McLane Carolina	Grocery distribution	570	Nash
Air System Components	Industrial venting equipment	500	Edgecombe
Heritage Hospital	Health care services	470	Edgecombe
West Customer Management Group	Customer service contact center	450	Nash
Keihin Carolina System Technology, Inc.	Electronic systems for auto industry	450	Edgecombe
CSX Transportation	Rail transportation	400	Nash
Honeywell	Aircraft fuel controls	280	Nash
ABB Power T&D Co., Inc.	Specialty transformers	280	Edgecombe
Barnhill Contracting Company	Highway/building construction	275	Edgecombe
Superior Essex	Communications wire and cable	260	Edgecombe
IBC Merita Wonder Bakery	Bakery	250	Nash
General Foam Plastics	Plastic toys and seasonal decorations	250	Edgecombe

Source: Carolinas Gateway Partnership
 Note: Employment figures are rounded. Updated 7/28/11.

Visitor Infrastructure and Access

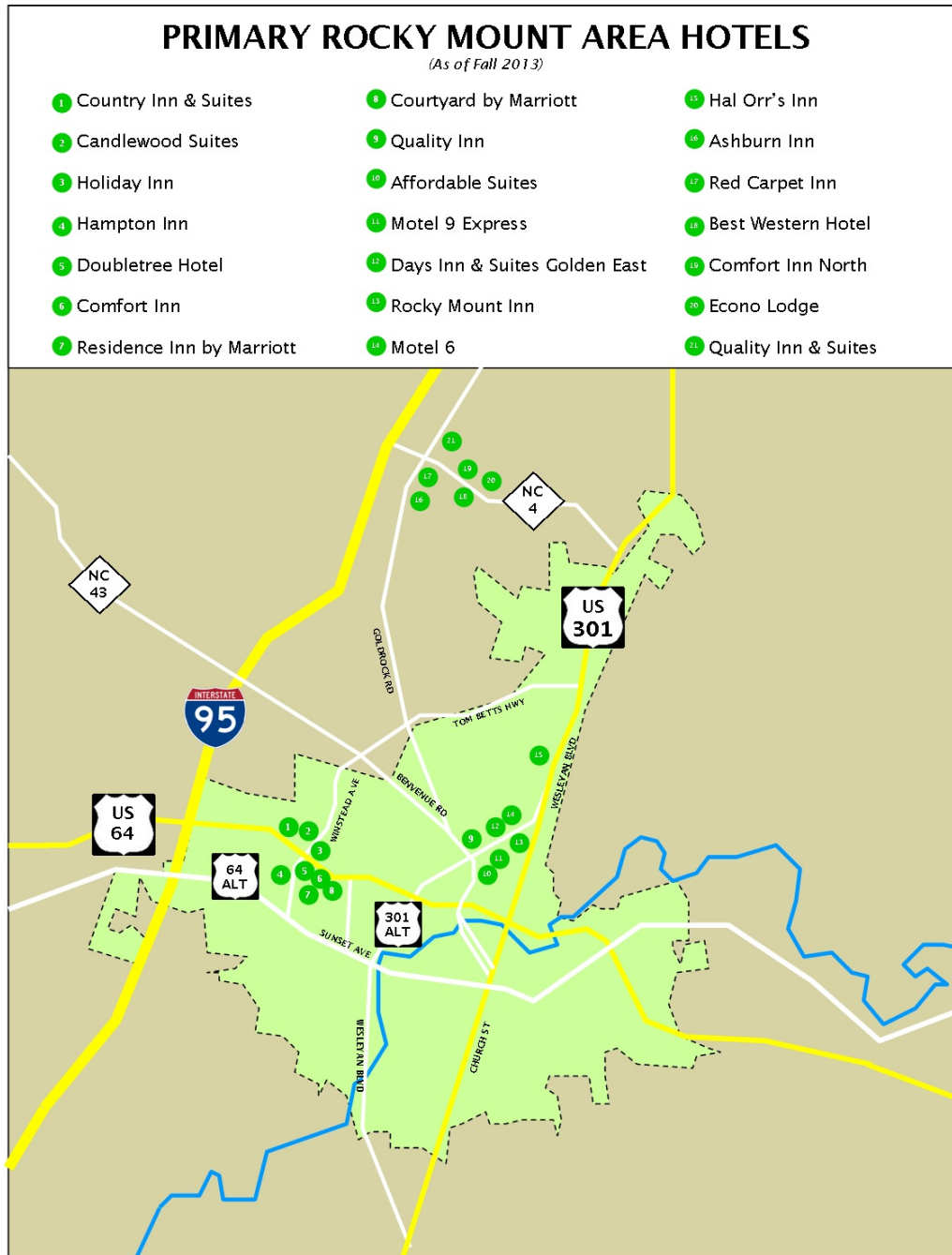
Rocky Mount is located approximately 60 miles east of Raleigh, accessible by US Route 64 at exits 469 and 470. The interchange to Interstate 95, which runs north/south, is conveniently located five miles west of Rocky Mount and is accessible via US-64. I-95 provides access north to Richmond, Washington DC, Philadelphia, and other major cities, eventually passing through Maine and into Canada. I-95 extends south through Fayetteville and Savannah to Miami. Rocky Mount connects to the Outer Banks, which are about 135 miles east of the city.

A few airports serve the Rocky Mount region, including the Rocky Mount-Wilson Regional Airport (nine miles southwest of downtown), the Wilson Industrial Air Center Airport (18 miles via NC-97 and NC-58), and the Tarboro-Edgecombe Airport (16 miles east via Business Route US-64). Raleigh-Durham International Airport (RDU) is the area’s largest airport, and is about 70 miles from downtown Rocky Mount. This airport serves eight carriers, connecting customers to approximately 40 nonstop destinations around the world through 400 daily flights. In 2011, RDU served over 9.1 million passengers.

Local Hotel Inventory

There are approximately 2,700 hotel rooms in Rocky Mount, although their quality and price levels vary greatly. Many of the properties are not considered to be marketable to business users for events such as conventions and conferences. A map of local hotels is shown below.

Figure 6: Local Hotel Map



The city’s main cluster of high-quality hotels is located approximately five miles from downtown, at Exit 138. Other clusters of hotels are north and south of downtown; currently, there are no hotels in downtown Rocky Mount.

Rocky Mount-Nash County Travel and Tourism recently engaged Randall Travel Marketing to complete a destination assessment for the area. According to its report, the local hotel industry (Nash County) has the following characteristics:

- In 2012, room occupancy was 61.7 percent. From 2006 through 2011, occupancy ranged from 47.9 percent to 58.3 percent.
- In 2012, the average daily rate (ADR) was nearly \$66. This is the highest ADR since 2008 (also approximately \$66).
- In the last three years, room occupancy was highest on Fridays and Saturdays (approximately 67 and 70 percent, respectively). The lowest daily rates were on Sundays and Mondays (45 and 52 percent, respectively).
- Monthly occupancy in 2012 peaked in March (nearly 71 percent). Other months over 65 percent were April, June, July, and August. The lowest months (less than 55 percent) were January and December).
- Hotel demand by segment for 2012 is estimated as the following:

Segment	Percent
Individual Business Travelers	35%
Transient	20%
Meetings/Conventions	12%
Sports	10%
University, Military, Medical, Other	10%
Visiting Friends & Relatives	6%
Leisure	5%
Motorcoach/Group Tour	2%
Total	100%

Source: Randall Travel Marketing

Downtown Rocky Mount

In recent years, the City and other public agencies have made many efforts to revitalize Rocky Mount’s downtown area. Downtown is the presumed location of the potential events center (specific sites are analyzed in more detail later in this report), and has recently seen significant improvements and new development, including the following:

- The Douglas Block** – a public-private redevelopment initiative involving the redevelopment of six historically significant buildings in downtown Rocky Mount that thrived with African-American businesses in the early to mid-1900s. The buildings are the Douglas Building, Manhattan Building, Burnette Building, Stokes Building, Thorpe Building, and the Booker T. Theatre. A Phase II will include a new three-story building to the east of the Douglas Building, which will offer commercial and residential space, and residential development next to the Booker T. Theatre and potentially new development at Atlantic Avenue and Thomas Street. Funding for the \$8-million effort is through a combination of historic tax credits, new market tax credits, a HUD loan, and public investment. The project is led by the City and the Rocky Mount-Edgecombe Community Development Corporation.
- Downtown Streetscape Project** – represents more than \$6.5 million in investment and includes streetscaping, traffic and parking improvements, and wayfinding and signage. The streetscape project will be completed in three phases – the first phase (which began in 2011) included the area surrounding the Douglas Block, and later phases will include areas along Main Street from Hill Street/Western Avenue to Thomas Street, and then to the train station.
- Downtown Alive** – throughout the year, a number of free events are offered to the public in downtown Rocky Mount, many of which include extended shopping hours. Events include the Encore Rockin’ Classic Auto Expo, the Eastern Carolina BBQ Throw Down, Lawn Chair Theatre (from June through August), the Harambee Festival, and the Summer Music Series.
- Attractions** – other prominent features of downtown include the 135,000-square foot Imperial Centre for the Arts & Sciences (with an arts center, children’s museum and science center, and a community theater), the Braswell Memorial Library (which opened in 2002), the restored 1893 Train Station, Thelonious Monk Plaza, and the City’s Administrative Complex.

According to a September 2011 analysis prepared for the city and the Kenan-Flagler Institute, the downtown area had a total of approximately 215 businesses, more than half of which (126) had fewer than five employees. The most common business type (by NAICS code) was Professional and Technical Services, with 27 establishments. Other leading types included Government, Social Assistance, Membership Associations, Personal and Laundry Services, and Repair and Maintenance.

Randall Tourism Assessment

In addition to the hotel data shown above, the recent Randall Tourism Assessment included the following recommendations for the area’s overall strategic direction:

- increase per-visitor expenditures,

- develop the best hotels along I-95,
- provide an “animated, lively downtown with shops and restaurants,” and
- increase weekday occupancy through sports and meetings/convention tourism.

This section provided context to the environment in which a new sports, entertainment, and/or meeting facility would operate. It will also serve as a basis for comparisons to other markets that currently host similar facilities. The following section will provide more information regarding the supply of, and demand for, these types of facilities locally, and other similar analyses.

III. Facility and Events Industry Analysis

In this section, we analyze and summarize the proposed facility, the local competitive environment for public-use events facilities, input from potential users and other stakeholders, and other topics that are relevant to the future use and operation of the planned event center in Rocky Mount.

Planned Event Center in Rocky Mount

The City of Rocky Mount has considered a new civic/event center for multiple generations, dating back to the 1940s. Most recently, through other economic development and planning efforts that are taking place in downtown Rocky Mount, the opportunity for a new facility is again under consideration.

While the specifics of a facility and its location, as well as its overall feasibility, will be analyzed in this report, the City has generally identified the following goals and needs:

- A flexible facility that can host events ranging from sports to meetings/conferences and flat-floor events (such as conventions and trade shows),
- Seating for at least 5,000 people, and
- A downtown location that can further help to revitalize Center City.

In addition to Rocky Mount, at least one other nearby city has considered such as facility in the past but has been unable to build because of funding. This further shows the local and regional need for event space that is described throughout this section.

The rest of this section will further help to define opportunities for the potential facility, and will assist in our recommendations regarding site selection and overall facility development.

Existing Facilities in the Rocky Mount Area and Region

In this section, we analyze the existing inventory of facilities that could be relevant to a new events center in Rocky Mount. These facilities can be competitive or complementary to a Rocky Mount facility, and/or could begin to identify the types of events and character of usage for a new Rocky Mount facility. These include various types of event facilities in Rocky Mount, and arenas/event centers and convention/meetings facilities in the broader area.

Current Rocky Mount Event Facilities

In planning for a potential new facility, the intent of the city should be to avoid direct competition with existing facilities as much as possible. A new facility should attempt to complement existing facilities and attract events that cannot currently be hosted in Rocky Mount. Because of the relatively small size of existing event facilities, little to no competition would be expected between a new events

center, as planned, and any existing facilities. However, these facilities are briefly discussed below, as they are still relevant to the discussion of a new events center in many ways.

- **The Imperial Centre for the Arts & Sciences** – is a multipurpose arts, science, and performance facility in downtown Rocky Mount. Its performance space consists of a 300-seat auditorium that hosts community theater, workshops, and other similar programming. (According to the Randall Tourism Assessment, the Imperial Centre theater's 2012 attendance was approximately 5,300, and 98 percent of this was local/regional).
- **The Dunn Center for the Performing Arts** – is on the North Carolina Wesleyan College campus, and includes the 1,181-seat Minges Auditorium, a 132-seat recital hall, a board room, and other facilities. The auditorium hosts a wide range of college and community events.
- **The Brown Auditorium Business & Industry Center** – is at Nash Community College and has 12,250 square feet of flat-floor space and a maximum seating capacity of 1,200 people. The facility can host a wide range of social and business events.
- **The Keihin Auditorium** – is at Edgecombe Community College's Tarboro campus and has 1,029 seats. It is primarily used for performing arts and concerts, including touring events.
- **Local hotels** – in Rocky Mount, the primary hotels with meeting/event space are the DoubleTree (approximately 10,000 square feet of indoor and outdoor event space), Hampton Inn (approximately 1,200 square feet), Holiday Inn (1,000 square feet), and Country Inn and Suites (approximately 2,000 square feet).

Other local facilities that are smaller than the ones listed above and/or do not host many commercial events include local high schools' gymnasiums and auditoriums, the Nash County Agricultural Center, Nash County's Farmers Market in Rocky Mount, and the Edgecombe County Business Industrial Incubator's Conference and Training Center.

The specific relevance of these facilities, and their characteristics, are addressed in more detail later in this section, through feedback gathered from local stakeholders.

Rocky Mount Sports Complex

The Rocky Mount Sports Complex is addressed separately. The facility is not expected to be all competitive to a new events center because it only hosts outdoor events, but is relevant for two main reasons: it is a local example of an existing sports facility that has been successful in bringing sports events to Rocky Mount, and with a new events center, it could potentially jointly host events that require both indoor and outdoor facilities.

The 143-acre Sports Complex, which opened in 2006, is a division of the City's Parks and Recreation Department and includes:

- 6 youth baseball fields,
- 4 baseball/softball fields,
- A championship baseball field,
- 8 soccer/football fields,
- 2 outdoor basketball courts,
- Sand volleyball courts,
- A fishing pier and horseshoe pit,
- Restrooms/concession buildings,
- Baseball training facilities,
- Walking trails, and
- Playgrounds and a spray park.

The complex is generally used by local athletic programs during the week, and by tournaments on weekends. In 2012, tournaments (local, state, regional, and national) were held most weekends from March through November. According to the facility, approximately 70,000 people visit the complex every year. Also, according to facility management, Rocky Mount's location is the main reason for its success, and a new events center would benefit from this as well. The city/complex generally has to bid to host tournaments, with funds offered from the city and the Nash County Tourism Department Authority.

Implications for event demand at a new events center, based on interviews with complex representatives, are discussed later in this section.

Other Facilities in the Region

In this section, we discuss the presence and characteristics of local and regional facilities that host the types of events that the planned event center could host. These facilities, and their use, will help to define the competitive market for use of a facility in Rocky Mount. While these existing facilities in some ways can be considered to be potential competition for a new facility, it is likely that they can also serve as complements to a facility, because some types of events require the use of multiple facilities in one market, and other (touring) events require multiple facilities across a region.

The following table summarizes the facilities that are most relevant to a new event center in Rocky Mount.

Table 11: Regional Facilities

Facility	City	Miles from Rocky Mount	Seating Capacity / Event SF	Comments
Arenas/Event Centers				
Williams Arena at Minges Coliseum	Greenville, NC	38	8,000	Home of ECU basketball and volleyball
Sen. B. Martin Eastern Ag. Center	Williamston, NC	46	2,286	Primarily agricultural use
Dorton Arena	Raleigh, NC	59	7,610	Little non-State Fair entertainment use
Crown Arena	Fayetteville, NC	92	4,500	
Special Events Center, East Wing	Greensboro, NC	135	5,100	Home of Greensboro College basketball
Joel Coliseum Theatre/LJVMC	Winston-Salem, NC	161	5,839 / 14,407	Home of Wake Forest basketball (full configuration)
Cabarrus Arena & Events Center	Concord, NC	177	5,000	
Salem Civic Center	Salem, VA	214	6,820	
Meetings/Flat-Floor Event Facilities				
Greenville Convention Center	Greenville, NC	38	42,000	
Crown Coliseum Expo Center & Ballroom	Fayetteville, NC	92	68,000 / 7,800	

Source: AECOM, individual facilities

There are a number of indoor facilities in North Carolina and Virginia of varying size or orientation. Many of them are not particularly relevant to a potential new facility in Rocky Mount; these include:

- **University arenas** – many university arenas are not generally used by commercial events that are unaffiliated with the host university. Examples of these include the University of North Carolina’s Dean Smith Center, North Carolina State’s on-campus Reynolds Coliseum, UNC-Asheville’s Kimmel Arena, and Duke University’s Cameron Indoor Stadium
- **Larger arenas and meetings facilities:** facilities such as Raleigh’s PNC Arena and the Raleigh Convention Center, the Greensboro Coliseum, and Charlotte’s Time Warner Cable Arena and Convention Center host larger entertainment and convention events that would not realistically consider Rocky Mount as a destination. Other arenas that are considered to be mid-sized (generally with 10,000 to 15,000 seats) are similar; these include Fayetteville’s Crown Coliseum, Charlotte’s Bojangles’ Coliseum, and the Norfolk Coliseum, Hampton Coliseum, Richmond Coliseum, and Roanoke Civic Center in Virginia.

Therefore, our analysis of nearby arenas focuses on the following facilities that could be either competitive to a new Rocky Mount facility or complementary to it, in that a touring event could perform at both facilities.

Arenas/Event Centers

Williams Arena at Minges Coliseum, Greenville



Williams Arena at Minges Coliseum is owned and operated by East Carolina University, and is the home of its basketball and volleyball teams. The arena opened in 1968 but was renovated in 1994, and seats 8,000 people. The arena does not host a great deal of touring events such as concerts and family shows; however, it does host local high school graduations and has hosted the NCHSAA Eastern Regional Boys' Basketball Championships.

Senator Bob Martin Eastern Agricultural Center, Williamston



The Senator Bob Martin Eastern Agricultural Center in Williamston is one of three statewide agricultural centers owned by the State and operated by its Department of Agriculture & Consumer Services. The Center serves the eastern part of the state, and the others serve western North Carolina (Fletcher) and southeastern North Carolina (Lumberton).

The complex is oriented towards agricultural and equine uses, and includes a 110,000-square foot coliseum with a 150'-by-300' foot dirt floor and 2,286 seats, a fully-enclosed paddock with an attached covered arena, three outdoor practice rings, five lunging rings, and two dressage pads. The complex also contains more than 450 permanent horse stalls and more than 130 temporary stalls, and 100 RV hookups. The complex's Meeting Center has approximately 10,400 square feet of indoor event space for business, educational, and social events.

The coliseum's rental rate is \$900 per day for equine events and \$1,500 per day for non-equine events, or ten percent of ticket sales (whichever is greater). From November 2012 through April 2013, the coliseum will host 22 events, such as regional dressage championships, a tractor pull, a rodeo, horse shows, and other similar events.

J.S. Dorton Arena, Raleigh

Dorton Arena, which opened in 1952, is located on the North Carolina State Fairgrounds in Raleigh. The facility is owned and operated by the State, and has been renovated multiple times (most recently in 2002). Because of its design, the facility is a National Historic Monument and is a



Registered Historic Place in North Carolina. The arena has 5,110 permanent seats and a maximum capacity of 7,610 with portable floor seating.

Today, much of the arena's use takes place during the North Carolina State Fair in October, although it also hosts a roller derby team and an indoor football team. Other facility events include cheer, step, and robotics competitions

and consumer shows. The facility is not air-conditioned, and its rent is \$2,200 per day or ten percent of ticket sales.

Crown Arena, Fayetteville



Fayetteville's 4,500-seat Crown Arena is part of the larger Crown Center complex that includes the 13,500-seat Coliseum, a 2,400-seat Theatre, a 60,000-square foot Charlie Rose Agri-Expo Center, and a 7,700-square foot ballroom. The complex is owned and operated by Cumberland County. The Arena and Theatre, the complex's oldest venues, date to 1967 (although significant renovations have recently been completed). The newer, larger arena opened in 1997. (The complex's Expo Center and Ballroom are addressed in the following subsection of this report.)

The complex is located near I-95, and many hotels and restaurants are in the immediate area.

Full event and attendance data for the complex's individual facilities is not available. However, the entire complex has hosted approximately 230 events and 530,000 to 575,000 attendees per year in recent years, including the Cumberland County Fair. According to a review of its published calendar, events held at the Arena in 2012 included:

- A cheer and dance competition (the Liberty Classic),
- A touring comedian, and
- The NCHSAA Eastern Regional High School Boys and Girls Basketball Tournament (held at both the Arena and Coliseum).

In 2013, the Arena will also host the USA South men's and women's basketball championships.

The Coliseum hosts the area’s larger touring events, such as Disney on Ice, the circus, and concerts. The Coliseum and Theatre also host a number of local graduations.

Financial information is also only available for the complex as a whole. The following table summarizes its operating revenues and expenses for four recent years.

Table 12: Crown Center Complex Revenues and Expenses (\$000s)

	2008	2009	2010	2011
Operating Revenues				
Charges for Services	\$2,682	\$2,482	\$2,467	\$2,516
Total Operating Revenues	\$2,682	\$2,482	\$2,467	\$2,516
Operating Expenses				
Salaries and Benefits	\$2,442	\$2,415	\$2,296	\$2,500
Repairs and Maintenance	275	305	550	386
Utilities	687	780	812	918
Other Supplies	234	244	246	--
Administrative Costs	1,981	1,778	1,464	1,741
Total Operating Expenses	\$5,619	\$5,522	\$5,368	\$5,545
Operating Income (Loss)	(\$2,937)	(\$3,040)	(\$2,901)	(\$3,029)

Source: Cumberland County

The complex is a county enterprise fund that receives operating and debt service subsidies from the general fund. The complex also receives 25 percent of the county’s six percent hotel/motel tax and a one percent tax on prepared food and beverages. The Arena’s published rental rate is \$1,500 per day or ten percent of ticket sales.

Greensboro Coliseum Special Events Center, Greensboro



The 5,000-seat Greensboro Coliseum Special Events Center (SEC) is part of a larger complex that includes the Coliseum (23,500 seats), War Memorial Auditorium (2,500 seats), White Oak Amphitheatre (7,500 seats), a 13,000-square foot banquet facility, the Greensboro Aquatic Center, and the Atlantic Coast Conference Hall of Champions.

The SEC opened in 1978 as a conference/convention facility but was converted into a small multipurpose arena with exhibit space and meeting rooms in 1993. The SEC is the home of Greensboro College basketball and also hosts events related

to the Central Carolina Fair, as well as other sports and entertainment events. The complex is located approximately one mile from I-40, and there is a collection of hotels and restaurants between the I-40 exit and the facilities.

While full information is not available for the individual facilities, the overall complex hosted nearly 900 events in 2010-11, with total attendance of more than 1.3 million. In 2011 and 2012, the SEC reported five touring concerts, in addition to wrestling, gymnastics, basketball, and cheerleading competitions. The SEC's rent is \$4,500 or 12 percent of ticket sales.

Joel Coliseum Theatre, Winston-Salem



The Joel Coliseum Theatre in Winston-Salem is a downsized version of the larger Lawrence Joel Veterans Memorial Coliseum, which has nearly 15,000 seats. The city-owned Coliseum is the home of Wake Forest University's men's and women's basketball teams, and the Theatre configuration has 5,839 seats for more intimate entertainment events. The Annex, next to the Coliseum, has 3,600 seats and is primarily

used for public skating, other ice events, basketball games, and trade shows, as well as a limited number of touring entertainment events. For ticketed events, rent for the Theatre is the greater of \$5,000 or 12 percent of ticket sales.

In 2011 and 2012, five concerts and family shows in the theatre configuration were reported to Pollstar, including a touring Scooby Doo family show.

According to the city, total operating expenses for the Coliseum were \$4.0 million in the 2010-11 fiscal year.

Cabarrus Arena & Events Center, Concord



The Arena & Events Center, which opened in 2002 in Concord, has a total of 140,000 square feet of event space and seating for a maximum of 5,000 spectators, in addition to ten acres of outdoor festival and exhibit space. The facility is owned by Cabarrus County but managed by SMG.

The arena has 2,300 fixed seats, seven VIP suites, and a 28,800-square foot floor; the Event Center (A

and B) has 70,000 square feet; Gold Hall (1 and 2) has 30,000 square feet; and three meeting rooms have a total of 4,500 square feet.

The facility hosts a wide range of entertainment, sports, and business events, including concerts, trade shows, dog shows, cheer and dance competitions, the Cabarrus County Fair, and Cabarrus and Union County high school graduations. The arena is also the home of a minor-league football team and has previously hosted minor-league basketball.

In 2009 and 2010, respectively, the facilities hosted 263 and 196 events, with total attendance ranging from approximately 230,000 to 250,000. The following table summarizes the facilities' scheduled usage from October 2012 through November 2013 (by event type and facility), according to the facility's published event calendar (although other events that are not already on the books will presumably be scheduled).

Table 13: CAEC Event Demand

	Arena	Event Center	Gold Halls	Cabarrus Rooms	Arena & Event Center	Arena, Event Center, and Gold Halls	Total
Family Shows	2	--	--	--	--	--	2
Other Entertainment	2	--	--	--	9	--	11
Sports/Athletics	4	--	1	--	--	--	5
Animal Show/Competition	4	--	2	--	2	8	16
Flat-Floor Event	--	16	3	--	3	--	22
Meeting/Private Event	--	9	8	9	--	--	26
Total	12	25	14	9	14	8	82

Source: CAEC, AECOM

The following table shows the facilities' actual 2010 revenues and expenses.

Table 14: CAEC Revenues and Expenses (\$000s)

	FY 2010
Revenues	
Sales and Service	\$608
Interest	2
Misc.	10
Other Funding Sources	739
Total Revenues	\$1,359
Expenditures	
Personal Services	\$106
Operations	1,381
Capital Outlay	152
Total Expenditures	\$1,639
Net Income	(\$280)

Source: Cabarrus County

In 2010, the facility generated a deficit of \$280,000, or approximately \$1 million when only considering operating revenues. Revenues and subsidies included \$100,000 from the County’s tourism authority and approximately \$700,000 from its general fund. The arena’s rental rate is \$6,000 or ten percent of ticket sales.

Salem Civic Center, Salem, Virginia

The Salem Civic Center in Virginia is a 6,820-seat arena that opened in 1967 and is part of the James E. Taliaferro Sports and Entertainment Complex, which also includes a football and baseball stadium. The complex annually hosts the Salem Fair, the Roanoke Valley Horse Show, and the Amos Alonzo



Stagg Bowl.

The Civic Center hosts events such as concerts, sporting events, circuses, and conventions (with 40,000 square feet of flat-floor space, it is the largest convention facility in the Roanoke Valley). In addition to the arena, the Civic Center also has six meeting rooms, a banquet facility, and a reception facility. The arena also hosts the NCAA

Division II men’s college basketball championship.

The following table summarizes various measures of the Civic Center’s use for its last nine years.

Table 15: Salem Civic Center Historic Demand

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Concerts	16	12	8	6	13	9	9	9	13
Meetings	1,282	1,259	1,282	1,209	1,081	1,295	1,216	1,156	936
Tickets Sold	162,263	150,801	129,248	163,972	147,491	99,581	112,997	103,891	102,678
Arena Utilization Days	175	180	203	175	201	219	202	179	178

Source: City of Salem

The high number of meetings is primarily due to weekly meetings at the Civic Center that are held by Salem’s Rotary, Lions, and Kiwanis clubs.

The following table summarizes the Civic Center’s number of event days (not including meetings) from October 2011 through September 2012.

Table 16: Salem Civic Center Demand, 2011-12

Public Events	54
Concerts	12
Sports Events/Competitions	27
Family Shows	6
Other/Social Events	5
Graduations	6
Parking Lot Events	12
Total	122

Source: Salem Civic Center, AECOM

Historically, average attendance for entertainment events at the Civic Center has been approximately 2,600, with an average ticket price of nearly \$35. The arena’s rental rate is \$2,850 or ten percent of ticket prices, and individual meeting rooms are rented for \$85 to \$700 per day, depending on size and day. In 2011, the Civic Center generated an operating deficit of approximately \$1.5 million, on \$913,000 in revenues and \$2.4 million in expenses.

Regional Event Routing

By analyzing touring events that have traveled through the region (primarily arena-based events), it can be possible to better understand the opportunity for Rocky Mount to host certain types of events. While a wide range of factors influence a touring event’s decision on where to perform, reviewing schedules of recent and upcoming tours can provide some clues regarding touring patterns in the region.

Many touring events that performed at smaller facilities in the general eastern North Carolina/Virginia area only selected one facility in the region. As mentioned above, this could be a result of many factors, such as economics, past tours through an area, date availability, road access and routing,

relationships between specific facilities and promoters, demographics of individual markets, and others. However, the following shows have performed or will perform in multiple area facilities:

- John Michael Montgomery, a country music artist, recently performed at the U.S. Cellular Center (Asheville), the Joel Coliseum Theatre (Winston-Salem), Bojangles' Coliseum (Charlotte), and Dorton Arena (Raleigh).

None of these markets is closer than 100 miles to another; all other things being equal, it would appear that a new facility in Rocky Mount would not have precluded shows in Asheville, Winston-Salem, or Charlotte, but could have possibly competed with Raleigh.

- From January through April 2013, a touring Scooby Doo show will stop at the Joel Coliseum Theatre, Raleigh's Memorial Auditorium, the Salem Civic Center, and two larger arenas in Virginia (the Constant Convocation Center and Roanoke Civic Center).

While these markets are not all consecutive stops on the tour, they effectively form a circle (based on driving routes) in North Carolina and Virginia. No market is closer than 100 miles to another; Rocky Mount is closest to Raleigh (60 miles) and Norfolk (120 miles). As with the John Michael Montgomery show, a Rocky Mount stop could potentially be added to all others in the area with the possible exception of Raleigh.

- In December, a Trey Songz/Big Sean concert tour performed at two larger arenas in the area (Charlotte's Bojangles' Coliseum and the Hampton Coliseum), after a March performance at Greensboro's Special Events Center.

The Hampton and Charlotte performances were on consecutive nights, and the 335 miles between the two is approximately the farthest distance that a tour can travel in one day. In doing so, the tour bypassed the Rocky Mount/Raleigh area, for whatever reason.

- In consecutive nights in December 2011, the Scream concert tour performed at Greensboro's Special Events Center and Norfolk's Chrysler Hall, and returned to the area in August 2012 (Richmond).

The Greensboro and Norfolk performances were more than 230 miles apart, and also bypassed the Rocky Mount/Raleigh area, which would have been accessible via I-95 and would have added minimal travel time and distance.

- Last spring, country artist Billy Currington performed in Salem, Asheville, and Charlotte, and then twice in Raleigh in the fall (Time Warner Cable Music Pavilion in August and Dorton Arena in October).

Salem, Asheville, and Charlotte are all at least 125 miles from each other, as is Raleigh. However, while it is unusual for an artist to perform twice in the same market in such a short timeframe, the Dorton Arena show was part of the State Fair.

Also, the Durham Performing Arts Center is not considered as one of the local/regional facilities analyzed in the previous section, due to its orientation as a higher-end performing arts facility that is much smaller than the proposed Rocky Mount facility (2,700 seats). However, in addition to its Broadway series, the facility also hosts a wide range of touring concerts, family shows, and other entertainment acts that also perform at arenas and event centers. The following events have stopped at the DPAC and other area facilities in the last two years:

- In December 2010, Vince Gill performed at the DPAC, Crown Center, War Memorial Auditorium, and Cabarrus Arena & Events Center on consecutive shows.
- In December 2010, Amy Grant also made consecutive stops at the DPAC, Crown Center, War Memorial Auditorium, and Cabarrus.
- From March through December 2012, Lyle Lovett performed at the DPAC, a theater in Charlotte, a Cherokee casino, and the War Memorial Auditorium.
- Tyler Perry's "The Have and The Have Nots" performed at the North Charleston Performing Arts Center (twice), Charlotte's Ovens Auditorium, Spartanburg's Memorial Auditorium, and the Crown Center (twice) before the DPAC.
- In 2012, Disney's Phineas and Ferb Live performed at North Charleston, the Florence Civic Center, the Bi-Lo Center, and the War Memorial Auditorium before the DPAC.
- In December 2012 and January 2013, Willie Nelson performed in Charlotte, Asheville, Bolivia (NC), Columbia (SC), and the DPAC.

Meetings/Flat-Floor Event Facilities

This section addresses meetings-based facilities in the Rocky Mount area. As shown above, the arenas in the area are multipurpose facilities that also host events such as conventions and meetings; however, the facilities in this section are flat-floor venues that do not generally host seated sports or entertainment events.

Greenville Convention Center



The Greenville Convention Center is a city-county facility on a 32-acre campus and is billed as the largest meetings facility east of I-95 in North Carolina. The facility opened in 2003 within Greenville’s retail and hotel district and is attached to a 333-

room Hilton and a 100-room Hampton Inn. Exhibit Hall Managers, LLC, which owns and operates the hotels, also operates the convention center.

The center has a 30,000-square foot exhibit hall, 12,000 square feet of prefunction space, and meeting rooms, and approximately 500 on-site parking spaces. These facilities can accommodate groups up to 3,000 people.

The following table summarizes the facility’s past event and attendance demand for the three most recent years for which full event and attendance data is available.

Table 17: Greenville Convention Center Historic Events and Attendance

	2006			2007			2008		
	# of Events	# of Event Days	Total Atten.	# of Events	# of Event Days	Total Atten.	# of Events	# of Event Days	Total Atten.
Conventions	50	95	22,670	53	109	39,907	65	113	36,252
Consumer	16	46	34,385	21	56	26,183	11	30	15,064
Entertainment	18	21	18,138	17	22	11,932	21	28	17,011
Social/Community	22	50	20,832	21	41	21,818	31	80	28,557
Totals	106	212	96,025	112	228	99,840	128	251	96,884

Source: City of Greenville

Based on the facility's published event calendar, the following table summarizes its event demand for the 12-month period from April 2012 through March 2013.

Table 18: GCC Event Demand, 2012-13

	# of Events	Total # of Event Days	Avg. # of Event Days
Meetings, Conferences, and Conventions	28	48	1.7
Church Events	52	52	1.0
Consumer and Public Shows	31	66	2.1
Weddings and Other Social Events	43	47	1.1
Concerts and Other Entertainment	6	6	1.0
Sporting Events	2	5	2.5
Training	7	43	6.1
Other Events	9	19	2.1
Total	178	286	1.6

Source: Greenville Convention Center, AECOM

Capital funds have been identified by the City for future expansion of the facility, including additional parking and other improvements.

Crown Coliseum Exposition Center/Ballroom



As described above, the Crown Coliseum includes a 60,000-square foot expo center and a 7,800-square foot ballroom. The Expo Center opened in 1987 and is a very multipurpose space that can be divided into smaller areas. While full event data is not available, the Expo Center hosted at least ten consumer

shows and a tae kwon do tournament in 2011.

The Ballroom also includes a 3,250-square foot prefunction area, and can be divided into four smaller rooms. The Ballroom has a maximum capacity of 650 people, and the facility connects to both the Expo Center and the Coliseum.

As shown above, other operating and financial operating data is not available for the complex's individual facilities, but the overall complex generates an operating deficit of approximately \$3 million per year.

Interviews with Stakeholders and Potential Users

In addition to analyzing local facilities, AECOM also interviewed a number of stakeholders and potential facility users in order to better understand their events' characteristics and needs, thoughts on the local market, and other subjects. These interviews are summarized below.

The Local and Regional Market

- Rocky Mount doesn't have attractions that Raleigh and Greenville have, particularly downtown.
- Rocky Mount was previously the hub of eastern North Carolina, but has been at least partially eclipsed by Greenville.
- Fayetteville generally competes on price to attract events because its facilities are older.
- Events are generally more expensive to produce in Raleigh.
- Events that are held in Rocky Mount are able to draw attendees from throughout the broader area. One event reported that it was more convenient for Raleigh residents to attend an event in Rocky Mount than in Raleigh due to Raleigh's traffic and congestion.
- Some stakeholders expressed reservations that Rocky Mount could support a larger events facility.
- In general, there are very few major event facilities in North Carolina that are east of Raleigh.
- Approximately four or five tournaments held at the Sports Complex each year require the use of hotels well outside of Rocky Mount.

Potential Event Demand

General

- Rocky Mount could attempt to attract events that are currently being held in Greenville, Raleigh, and Fayetteville.
- A number of local events are held at least partially outdoors but could be entirely indoors with an appropriate facility. These events include the Chamber's Business Expo, the Telegram's Arts & Crafts Gala, the homebuilders show, and various festivals.

Sports and Entertainment Events

- Some high school basketball games (such as major local rivalries) cannot be fully accommodated at schools' gymnasiums, the largest of which have approximately 1,500 seats. A Nash County holiday tournament is limited to four teams because of facility limitations.

- A new facility could potentially attract state high school playoff basketball games. In eastern North Carolina, these games are typically held at Fayetteville's Crown Coliseum and Arena and East Carolina's Mingos Coliseum.
- The Down East Viking Football Classic currently has a step show concert in Tarboro because the Dunn Center cannot accommodate it, and could add other events such as concerts if the appropriate facilities existed.
- Guilford College in Greensboro has a speakers series, typically held at the 2,400-seat War Memorial Auditorium, that could potentially be duplicated in Rocky Mount, although existing facilities could not accommodate it.
- Dance competitions currently being held at the Dunn Center are outgrowing the facility.
- A local event promoter could bring holiday concerts to Rocky Mount that would require at least 2,000 seats.
- Gospel music is very popular in Rocky Mount and could be a potential generator for new events such as concerts, showcases, festivals, and others.
- The Rocky Mount Sports Complex has been approached by basketball tournaments that it cannot accommodate because it, or the city, does not have the appropriate indoor facilities.
- The USA South Conference (North Carolina Wesleyan's conference) hosts many of its outdoor championships (baseball, softball, men's and women's tennis, women's lacrosse, and golf) in Rocky Mount. However, its basketball and volleyball tournaments are currently held in Fayetteville and Martinsville, Virginia, respectively. These events also have awards ceremonies; in Rocky Mount, they are currently held at the Dunn Center, which is almost too small to accommodate them.

The conference's tennis tournaments are held at North Carolina Wesleyan's new outdoor tennis complex, the Slick Family Foundation Tennis Center, which further supports Rocky Mount's status as a successful sports tournament host.

- According to local sports stakeholders, Rocky Mount could also attempt to host certain Central Intercollegiate Athletic Association (CIAA) championships such as volleyball, which was most recently held at the Boo Williams Sportsplex in Hampton, Virginia.

Business Events

- Rocky Mount is not currently a common destination for rotating state association events, although Nash County hosts a lot of eastern North Carolina business events and conferences.
- Smaller state association events are currently typically held in Greenville, Hickory, Fayetteville, Greensboro, and Durham. With the exception of Greensboro, all of these facilities have at least one hotel in the immediate area. (The closest hotels to Greensboro's Coliseum complex are more than one mile from the facilities.)
- Events such as the Chamber's annual business expo are limited for space and have had to use facilities such as a vacant Home Depot and Wal-Mart in the past.

Social and Community Events

- A United Methodist Church youth conference that attracts approximately 5,000 teenagers currently rotates between Greenville, Raleigh, and Fayetteville. In three years, it will be able to select new sites but is expected to continue to rotate throughout the state.
- Other church-oriented mission camps in the summer need a facility for up to 1,000 people for assemblies, and Rocky Mount could potentially attract these events.
- North Carolina Wesleyan College's graduations are limited by the size of their facilities, and the number of tickets provided to each graduate is restricted. High school graduations also limit the number of tickets available because of the size of their gymnasiums.
- Rocky Mount could be a very popular destination for fraternity and sorority reunions, family reunions, and other similar social events.
- The promoter of a fishing tournament in Rocky Mount believes that a boat show could be successful in Rocky Mount. The closest such shows are currently in Raleigh, Richmond, Greensboro, and Charlotte.

Surveys of Chamber of Commerce Members and State Associations

AECOM completed online surveys of local businesses and state associations in order to address the potential need for, and interest in, a facility that can host meetings and other business events in downtown Rocky Mount.

Rocky Mount Area Chamber of Commerce Survey

Through the Rocky Mount Area Chamber of Commerce, AECOM conducted a survey of its membership. The survey was intended to better understand and quantify the meetings/facility needs of local businesses, the characteristics and locations of events they currently host, and other similar subjects. A total of approximately 825 Chamber members were surveyed via an online survey instrument, and 63 responses were received (a response rate of approximately eight percent). The following summarizes the responses that were received.

Type and Size of Organization

The survey first asked what type of company or organization the respondent belongs to.

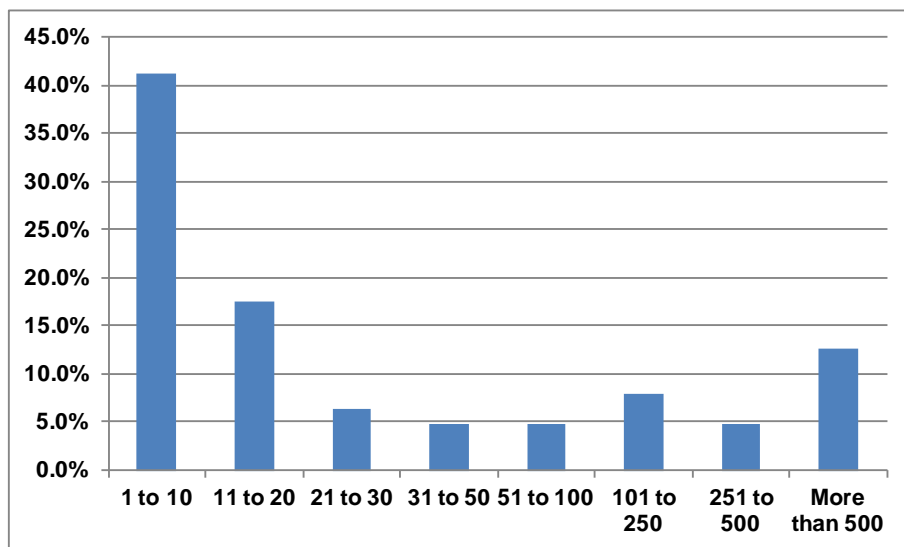
Table 19: Types of Companies

Professional Services	42.9%
Non-profit/Association/Government	20.6%
Retail/Wholesale	11.1%
Construction	4.8%
Manufacturing	0.0%
Other	20.6%
Total	100.0%

Source: AECOM

The survey then asked how many employees each respondent has in the area.

Figure 7: Companies' Employment



As the results indicate, more than 40 percent of respondents are very small businesses (ten employees or fewer), and would likely have less need for event/meeting space, particularly in a large

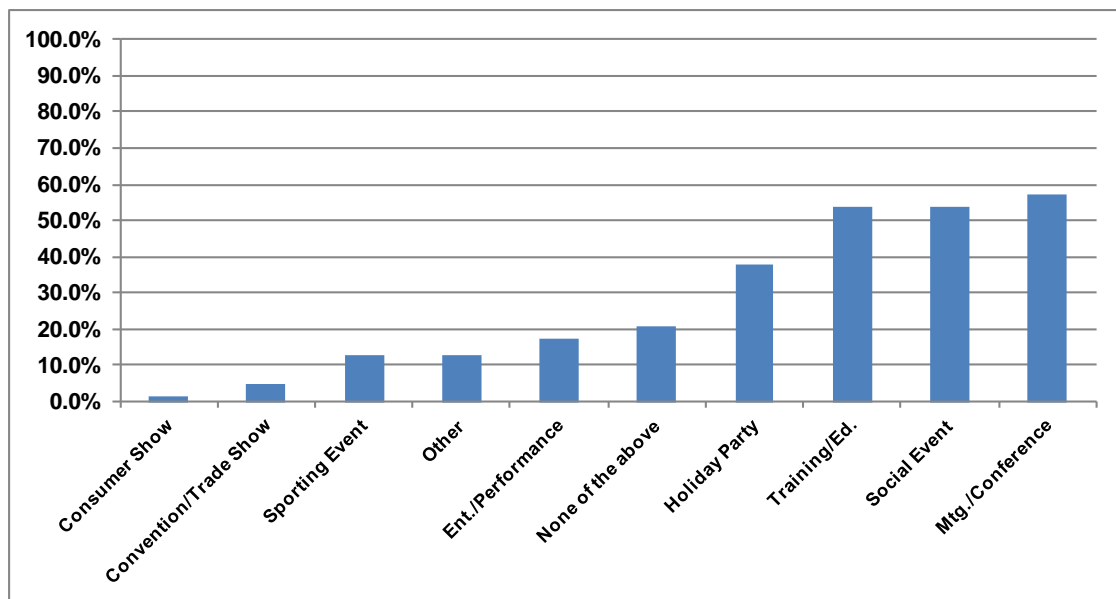
facility. However, while nearly 60 percent of respondents have 20 or fewer employees, 25 percent have more than 100.

Type and Location of Events, and Adequacy of Facilities

Rocky Mount-Area Events

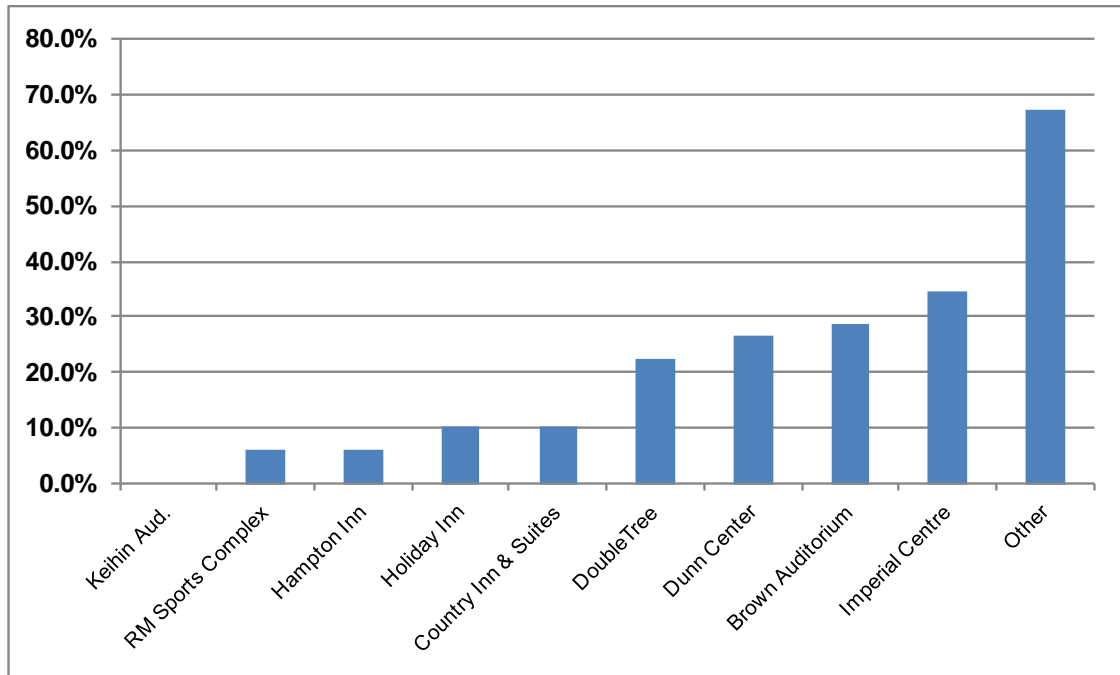
Respondents were then asked whether they have held an event in the Rocky Mount area in the last two years, and if so, what type of event (multiple responses were allowed).

Figure 8: Past Events in Rocky Mount



The events most commonly held were meetings/conferences, training/education, and social events, followed by holiday parties. Conventions/trade shows and consumer shows were held less often (which could potentially be a function of the lack of larger, available spaces for these events). The location of these events is shown in the following table.

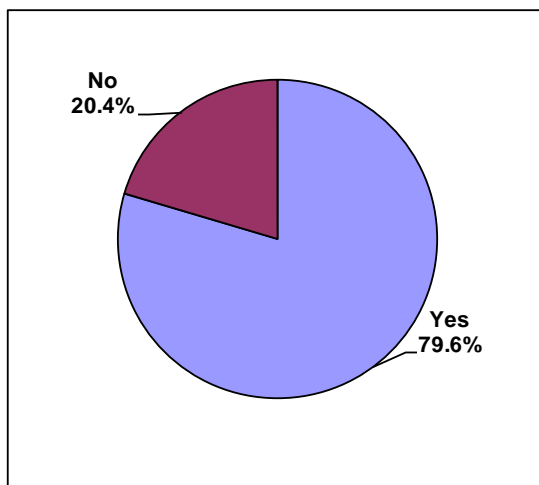
Figure 9: Location of Past Events



Of the facilities identified, the most common event destinations were the Imperial Centre, Nash Community College’s Brown Auditorium, the Dunn Center, and the DoubleTree. Two-thirds of respondents indicated that they have had events at “other” facilities in Rocky Mount, which presumably are smaller facilities than the options presented in the survey.

Respondents were then asked whether the local facilities they’ve used are generally physically sufficient for their event(s), and are expected to continue to be in the near future.

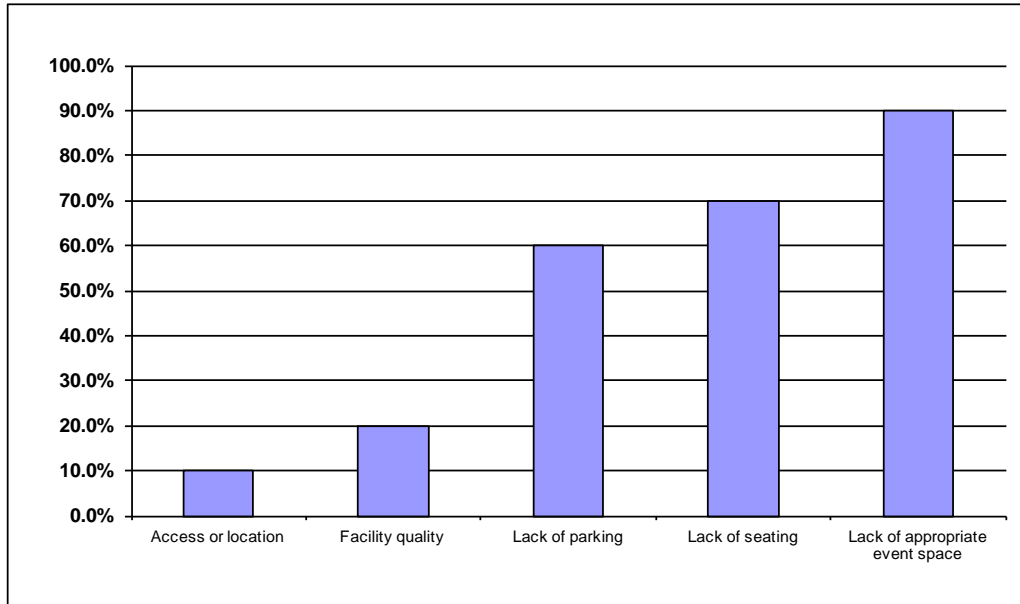
Figure 10: Sufficiency of Existing Local Facilities



The majority of respondents (nearly 80 percent) believe that these local facilities are, and will be, adequate to physically accommodate their events.

For those that answered “no” to the previous question (ten responses), the following summarizes physical deficiencies of the local facilities.

Figure 11: Reported Deficiencies of Local Facilities

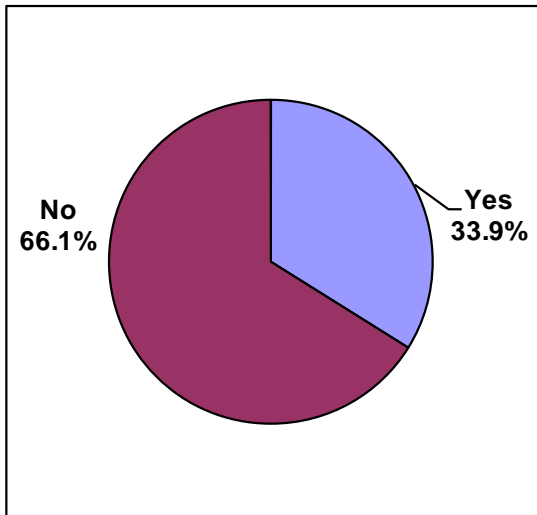


As the chart shows, nine out of ten respondents that said that local facilities are not sufficient to meet the needs of their events cited the facilities’ size. More than half of these respondents also said that parking and seating are insufficient.

Events Held Outside of Rocky Mount

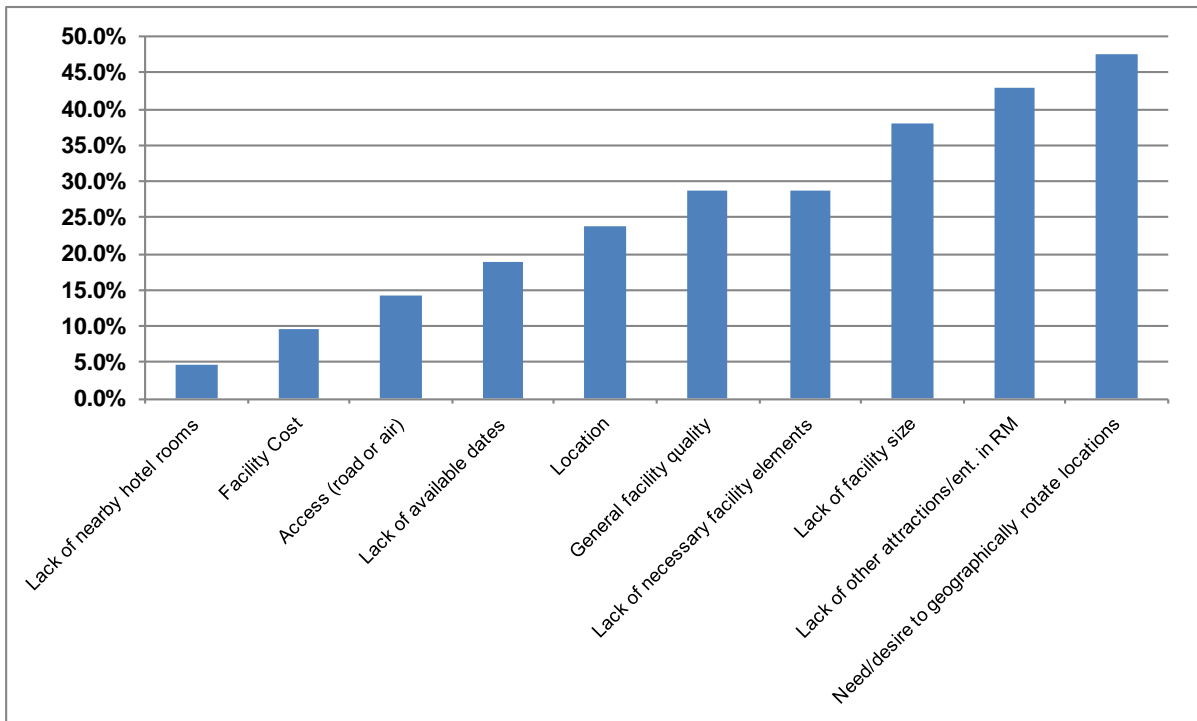
Respondents we also asked whether they have hosted any of the event types identified above in areas outside of Rocky Mount.

Figure 12: Events Held Outside of Rocky Mount



Most respondents, which appear to primarily be smaller local businesses, have not hosted events outside of the Rocky Mount area. However, for those that have (21 companies), we asked why these events were not in Rocky Mount.

Figure 13: Reasons for Holding Events Outside of Rocky Mount

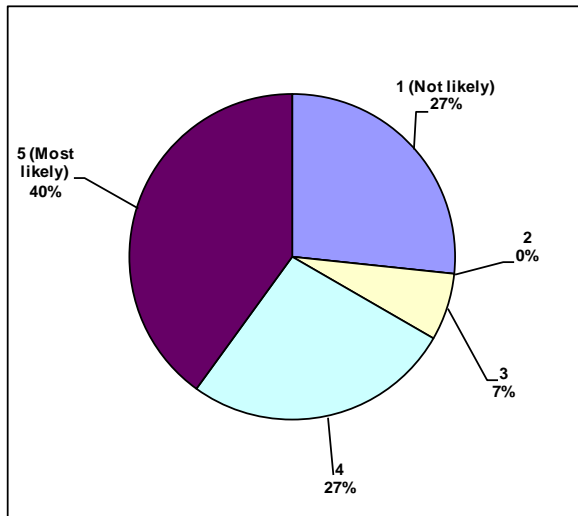


The most common response was the need or desire to geographically rotate event locations, which is typical for many types of events that draw from a broader area. The second-most common response

addressed the lack of other attractions in Rocky Mount; other common answers dealt with issues that could be improved with a new facility, such as the current lack of space and facility quality.

We then asked these respondents whether their events would be brought to Rocky Mount, assuming that the issues identified in the previous chart are addressed. They were asked to provide an answer from one (“not likely”) to five (“most likely”). Of the 20 responses, five indicated that deficiencies were not facility-related; of the other responses, results are summarized below.

Figure 14: Likelihood of Hosting Events in Rocky Mount



Nearly 70 percent of respondents selected “4” or “5” as the likelihood of bringing events to Rocky Mount, assuming that a facility would fit their needs.

Event Characteristics

We then asked respondents to indicate the characteristics of their events that could be held in Rocky Mount, assuming that appropriate facilities exist to host them. These results are summarized below.

- **Meetings/Conferences** – approximately half require 2,500 or fewer square feet, and nearly all require less than 10,000 square feet. Attendance is typically less than 150 but can exceed 500.
- **Training/Education** – primarily require less than 5,000 square feet, with no more than 150 attendees.
- **Conventions/Trade Shows** – for a limited number of responses from local companies, size ranged from less than 5,000 square feet to more than 15,000, with similar variations in attendance.
- **Holiday Parties** – generally require less than 5,000 square feet, for 100 or fewer people.

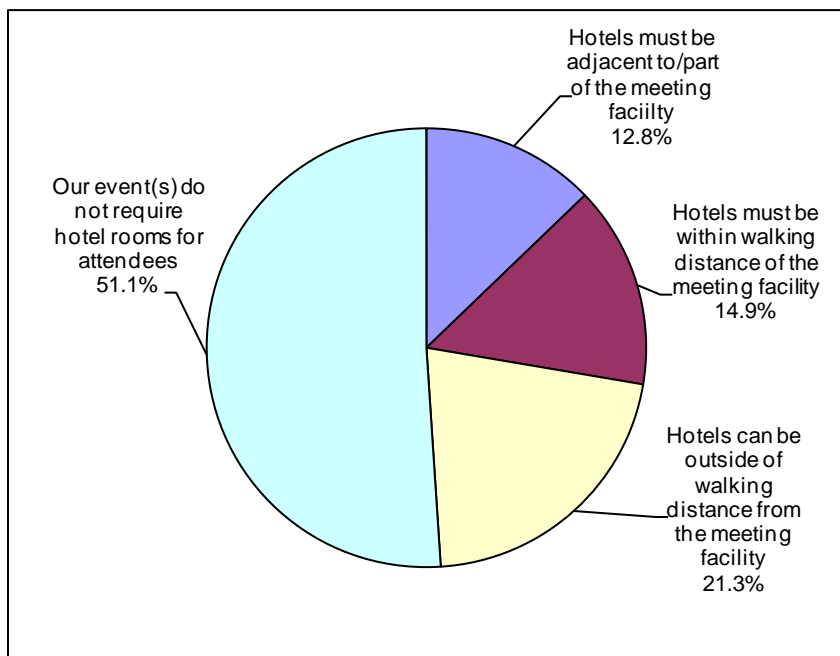
- **Social Events (such as banquets, awards dinners, fundraisers, and others)** – most require 7,500 square feet or fewer, and can have more than 500 attendees.

Other event types, such as consumer shows, entertainment and sporting events, and event types not specifically identified above, received a limited number of responses.

Hotel Policy

We then asked respondents to indicate their policy or needs regarding hotel rooms’ proximity to a meeting facility.

Figure 15: Hotel Policies



As shown, more than half of the respondents said that their events do not require hotel rooms; these events are presumably events such as one-day meetings, parties, banquets, and other similar events, and are also presumably locally-based. While in general, meeting planners for events that require overnight stays typically prefer or require that hotel rooms are next to or close to a meeting’s site, respondents to this survey indicated that this is not necessarily important to them – approximately half of the respondents whose events require hotel rooms said that hotels can be outside of walking distance from an event site.

Open-Ended Responses

Survey respondents were then given the opportunity to provide any other thoughts related to the issue of a new facility in downtown Rocky Mount that they were not otherwise given the opportunity to

express. Nearly 30 respondents provided additional information, which were evenly divided among positive and negative comments.

Comments in favor of a new facility cited factors such as:

- The need for a bigger facility than currently exists (and one that could host all high school graduations without limiting attendance).
- A new facility for larger sporting events is needed.
- A new facility would attract tourists and provide business for local companies.
- A facility could attract new businesses to downtown Rocky Mount.
- A facility could host national-level competitions and events, and its accessibility would help its success.
- It would help in the revitalization of downtown.
- A facility with better catering options (such as having a full kitchen or the ability to use outside caterers) is needed.

Comments that oppose a new facility cited the following factors:

- A new facility would not be a good use of public funds.
- The community has more important needs.
- Existing facilities already serve the events market.
- The facility should not be downtown, due to the lack of hotels and other development and attractions.
- Should be built with private money instead of public money.

North Carolina State Association Survey

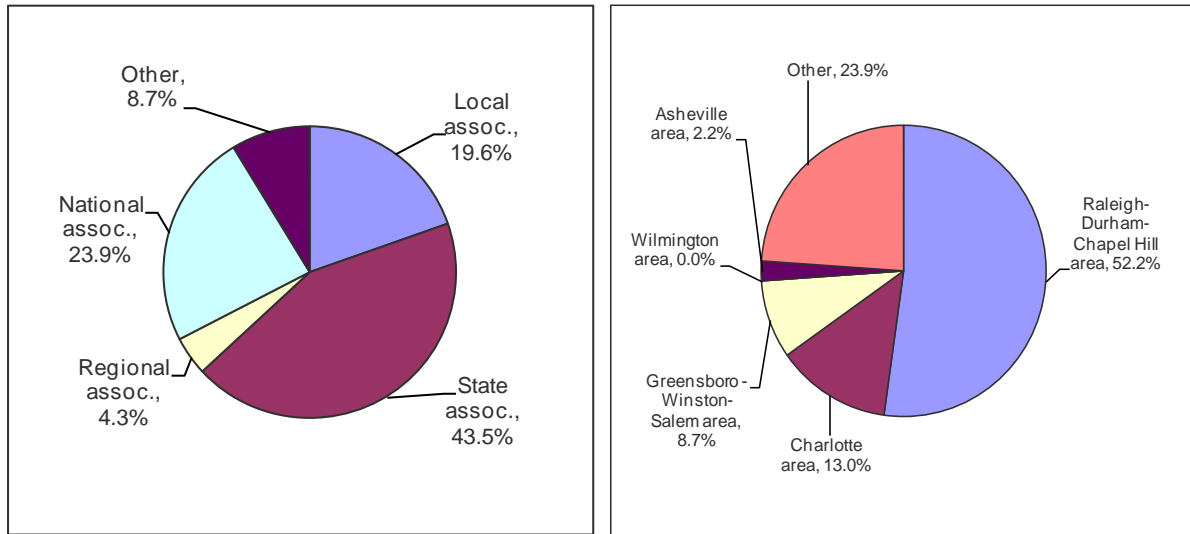
In addition to the survey of Chamber members, AECOM also surveyed associations located in North Carolina. A total of approximately 900 associations were successfully contacted, and of these, 46 provided responses (for a response rate of approximately five percent).

Type and Location of Associations

Of the 46 respondents, 20 (or 44 percent) are North Carolina state associations. The remainder are primarily either local or national associations. Twenty-four of the 46 (or more than half) are located in

the Raleigh-Durham-Chapel Hill area; six are in Charlotte, four in the Greensboro-Winston-Salem area, and 11 are in other areas of the state.

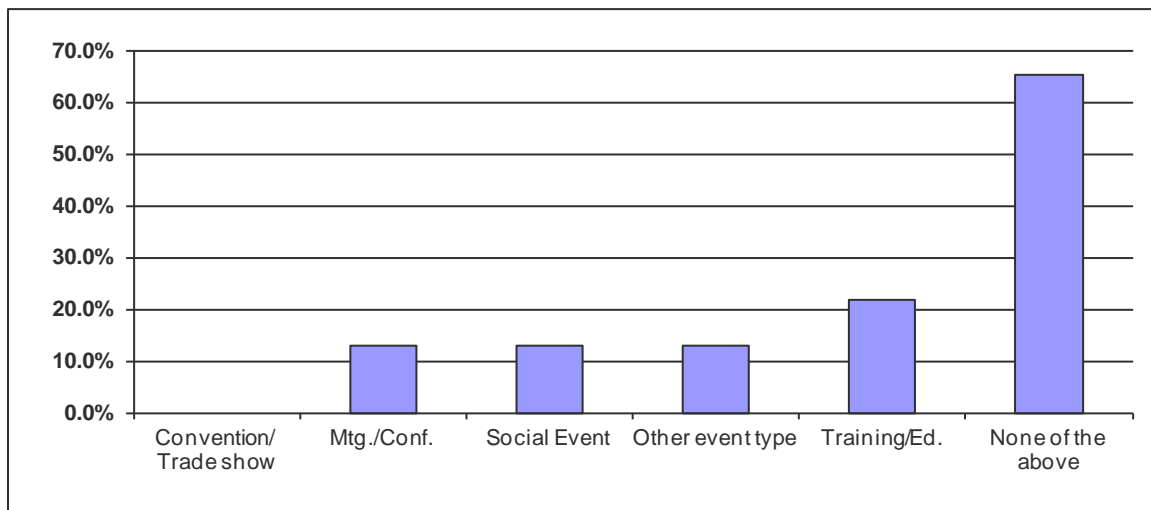
Figure 16: Type and Location of Associations



Events in Rocky Mount

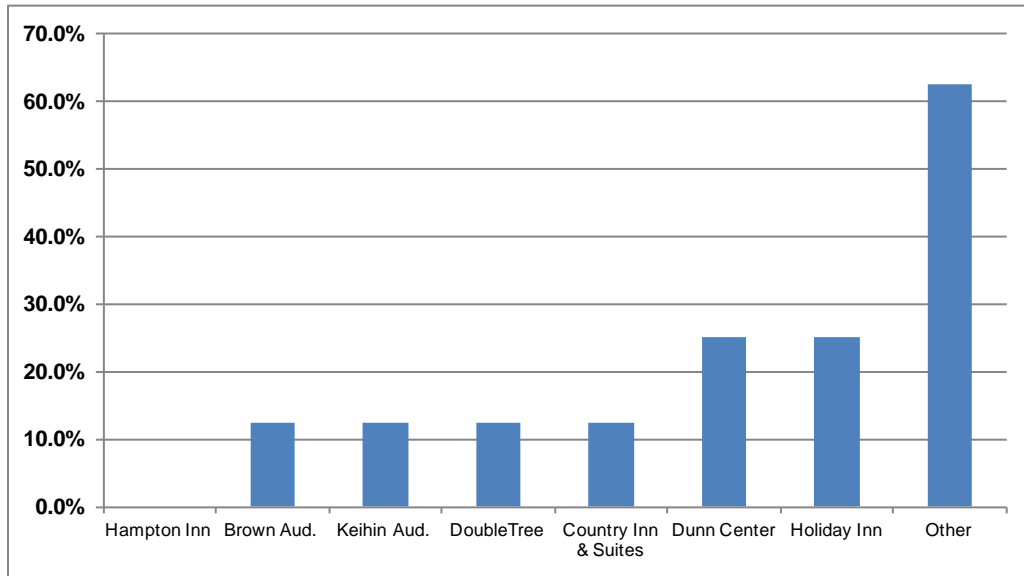
Half of the respondents indicated that they have hosted an event in Rocky Mount in the last four years. As shown below, these events were meetings/conferences, training and education, social events, and other event types; however, none of the respondents had held at convention or trade show in Rocky Mount.

Figure 17: Past Events in Rocky Mount



Recipients were then asked where these events have been held; the most popular response was smaller facilities that were not offered as options.

Figure 18: Location of Past Events in Rocky Mount



For those associations that have not held an event in Rocky Mount, they were asked to provide reasons why. The following chart summarizes their responses.

Table 20: Reasons for not Holding an Event in Rocky Mount

Reason	# of Responses	# of Responses
Location of your membership, staff, directors, and/or other event participants in relation to Rocky Mount	11	78.6%
Lack of necessary facility elements (such as breakout rooms, dedicated exhibit space, ballrooms, etc.)	4	28.6%
Lack of other attractions/entertainment in the Rocky Mount area	3	21.4%
Lack of facility size	2	14.3%
General facility quality	2	14.3%
Cost of using a facility and/or staging an event there	2	14.3%
Other	2	14.3%
Lack of available dates	1	7.1%
Access (road or air)	1	7.1%
Lack of hotel rooms	1	7.1%
Rotational or other policy would not allow you to meet in Rocky Mount	0	0.0%
# of Responding Associations	14	--

Source: AECOM

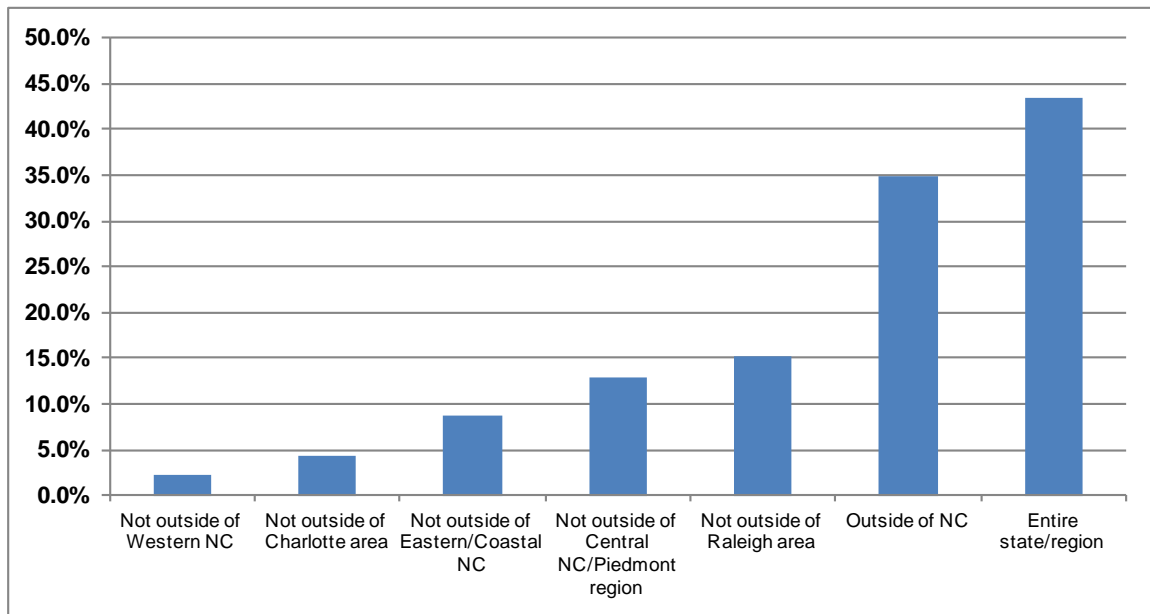
As the table shows, a number of reasons were given, including those that cannot be remedied by a new facility (such as Rocky Mount’s location and a lack of local attractions). Others, such as facility elements, quality, and size, can be addressed by the presence of a new facility. However, the most common answers dealt with market-related issues rather than facility-related issues.

Event Types, Location, and Characteristics

The next set of questions asked about the characteristics of the associations’ events. The average association hosts approximately 25 recurring, off-site events per year. However, this is skewed by a small number of associations (four) that host 100 or more events; the median number of events for all associations is just four.

In terms of the events’ location, slightly less than half of the associations reported hosting events throughout the state. For other events held in North Carolina, they are generally contained within a specific region, including Eastern/Coastal North Carolina and the Raleigh area.

Figure 19: Location of Events

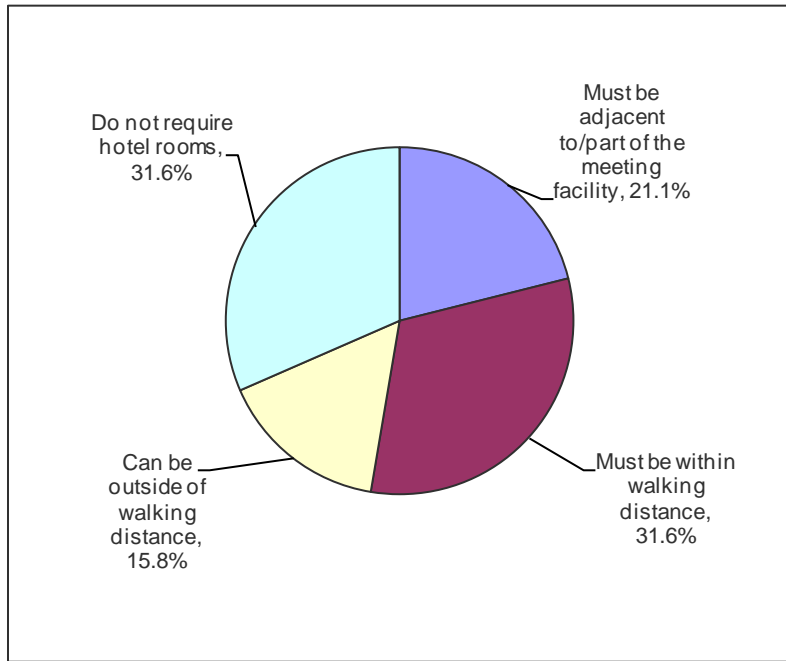


Survey respondents were asked to quantify the characteristics of their events that could potentially be held in Rocky Mount:

- **Meetings/Conferences and Training/Education**– in general, these meetings tend to have fewer than 250 attendees and require less than 5,000 square feet of meeting space. Exhibit and ballroom needs for these events are relatively small (many require none but others are in the 15,000 square feet-or-less range).
- **Banquets and Other Social Events** – generally have 250 or fewer people and require no more than 10,000 square feet of event space.
- **Conventions and Trade Shows** – based on a limited number of responses, these events tend to be larger, with attendance of 1,000 or more people and requiring anywhere from 5,000 to more than 25,000 square feet of exhibit space.

Respondents were also asked about their requirements or needs related to the proximity of their events to hotel rooms.

Figure 20: Hotel Policies



Of the responses, more than 30 percent of events do not require hotel rooms; however, more than 50 percent of all respondents require hotels to be adjacent to or within walking distance of a meetings facility. This has clear implications for a meetings facility that would be oriented towards hosting state association events, and differs from the results of the Chamber of Commerce survey. More so than Chamber members, state associations’ events would require hotel rooms, and they are likely more used to using meetings complexes that are adjacent to or part of a hotel.

Interest in Rocky Mount

The survey also asked about the interest of hosting events in Rocky Mount. The following table summarizes the results of the limited number of responses received.

Table 21: Interest in Rocky Mount

	# of Responses	% of Responses
1 (No Interest)	6	31.6%
2	3	15.8%
3	5	26.3%
4	3	15.8%
5 (Definite Interest)	2	10.5%
Average	2.6	--

Source: AECOM

As the table shows, respondents showed a mild level of interest in holding events in Rocky Mount, with approximately half labeling their interest as a “1” or “2,” and five of 19 indicating a “4” or “5.”

These respondents were then asked to compare the attractiveness of Rocky Mount to that of other statewide meetings markets for their events. The following chart summarizes and quantifies the responses (the numbers in the chart refer to the number of responses each city received for each option).

Table 22: Attractiveness of NC Meeting Destinations

	1 (Least attractive)	2	3	4	5 (Most attractive)	Average Response
Raleigh/Triangle Area	1	1	0	6	8	4.2
Greensboro	1	2	6	6	2	3.4
Charlotte	4	0	2	7	3	3.3
Asheville	3	2	2	4	4	3.3
Greenville	2	5	4	3	1	2.7
Rocky Mount	6	4	4	1	2	2.4
Fayetteville	6	4	3	3	0	2.2

Source: AECOM

As the table shows, the most attractive host markets were judged to be the Raleigh area, followed by Greensboro, Charlotte, and Asheville. Rocky Mount received the second-lowest average score (2.4), behind Greenville and ahead of Fayetteville.

IV. Comparable Facilities

In this section, we analyze the planning, operations, use, ability to spur other development, and other characteristics of existing multipurpose event centers in other markets across the country. These facilities will help to define what has been successfully implemented in similar situations in markets that are in many ways analogous to the Rocky Mount area. The facilities analyzed are:

- The Florence Civic Center in Florence, South Carolina,
- The U.S. Cellular Center in Asheville, North Carolina,
- The Heartland Events Center in Grand Island, Nebraska,
- The Cumberland County Civic Center in Portland, Maine, and
- The Swiftel Center in Brookings, South Dakota.

In general, these facilities are in the 3,300- to 7,500-seat range and some have meeting/conference space in addition to the arena floor. The majority of these facilities do not have a permanent sports tenant, such as a minor-league or collegiate team. These facilities have also shown that they can be catalysts to additional development in the immediate area. The host cities have populations ranging from approximately 20,000 to 80,000 people.

Florence Civic Center, Florence, South Carolina

The Florence Civic Center opened in 1993 and cost \$22 million (or approximately \$35 million in 2013 dollars). The facility is located at the intersection of Interstate 95 and Interstate 20, and is within walking distance of numerous hotels and Florence's main shopping area. Much of this surrounding development has been attributed to the presence of the Civic Center. The facility is approximately five miles from downtown Florence.



Market

Florence is the largest city in and the county seat of Florence County, in northeastern South Carolina (approximately 175 miles from Rocky Mount). The nearest major cities to Florence are Myrtle Beach, which is approximately 68 miles southeast of Florence, and Columbia (approximately 80 miles west on Interstate 20).

The city's population is approximately 37,000. Florence County has approximately 135,000 residents, and the two-county metro area has approximately 205,000 residents. The per-capita income of city residents is approximately \$20,300 (nearly 20 percent of the population is below the poverty line).

Florence has become a business center for the Eastern Carolinas, with a strong medical and financial services presence. Its accessibility via I-95 and I-20, and its location near Columbia, Myrtle Beach, and even Charlotte, has helped to attract businesses and residents.

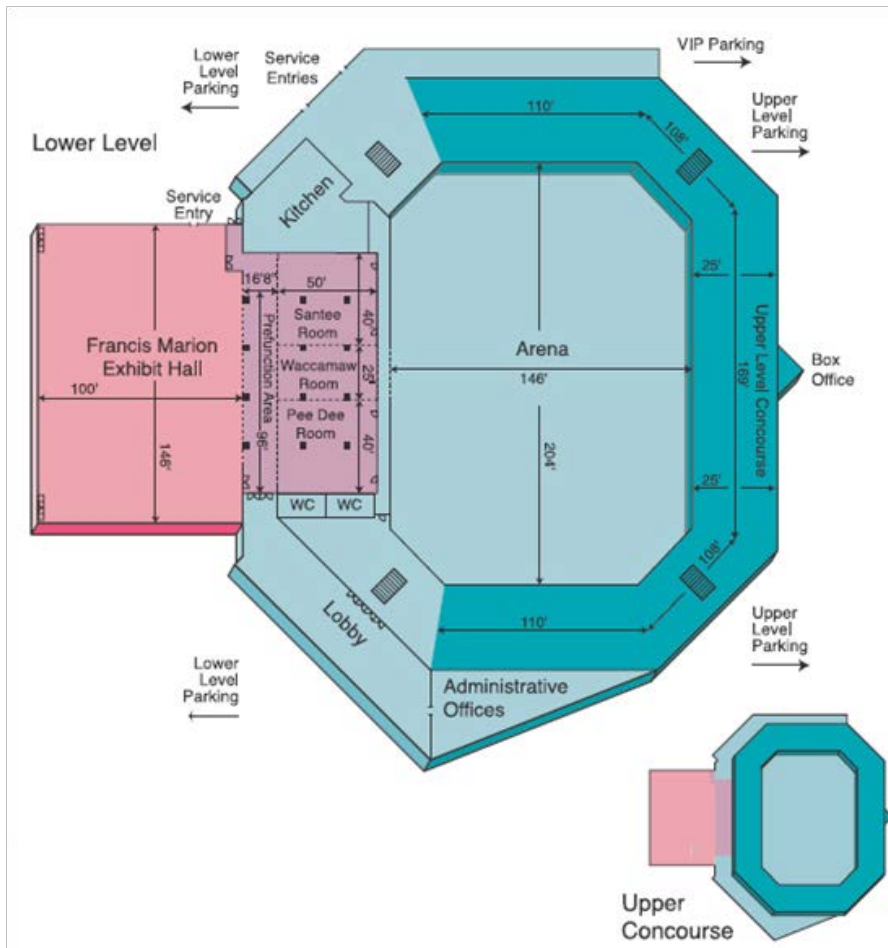
Ownership and Management

The facility is jointly owned by the city and county, and was originally publicly operated. It was later managed by LMI, which was taken over by SMG, who is the current manager. Food and beverage services are provided by Savor, which is an SMG company.

Facilities and Offerings

The facility has a total of 50,000 square feet of event space and approximately 7,500 fixed seats. A facility diagram is shown below.

Figure 21: Florence Civic Center



- The arena's floor has 29,000 square feet and can accommodate as many as 1,200 people in a banquet configuration.
- The 14,500-square foot ballroom/exhibit hall is also attached to three meeting rooms with an additional 5,250 square feet. These areas can connect directly to the arena floor for larger events.
- The facility also has eight suites. There are two suites in each corner, and two are traded for the equivalent of approximately \$20,000 to \$25,000 in advertising.
- There are 2,500 on-site parking spaces.

Usage

In the past, the arena has had multiple tenants, including minor-league hockey and football teams, as well as the Florence Symphony Orchestra. Like many other Southern markets, minor-league hockey

was successful for multiple years before failing. It has hosted a wide range of events, including sports and entertainment, business-based events such as conferences and conventions, social events, and community events. Its current “tenant” is a church based out of Anderson, South Carolina that uses the facility as one of its satellite locations from broadcasted services throughout the state. The church has two services on Sunday morning, and is considering adding a third. Service attendance is approximately 800 to 900 for the early session and 1,200 for the later session (in the arena). The ballroom and meeting rooms are used for children’s programming during the services.

According to the facility’s event calendar, the Civic Center hosted more than 330 event days and performances in 2012. In addition, according to Pollstar, average attendance of past ticketed events has been approximately 1,800 with an average ticket price of \$27.75. The following table summarizes 2012’s event demand.

Table 23: FCC 2012 Event Demand

Event Type	# of Event Days/ Performances
New Spring Church	107
Banquets/Conference/Luncheon	40
Consumer Show	22
Sporting Events	21
Conferences	18
Family Shows	18
Meeting	15
Concerts	12
Wedding	7
Other	74
Total	334

Source: Florence Civic Center, AECOM

Financial

According to facility management, gross expenses were approximately \$2.8 million last year, with revenues of approximately \$2.1 million, resulting in an operating deficit of \$750,000. These results are consistent with those of other recent years. Since opening, the facility’s operating deficit has never been less than \$700,000.

Both debt service and operating deficits are shared equally between the city and county (annual debt service is a total of approximately \$400,000).

The Civic Center charges a surcharge on tickets of \$1, in place of a parking charge.

Other

- The facility is located at the I-95 and I-20 intersection, which originally had a regional mall. In the last six years, there has been significant growth at the intersection, which is believed to be largely attributable to the arena. There are now approximately 1,000 hotel rooms (in six properties) and 12 to 14 restaurants at the intersection.
- According to management estimates, the facility generates approximately 12,000 hotel room nights per year.
- According to management, the facility has to be aggressive in finding events, rather than waiting for promoters to call them (as some of the largest facilities in region can afford to do).
- The facility recently hired a consultant to prepare an economic impact study and an analysis of opportunities to reconfigure and/or expand the facility, with a particular focus on adding breakout meeting rooms. The three existing meeting rooms that the facility currently has are not sufficient to attract state association business (approximately 10 to 12 are thought to be necessary).

U.S. Cellular Center, Asheville, North Carolina

The U.S. Cellular Center complex, formerly known as the Asheville Civic Center, is located in downtown Asheville. There are a number of hotels and restaurants within walking distance of the arena. The complex contains four separate facilities – an arena, auditorium, exhibit hall, and banquet hall. Although the facility first opened in 1974 and has been the subject of discussions regarding its long-term viability, the facility has recently undergone various renovations, and more are planned.



Market

Asheville is the largest city in and the county seat of Buncombe County, and the largest city in western North Carolina. Rocky Mount is approximately 300 miles east of Asheville.

The city's population is approximately 83,000. Buncombe County has approximately 230,000 residents, and the four-county metro area has approximately 425,000 residents. Asheville's per-capita income is approximately \$20,000.

Asheville has been cited numerous times for its high quality of living, arts community, attractions, business community, and other assets.

Ownership and Management

The Civic Center is owned and operated by the City of Asheville.

Facilities and Offerings

The complex includes the following:

- A 7,654-seat arena,
- The 2,431-seat Thomas Wolfe Auditorium,
- A 25,000-square foot exhibit hall, and
- A 5,200-square foot banquet hall.

In 2012, a \$3.2-million renovation of the Center was completed; this included improvements to the banquet hall, arena seating and concessions, sound systems, scoreboards, locker rooms, concourses, and others. These improvements coincided with the city's bid to host the Southern Conference men's basketball tournament, which had previously been held in Asheville from 1984 through 1995.

Usage

The arena has previously had sports tenants (minor-league basketball and hockey teams) but currently has none.

Based on the promised renovations that were completed in 2012, the arena will host the Southern Conference men's basketball tournament through 2014; the city beat competing bids from Charlotte, Winston-Salem, Charleston, Greenville (SC), and Chattanooga. The arena and auditorium also host seven performances of the Asheville Symphony each year.

The following table summarizes the U.S. Cellular Center's events and attendance for 2012, according to the city.

Table 24: U.S. Cellular Center 2012 Demand

	# of Events	Average Atten.	Total Atten.
Meetings/Conferences	29	101	2,934
Consumer Shows	11	2,403	26,430
Concerts	20	1,748	34,964
Other Public Events	8	4,993	39,947
Graduations	4	4,075	16,301
Sports/Competitions	7	6,683	46,783
Social Events	5	699	3,497
Asheville Symphony	8	1,431	11,448
Other Performance/Entertainment	6	1,161	6,965
Training	3	68	204
Total	101	1,876	189,473

Source: City of Asheville, AECOM

The facilities hosted approximately 100 events and 190,000 attendees in 2012. Nearly one-third of events were small meetings. However, the facility hosted 20 concerts and six other types of performance and entertainment events (such as comedians), 12 consumer shows, four graduations, and other events. The facility’s largest events included the Southern Conference tournament (37,000 attendees), Buncombe County’s high school graduations (12,000 for multiple schools), the annual Bele Chere arts and music festival (11,500), and music festival MoogFest (11,900).

According to Pollstar, the arena’s ticketed events have recently had an average ticket price of \$39, and the auditorium’s average has been approximately \$47.

Financial

The following table summarizes the arena’s revenues and expenses for its last four years.

Table 25: U.S. Cellular Center Revenues and Expenses (\$000s)

	2008	2009	2010	2011
Revenues				
Charges for Services	\$0	\$0	\$454	\$279
Rents	567	491	561	594
Concessions	588	799	314	1,005
Other Operating Revenue	249	196	90	136
Advertising and Promotion	10	10		
Staffing Charges	110	114		
Box Office Charges	76	43		
Maintenance Fee	71	77		
Interest Earned			14	8
Total Revenues	\$1,671	\$1,730	\$1,433	\$2,022
Expenditures				
Administration	\$0	\$0	\$780	\$795
Operations	973	932	1,073	1,385
Event Personnel	165	198		
Concessions	418	504		
Maintenance	336	362		
Box Office	122	134		
Capital Outlay	0	6	0	0
Total Expenditures	\$2,014	\$2,136	\$1,853	\$2,180
Revenues Under Expenditures	(\$343)	(\$406)	(\$420)	(\$158)

Source: City of Asheville

For the four years, the City has used different line items to account for the arena’s operations (as shown above); however, its operating loss has ranged from more than \$150,000 to \$420,000. The arena’s published rental rate is the greater of \$2,750 or 10 percent of ticket sales. In 2008 and 2009, its margin on concession sales was approximately 40 and 60 percent, respectively.

U.S. Cellular committed to pay approximately \$165,000 per year for five to eight years for naming rights, which will help to fund additional renovations.

Facility rental rates are as follows:

- **Arena:** the greater of \$2,750 or ten percent of ticket sales, plus \$200 per hour beyond eight hours,
- **Auditorium:** the greater of \$1,350 or ten percent of ticket sales, plus \$100 per hour beyond eight hours,
- **Exhibit Hall:** the greater of \$1,000 or ten percent of ticket sales, plus \$100 per hour beyond eight hours,

- **Banquet Hall:** \$500, plus \$100 per hour beyond eight hours, and
- Move-in, move-out, and rehearsal charges are half of the eight-hour rates listed above, and the same per-hour rates beyond eight hours.

Other

- The city is currently in the process of hiring contractors for the next phase of renovations.

Eihusen Arena/Heartland Events Center, Grand Island, Nebraska

The Heartland Events Center opened in 2006 and its main component is the Eihusen Arena, which has a permanent seating capacity of 6,000. The facility is located within Fonner Park, which is a multipurpose fairgrounds-type of complex with a race track, waterpark, exhibition building, and animal-focused facilities (such as barns and agriculture arenas).



Market

Grand Island is located in central Nebraska, approximately 95 miles west of Lincoln and 145 miles west of Omaha. The city's population is approximately 50,000, and the population of Hall County (of which Grand Island is the county seat) is approximately 60,000.

Ownership and Management

The facility is owned by Fonner Park Exposition and Events Center, Inc., a non-profit 501(c)3 corporation. It is operated by Fonner Park staff.

Facilities and Offerings

The 180,000-square foot facility consists of the arena and the Bosselman Conference Center.

- Eihusen Arena has 6,000 permanent seats, 12 suites, four locker rooms, and a 30,000-square foot floor.
- The Bosselman Conference Center has 8,000 square feet of event space that can be divided into as many as five separate rooms.

The arena and conference center’s layout is shown below.

Figure 22: Eihusen Arena



Usage

The facility was planned to be very multipurpose, with the ability to host events such as sports, entertainment, conventions and trade shows, community events, and others. Since 2011, the arena has hosted the Indoor Football League’s Nebraska Danger. The following table summarizes the facility’s event usage for its five full years of operation (it opened in mid-2006, although construction continued into 2007, which affected that year’s usage).

Table 26: Eihusen Arena Event Demand

	2007	2008	2009	2010	2011
Sports Team Tenant	0	0	0	0	8
Family Shows	6	3	9	12	8
Concerts	5	15	12	25	16
Sporting Events	12	16	19	11	16
Community Events	3	6	4	5	13
Trade Shows/SMERF	14	20	16	6	10
Meetings/Banquets	39	47	55	104	64
Total	79	107	115	163	135

Source: Heartland Events Center

Financial

The following table summarizes the facility's revenues and expenses for its first four full years of operation (2011 data is not yet available).

Table 27: Eihusen Arena Revenues and Expenses (\$000s)

	2007	2008	2009	2010
Operating Revenues				
Commissions	\$6	\$14	\$43	\$51
Rental Fees	71	181	224	187
Sign Rental	0	0	0	23
Concessions	42	245	403	573
Facility Use Fees	35	41	88	105
Box Office Sales	426	850	1,373	1,861
State Fair Reimbursement	0	0	0	20
Miscellaneous	0	1	3	1
Total Revenues	\$580	\$1,332	\$2,134	\$2,821
Operating Expenses				
Advertising	\$20	\$50	\$36	\$39
Box Office Contract Payments	347	685	1,204	1,644
Contract Labor	221	366	221	320
Credit Card Fees	0	0	0	15
Concession Expense	18	97	111	133
Equip. Rental and Maintenance	39	19	37	49
Insurance	26	22	19	17
Management and Maint. Fees	0	0	204	266
Professional Fees	11	3	3	16
Repairs and Maint.	28	30	39	41
Security	4	11	18	16
Utilities	130	153	151	147
General and Administrative	31	25	56	51
Miscellaneous	1	2	2	1
Total Expenses	\$876	\$1,463	\$2,101	\$2,755
Net Operating Income	(\$296)	(\$131)	\$33	\$66
Non-Operating Revenues and Expenses				
Net Grants and Contributions	(\$392)	\$248	\$211	\$167
Motel Occupation Tax Revenue	247	255	240	281
Interest Income	294	287	283	271
Depreciation and Amortization Expense	(18)	(50)	(86)	(109)
Interest Expense	(388)	(376)	(363)	(348)
Uncollectible Pledges	(1)	(5)	(584)	(5)
Tax Expense	(43)	(74)	(139)	(163)
NOI After Non-Operating Items	(\$597)	\$154	(\$405)	\$160

Source: FPEEC, AECOM

As the table shows, the facility first generated operating deficits, although of decreasing amounts, and then generated small operating profits as demand increased in its third and fourth years. Considering

non-operating items (including grants and contributions, hotel tax revenue, and others), the facility's net income varied widely.

Other

- The facility was planned, in part, to help increase local hotel occupancy during low-demand months. As a result, local hoteliers agreed to increase room taxes by two percent to help fund the facility.
- Fonner Park provided \$10 million in infrastructure (parking, land, and other items) to the project. Other major contributors to facility development included the City of Grand Island (\$7.5 million), the Eihusen Foundation (\$1.6 million), the Bosselman family (\$1.3 million), and \$1 million each from Hall County, the St. Francis Medical Center, and the Reynolds Foundation. The city's Community Redevelopment Authority and Economic Development Corporation also provided smaller amounts (a total of \$75,000) for upfront planning.

Cumberland County Civic Center, Portland, Maine

The Cumberland County Civic Center in Portland, Maine has 6,733 permanent seats and serves as the area's primary sports, entertainment, and meetings venue. The facility was completed in 1977 but is currently undergoing a \$33-million renovation that will add premium seating and many other upgrades.



Market

Portland is located on the coast of southern Maine, approximately 95 miles from Manchester, New Hampshire and 110 miles from Boston. Portland is Maine's largest city and the county seat of Cumberland County, with a population of approximately 65,000 people. The Greater Portland Metro Area has approximately 515,000 residents.

Ownership and Management

The facility is owned and operated by the Cumberland County.

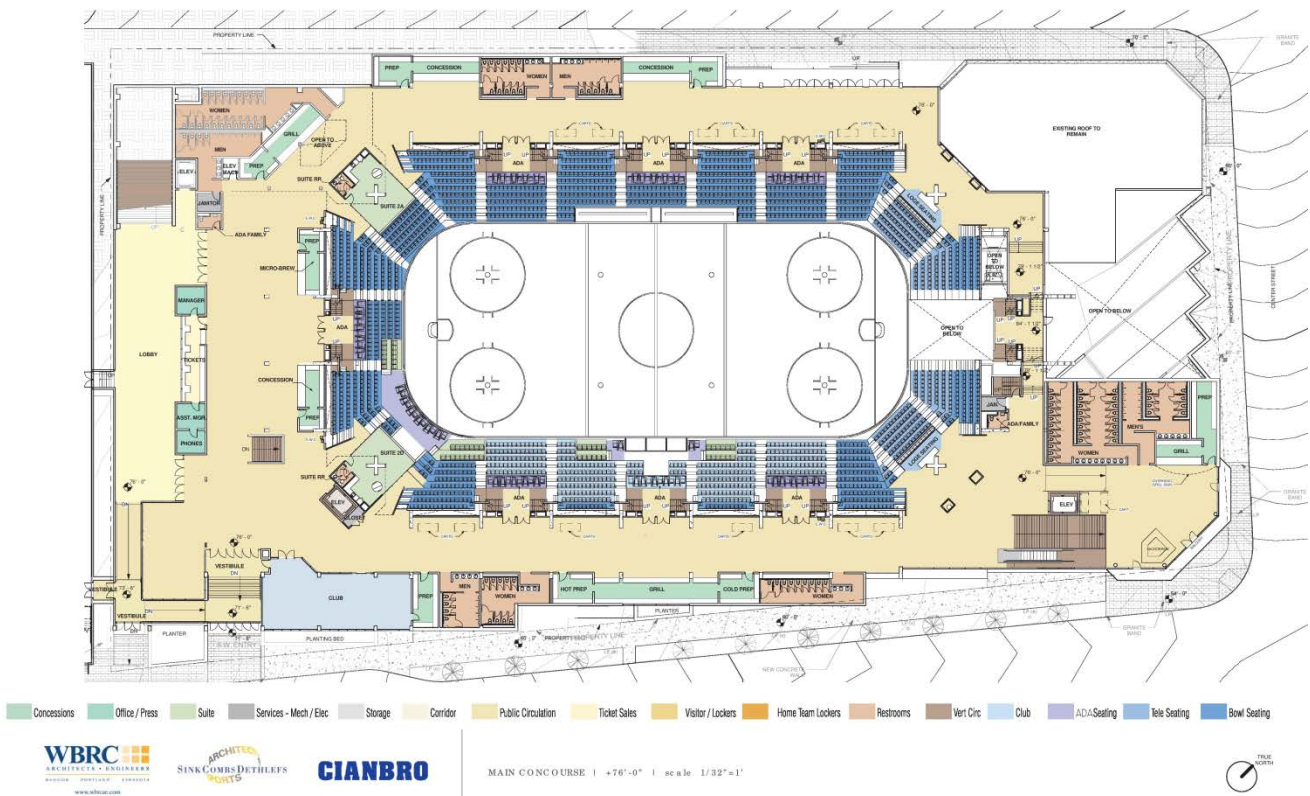
Facilities and Offerings

The Civic Center currently contains 6,733 permanent seats. Due to the upcoming addition of premium seating and ADA seating, the seating capacity will decrease slightly.

The ongoing renovation will be completed in two phases by October 2013. Renovations will include improvements to exterior and interior areas, new suites and premium seating, accessible seating, and other improvements. The building will increase in size by 40,000 square feet to approximately 165,000 square feet.

The following graphic shows the facility's planned layout following the renovation.

Figure 23: Cumberland County Civic Center Renovation



Usage

The Civic Center is the home of the AHL's Portland Pirates (who play in the highest level of minor-league hockey) and hosts a wide range of other sports, entertainment, flat-floor, and community events. The following table summarizes event and attendance demand from 2006 through 2010.

Table 28: Cumberland County Civic Center Events and Attendance

	2006	2007	2008	2009	2010
Sports					
Pro Hockey	50	40	49	37	41
High School Sports (Hockey and Basketball)	16	8	8	7	9
College Sports (Hockey and Basketball)	2	1	1	2	0
Other Sports Events	3	3	4	9	3
Total Sports	71	52	62	55	53
Entertainment					
Concerts	18	15	13	11	10
Family Events	30	26	30	28	33
Other	2	2	3	5	3
Total Entertainment	50	43	46	44	46
Non-Sports/Entertainment Events					
Trade Shows	16	15	12	26	12
Conventions	15	22	16	22	19
Total Non-Sports/Entertainment	32	37	28	48	31
Total Event Use Days	153	136	136	147	130
Total Attendance	485,023	376,895	353,675	336,178	371,474
Avg. Atten per Usage Day	3,170	2,771	2,601	2,287	2,857

Source: Cumberland County Civic Center

Aside from the Pirates' approximately 40 home games, the Civic Center has hosted 90 to 110 other event days per year. Total attendance has ranged from approximately 335,000 to 485,000, including approximately 180,000 attendees of Pirates games. In 2010, the following average attendance levels were achieved:

- 4,500 for Pirates games,
- 4,200 for concerts,
- 2,700 for high school and college sports,
- 3,600 for other sporting events,
- 1,400 for family shows,
- 1,700 for conventions and trade shows, and
- 4,000 for graduations.

Financial

The two following table summarizes the facility's revenues and expenses the five most recent years for which data is available.

Table 29: Cumberland County Civic Center Revenues and Expenses (\$000s)

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenues					
Events Income	\$371	\$472	\$286	\$325	\$255
Concessions Income	789	876	603	665	586
Advertising Income	75	75	74	61	58
Investment Income	47	36	6	2	1
Ice rentals	57	52	64	56	58
Scoreboard/Message	99	104	106	94	76
Misc.	2	2	12	4	7
Loan Proceed/Apr.Surplus	40	40	40	0	0
Total Revenues	\$1,480	\$1,657	\$1,191	\$1,206	\$1,041
Expenses					
Salaries & Benefits	\$522	\$557	\$601	\$518	\$471
Contract Services	48	51	54	51	52
Repairs & Maintenance	89	94	93	77	71
Materials & Supplies	47	46	35	36	29
General & Administrative	63	63	65	57	52
Hockey/Ice Expenses	36	33	29	45	38
Utilities	348	361	316	292	271
Insurance	129	130	109	87	82
Advertising/Promotion	56	69	46	27	20
Pirates Rebates	40	40	40	40	86
Total Expenses	\$1,378	\$1,445	\$1,387	\$1,229	\$1,172
Operating Income/Loss	\$103	\$212	(\$196)	(\$23)	(\$131)

Source: Cumberland County Civic Center

In 2006-07 and 2007-08, the facility generated small operating profits but in the last three years the net operating income has become negative, as event and attendance demand has decreased.

Swiftel Center, Brookings, South Dakota

The Swiftel Center opened in 2001 at Interstate 29 and consists of both an arena and additional meeting space. The arena has approximately 3,300 permanent seats, and there is approximately 12,000 square feet of meeting space.



Market

Brookings is in western South Dakota, near the Minnesota border and approximately 60 miles north of Sioux Falls, which is the state's largest city and is currently building a 12,000-seat arena.

Brookings has a population of approximately 22,000 and is the home of South Dakota State University, the state's largest university. It is the county seat of Brookings County, which has approximately 32,000 residents.

Ownership and Management

The facility is owned by the City of Brookings and is privately managed by VenuWorks.

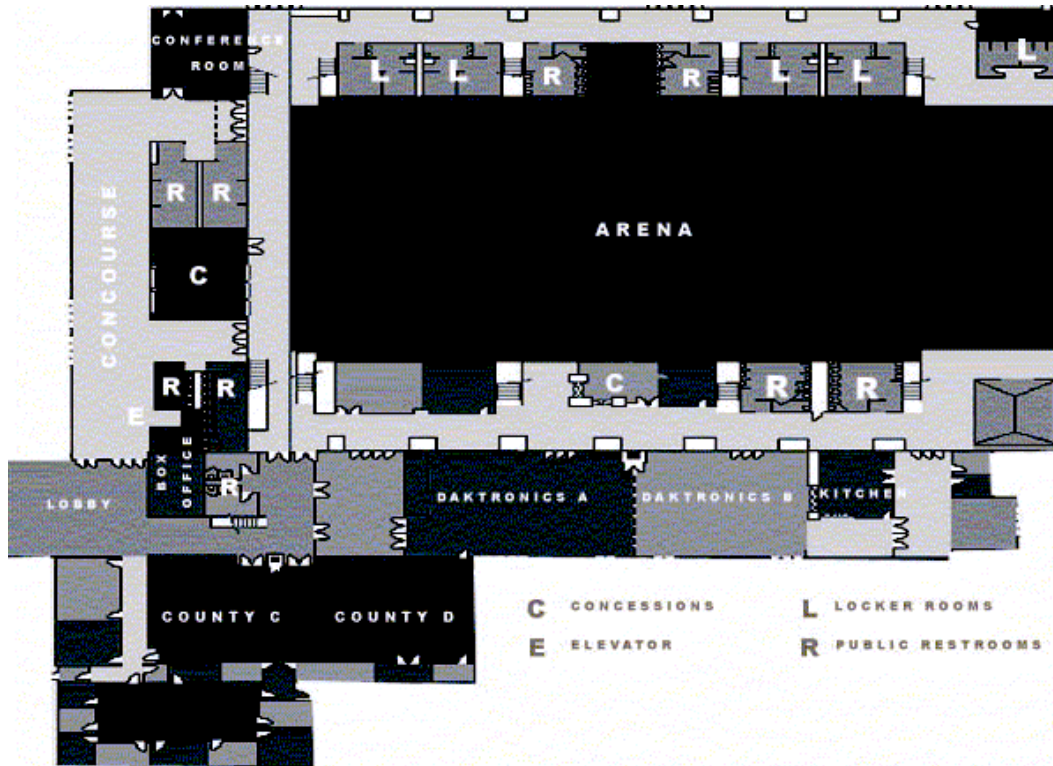
Facilities and Offerings

The Swiftel Center has approximately 3,300 permanent seats but can seat as many as 5,400 to 7,000 in a concert or festival configuration.

The meeting rooms have various capacities and orientations. The Daktronics Banquet Room has 6,800 square feet and is divisible into two smaller rooms, the two County Rooms can combine for 4,800 square feet, and two smaller rooms of 300 and 700 square feet are also available. The arena concourse provides an additional 4,000 square feet of event space.

The following graphic shows the facility's layout.

Figure 24: Swiftel Center



Usage

In 2011, the Swiftel Center hosted 240 events and 313 event days, and a resulting 123,000 attendees. Detailed facility usage is shown below.

Table 30: Swiftel Center Events and Attendance

	# of Events	Avg. Atten.	Total. Atten.
Sporting Events	77	458	35,212
Community/Civic	22	734	15,857
Wedding/Reception	17	224	3,769
Consumer Shows	10	1,101	10,570
Meetings/Conferences	65	171	11,075
Conventions	2	245	589
Family Shows	2	2,514	6,034
Concerts	12	2,782	33,378
Banquets	29	208	5,988
Internal Use	5	35	167
Total	240	--	122,639

Source: Swiftel Center, AECOM

In the facility's ten years of operations, the number of events has generally ranged from approximately 100 in 2001 to over 300 in 2006. Since 2007, event demand has decreased to the 200-to-300 range, following the loss of regular meetings held at the facility by Daktronics, which built its own meeting space on its corporate campus in Brookings. Since 2003, annual attendance has ranged from approximately 80,000 to 120,000.

Financial

The two following tables summarize the facility's revenues and expenses for various years. We first show detailed amounts from 2004 through 2007, and separately show available line items in a different format for 2011.

Table 31: Swiftel Center Revenues and Expenses, 2004-07 (\$000s)

	2004	2005	2006	2007
Operating Revenue				
Advertising/Sponsorships	\$65	\$69	\$84	\$114
Box Office	5	11	22	6
Event Services (Gross)	176	246	198	231
Facility Rental	111	147	395	374
F&B (Gross)	221	353	470	490
Naming Rights	50	50	50	50
Pouring Rights	14	14	14	14
Promotions	20	41	26	44
Total Operating Revenues	\$661	\$930	\$1,259	\$1,323
Operating Expenses				
Salaries	\$217	\$236	\$248	\$253
Benefits	86	106	174	184
General & Administrative	36	41	96	58
F&B	152	229	357	373
Event Services	146	242	280	368
Sales and Marketing	18	38	32	44
Repairs and Maintenance	46	80	78	96
Supplies and Equipment	30	35	2	4
Utilities	62	76	93	97
Box Office	0	0	0	2
Total Operating Expenses	\$794	\$1,081	\$1,359	\$1,478
Operating Income (Loss)	(\$133)	(\$152)	(\$100)	(\$155)
Non-Operating Revenue				
Interest Income	\$0	\$1	\$1	\$0
Fund Transfers In	290	300	330	400
Other	0	0	0	31
Total Non-Operating Revenue	\$290	\$301	\$331	\$431
Non-Operating Expenses				
Management Fees	\$80	\$80	\$80	\$99
Insurance	49	45	50	47
Capital Maintenance	0	0	0	70
Other	6	6	67	60
Total Non-Operating Expenses	\$136	\$131	\$197	\$276
Total Net Income (Loss)	\$22	\$18	\$34	(\$0)

Source: Swiftel Center

Table 32: Swiftel Center Revenues and Expenses, 2011 (\$000s)

Revenues	\$1,620
Expenses	
Personnel	\$916
G&A	\$30
Contracted Services	\$133
Occupancy	\$256
Services/Operations	\$587
Other	\$7
Total	\$1,929
Net Operating Revenue	(\$309)
Transfer from Gen. Fund and 3rd B Tax	\$322

Source: Swiftel Center

For the five years analyzed, operating deficits ranged from approximately \$100,000 to \$300,000.

Other

- The facility was funded through a one-cent city sales tax, which also helped to fund other community projects. Operating deficits are subsidized through the city's general fund and revenues generated by the "3B tax" on alcohol, food, and lodging.
- According to an unscientific analysis by facility management, approximately one-third of event attendees are from Brookings, 17 percent live in adjacent counties, and approximately half come from other counties in the region.
- For many years, the facility has been considering expansion and is currently working towards the project.

V. Facility Recommendations and Assumptions

Market-Based Conclusions

Based on our market analyses, the following conclusions are made regarding the Rocky Mount market and the need for a new downtown events center:

- Demographically, we believe that the local market has the characteristics to support the potential facility. As is shown in the comparable facilities analysis, Rocky Mount's demographics generally compare favorably to those of the other markets analyzed.
- Downtown Rocky Mount is not as developed as many other downtown areas that support similar facilities; however, this can provide an opportunity for a facility to help spur further development. Other facilities analyzed in this report have shown that they can lead to nearby development and/or benefit from proximity to existing development such as hotels and restaurants.
- Existing facilities in the area are not able to serve the market for many events due to their small size; many events have reported needing a facility with more space than is currently available in Rocky Mount.
- Rocky Mount could be a viable tour stop for many events that currently travel through the region. These events could potentially add Rocky Mount to a tour schedule and/or perform in Rocky Mount in place of an existing facility.
- Specific events and event types that have been identified as potential users of a new facility include the Chamber's annual expo, consumer shows, high school sports, dance competitions, concerts, festivals, sports tournaments (including youth, high school, and collegiate), graduations, and reunions.
- Responses from local and statewide businesses and associations indicate moderate interest in a new facility. Local businesses have indicated that there is a need for a facility that offers more space for larger events that cannot currently be accommodated in Rocky Mount. However, Rocky Mount is not considered to be a strong destination for state association meetings, particularly without a downtown hotel, due to factors such as its location and current lack of other attractions for visitors.

Facility Recommendations

As a result of the market analyses and the conclusions described above, we believe there is a market-based need for a new multipurpose events center in Rocky Mount that can accommodate events that existing facilities cannot host. Specifically, we recommend a facility with the following

major characteristics (these are also based on preliminary cost estimates and review of site capacities in downtown Rocky Mount):

- Approximately 4,200 fixed seats in a U-shaped bowl, which would provide a maximum seating capacity of 6,200 including floor seats,
- A limited amount of “premium seating” options for groups (we have assumed ten luxury suites),
- A limited amount of other meeting and event space (approximately gross 15,000 square feet, or 7,200 square feet of net event space). This space should be multipurpose and divisible, and could serve varying types of events such as banquets, conventions and trade shows, and meetings. This space could be used in conjunction with events that use the main events center and its floor for events, or could be used independently. In addition, the events center floor can be used for larger business and social events that are too big for the meeting space.
- Parking – ideally, the facility will be able to offer parking for as many as approximately 2,000 cars on-site or in the immediate vicinity.

The events center should also have appropriate spaces for back-of-house and support space that is typically found in this type of facility, such as operations and event offices, locker rooms, storage, loading docks, and others.

In the following section, we forecast the future usage and operations of this type of facility on a downtown site in Rocky Mount.

VI. Forecasts of Events Center Demand/Usage

Based on the market analysis (including characteristics of the local market, the local and regional marketplace for event facilities, interviews with and surveys of various stakeholders, and the operations of comparable facilities), we have forecasted the anticipated demand and financial performance of the assumed facility. The projection period covers the first ten years of the facility’s operations, which is expected to begin in 2016.

Event and Attendance Demand

The table below summarizes the number of events and total attendance, by type, that are forecasted to be held in the new facility each year, followed by a discussion of each event type.

Table 33: Projected Annual Event Demand

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sporting Events	10	10	12	12	15	15	15	15	15	15
Tournaments and Other Competitions	8	8	10	10	12	12	12	12	12	12
Concerts	10	10	12	12	12	12	12	12	12	12
Family Shows	5	5	6	6	6	6	6	6	6	6
Conventions and Trade Shows	5	5	7	7	8	8	8	8	8	8
Consumer Shows	8	8	8	8	10	10	10	10	10	10
Meetings and Conferences	25	25	25	25	30	30	30	30	30	30
Community Events	20	20	20	20	20	20	20	20	20	20
Social Events	25	25	25	25	25	25	25	25	25	25
Total	116	116	125	125	138	138	138	138	138	138

Source: AECOM

Table 34: Projected Total Annual Attendance

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sporting Events	35,000	35,000	42,000	42,000	52,500	52,500	52,500	52,500	52,500	52,500
Tournaments and Other Competitions	60,000	60,000	75,000	75,000	90,000	90,000	90,000	90,000	90,000	90,000
Concerts	30,000	30,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Family Shows	7,500	7,500	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Conventions and Trade Shows	2,500	2,500	3,500	3,500	4,000	4,000	4,000	4,000	4,000	4,000
Consumer Shows	16,000	16,000	16,000	16,000	20,000	20,000	20,000	20,000	20,000	20,000
Meetings and Conferences	3,125	3,125	3,125	3,125	3,750	3,750	3,750	3,750	3,750	3,750
Community Events	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Social Events	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250
Total	230,375	230,375	260,875	260,875	291,500	291,500	291,500	291,500	291,500	291,500

Source: AECOM

As the tables show, we estimate a total of 116 events in the facility’s first two years, with an increase to 125 in 2018 and 138 in 2020 and beyond. Certain types of events, such as conventions, are generally booked multiple years in advance and therefore more would become available to the facility in later years once it opens. Other event types do not commit to facilities as far in advance; however, once the facility opens and presumably shows that it can successfully host an event, event demand

can increase over time. Total attendance is projected to range from approximately 230,000 to 290,000 in the facility's first ten years of operation.

Sporting Events

This category can include events such as individual high school basketball games (tournaments are considered separately), professional wrestling, MMA-type of events, and others. We assume 10 such events per year, increasing to 15 per year beginning in 2020, with an average attendance of 3,500 per event.

Tournaments and Other Competitions

This event category can include high school and college basketball tournaments, cheer and dance competitions, band competitions, other amateur/youth tournaments similar to those held at the Sports Complex (but for indoor sports), and others. We estimate that the facility can host eight to 12 such tournaments/competitions per year, and each would be held over an average of two to three days with multiple games or sessions. We assume that the average total attendance for each tournament or competition is 7,500.

Concerts

Concerts include musical acts as well as other performers such as comedians. We assume ten to 12 such events per year, with an average attendance of 3,000.

Family Shows

Family shows consider events such as the Harlem Globetrotters, Sesame Street Live productions, the circus, and others. We assume five to six family show performances per year, with an average attendance of 1,500 per performance.

Conventions and Trade Shows

Conventions and trade shows would generally be held on part or all of the events center's main floor, but could also use meeting rooms, concourses, and parking areas in addition to or in place of the event floor. As described in the market analysis, we do not expect a Rocky Mount facility to become a significant destination for statewide conventions and trade shows – particularly if business-quality hotel rooms are not built downtown – but could host approximately five to eight events per year (with an average attendance of 500 people).

Consumer Shows

A new facility would provide needed floor space that could host consumer shows in Rocky Mount. We estimate that the events center could host eight to ten consumer shows per year, with an average attendance of 2,000 people.

Meetings and Conferences

Similar to conventions and trade shows, the facility is not expected to become a major destination for statewide association meetings and conferences. However, a facility such as this would still be expected to host ongoing meetings held by local companies, including training and educational events. We assume a total of 25 events per year, with an average attendance of 125 people.

Community Events

Community events can include high school and college graduations, church services, festivals, and other similar events. As shown in the market analysis, there is a demonstrated need for a larger facility that can host these types of events. We estimate a total of 20 community events per year, with an average attendance of 3,500.

Social Events

This category includes events such as banquets, luncheons, awards dinners, school dances, weddings, and other similar events. We estimate a total of 25 such events, with an average attendance of 250.

Financial Analysis – Facility Operations

Based on forecasted event and attendee demand, operations of similar facilities, and other aspects of the market analysis, we have prepared a ten-year projection of operating revenues and expenses for the assumed facility. The following describes the assumptions and methodology used to estimate the financial performance of the project, beginning with a summary of the projected operating statement.

In the following section of this report, we address non-operating expenses based on estimates of project development costs, as well as non-operating revenues that can be used to fund operations and debt.

Table 35: Projected Annual Operating Revenues and Expenses (000s)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating Revenues										
Space Rentals	\$433	\$444	\$515	\$528	\$613	\$628	\$644	\$660	\$677	\$693
Advertising/Sponsorships	135	138	141	145	149	152	156	160	164	168
Naming Rights	108	110	113	116	119	122	125	128	131	134
Facility Fee	141	141	170	170	198	198	198	198	198	198
Premium Seating	200	205	210	215	221	226	232	238	244	250
Merchandise	42	43	54	55	61	63	64	66	68	69
Food and Beverage	294	301	365	374	431	442	453	465	476	488
Parking	168	172	211	217	259	265	272	279	286	293
Other Revenues	22	22	23	23	24	24	25	26	26	27
Total Operating Revenues	\$1,541	\$1,576	\$1,802	\$1,843	\$2,074	\$2,121	\$2,169	\$2,219	\$2,269	\$2,321
Operating Expenses										
Salaries and Wages (Full-Time)	\$862	\$883	\$905	\$928	\$951	\$975	\$999	\$1,024	\$1,050	\$1,076
Part-Time Staff	215	221	226	232	238	244	250	256	262	269
Benefits	269	276	283	290	297	305	312	320	328	336
General and Administrative	296	304	311	319	327	335	343	352	361	370
Utilities	188	193	198	203	208	213	219	224	230	235
Repairs & Maintenance	38	39	40	41	42	43	44	45	46	47
Management Fee	188	193	198	203	208	213	219	224	230	235
Insurance	54	55	57	58	59	61	62	64	66	67
Advertising	54	55	57	58	59	61	62	64	66	67
Total Operating Expenses	\$2,165	\$2,219	\$2,274	\$2,331	\$2,389	\$2,449	\$2,510	\$2,573	\$2,637	\$2,703
Net Operating Income (Loss)	(\$623)	(\$642)	(\$472)	(\$488)	(\$315)	(\$328)	(\$341)	(\$354)	(\$368)	(\$382)

Source: AECOM

The following table summarizes many of the major assumptions related to events' and attendees' use of the facility (such as rent, average ticket prices, and per-attendee spending), while others are described in the text below.

Table 36: Various Operating Assumptions

	Avg Ticket Price	Rent		Days/Event	Gross Per Cap Revenues			Total Facility Fee/ Ticket	Parking Fee/ Car
		Per Performance/Event Day	% of Tix Sales		Concess	Cater	Merch		
Sporting Events	\$15.00	\$0	--	1.0	\$4.00	\$15.00	\$1.50	\$1.00	\$5.00
Tournaments and Other Competitions	\$5.00	\$0	--	2.5	\$3.00	\$15.00	\$0.75	\$1.00	\$5.00
Concerts	\$40.00	--	6%	1.0	\$7.00	\$20.00	\$5.00	\$2.00	\$5.00
Family Shows	n/a	\$0	--	1.0	\$3.00	\$12.00	\$2.00	\$1.00	\$5.00
Conventions and Trade Shows	n/a	\$3,500	--	2.5	\$2.00	\$0.00	\$0.00	\$0.00	\$0.00
Consumer Shows	\$5.00	\$3,500	--	3.0	\$2.00	\$0.00	\$0.00	\$1.00	\$5.00
Meetings and Conferences	n/a	\$1,000	--	1.5	\$0.00	\$10.00	\$0.00	\$0.00	\$0.00
Community Events	\$0.00	\$1,500	--	1.0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Social Events	\$0.00	\$1,500	--	1.0	\$0.00	\$20.00	\$0.00	\$0.00	\$0.00

Source: AECOM

Revenues

Space Rentals

Depending on the type of use, events are charged varying rates for use of the facilities. Rental rates, based on daily charges or a percent of ticket sales, are shown in the table above; an average rate is shown, as different types of events and event organizers will generally be charged different rates. Based on the assumed rates and forecasted facility use, space rental revenue is projected to be approximately \$433,000 in the facility's first year and \$693,000 in Year 10.

Advertising and Sponsorships

Typically, public-assembly facilities such as sports and entertainment venues can generate revenues from advertising and sponsorship opportunities (such as signage and sponsorship of specific areas and/or events). Generally, the scale of revenues is dependent on the facility's use and its exposure (which is often media coverage through its events). In the case of the planned facility, which would not have a full-time sports tenant such as a university or professional franchise, or other ongoing, high-profile users, advertising and sponsorship revenues are expected to be relatively low. Based on the experiences of other similar facilities, sponsorship revenues are estimated to be \$135,000 in the facility's first year, and are inflated thereafter.

Naming Rights

The facility's advertising and sponsorship revenues could also potentially include naming rights revenues. Naming rights could be sold for an entire facility and/or parts of a facility (such as entrances, the playing surface, a club/bar area, or individual meeting rooms). Naming rights are typically sold for facilities that have permanent tenants (such as sports franchises) that provide relatively high levels of media coverage. As a new facility is not expected to have a permanent tenant, its naming rights opportunities could be relatively limited. In the meetings industry, facility naming rights are not common but do exist.

One example of a naming rights deal that is particularly relevant to Rocky Mount is the Cross Insurance Center in Bangor, Maine. The facility, which will open later this year, will have 5,800 fixed seats but will not have a permanent tenant. Cross Insurance, which is headquartered in Bangor, agreed to pay \$3 million over 15 years (or \$200,000 per year) in exchange for naming rights.

Other similar deals include Asheville's U.S. Cellular Center (\$165,000 per year), the Heartland Event Center's Eihusen Arena (\$1.6 million in perpetuity, which represented the largest private contribution to the project), and the Swiftel Center (\$50,000 per year from the city-owned telecommunications company).

In Rocky Mount, we assume that a naming rights sponsor (or sponsors) is found, and a total of \$100,000 per year (to be inflated) is generated.

Facility Fee

A facility fee is often attached to the price of a ticket to help fund a facility's operations and/or construction. We assume that for most ticketed events, the facility fee will be \$1 per ticket, which will be facility revenue. For concerts, which generally have a higher ticket price, the gross facility fee is assumed to be \$2; however, we assume that this is shared equally with concert promoters and the net fee to the facility is \$1. Based on projected ticket sales, facility fee revenues are estimated to be approximately \$140,000 in the first year of operations.

Premium Seating

As was shown in the market analyses, facilities such as the planned events center can have a wide range of premium seating offerings. However, sales of these seating types are typically driven by the presence of an anchor tenant (such as a sports franchise) that provides a consistent level of events per year. For a facility without a tenant, premium seat offerings are typically much less.

However, it is recommended that the facility have a small inventory of premium seating, in order to provide opportunities for groups to attend events in a slightly more private and upscale setting. We assume that the facility will have ten suites that would be offered to groups, including companies, on an annual or event-by-event basis. These suites would be separated from general-admission seats and would have a private area for seating and entertaining, and catered F&B service would be available.

We assume that each suite can accommodate 16 people, and will be available for all ticketed events (such as sports and entertainment events). Per-year fees are assumed to be \$20,000, not including tickets or catered food and beverage service).

Based on these assumptions, premium seating revenue is estimated to be \$200,000 in the facility's first year. Due to inflation and increasing event levels, revenue is estimated to increase to \$250,000 at the end of the projection period.

Merchandise

Some, but not all, events sell merchandise such as T-shirts and other memorabilia. Merchandise sales are typically limited to sports and entertainment events such as concerts, family shows, and sporting events, and a facility typically receives a commission of approximately 15 percent of gross sales from event promoters, assuming that the promoters sell the merchandise themselves.

(Otherwise, the facility would receive a higher commission, but it would be largely offset by increased expenses related to staffing and selling the merchandise.) A 15-percent commission is assumed in

the future for the event types that are expected to sell merchandise, and per-attendee sales are shown above. In the facility's first year, net merchandise revenue is estimated to be \$42,000.

Food and Beverage

It is assumed that a private provider of food and beverages will be hired to provide F&B services at the facility. In this case, it could be a local restaurant or caterer, or another group such as a division of a private management company that is hired to operate the facility. In a typical arrangement, a facility owner will receive a commission on gross sales from a concessionaire. It is assumed that the facility would receive 40 percent of gross concessions sales (from general concession stands) and 20 percent of catering sales (from F&B service to any premium seating and from catered events such as weddings). While these deals can vary from facility to facility, and can include graduated commission rates based on levels of gross sales and upfront investments in the facility by an F&B provider, these assumptions are based on a typical arrangement for these types of facilities.

Per-attendee food and beverage spending is shown in the table above. For events that are assumed to have attendees in premium seats, the per-person catering revenues only apply to those attendees, and they are not included in the calculations of concessions revenue. As a result, the facility's net food and beverage revenue is estimated to range from approximately \$294,000 to \$488,000 in the first ten years of the projection period.

Parking

We assume that the facility will charge users for parking onsite, although this will not apply for all event types. Parking charges are assumed for ticketed events such as sports, concerts and family shows, and consumer shows. While charged parking can potentially occur for business-based events and various community events, we have assumed that these events will offer free parking.

Our calculations of parking revenue assume a per-car charge of \$5, an average of three attendees per car, a capture rate of 90 percent of event attendees, and an expense rate of 30 percent of gross revenues. We also assume that the facility's parking lot will have the capacity to accommodate the maximum parking load expected to be caused by an event (estimated to be approximately 1,700 cars for a 5,000-person event). These calculations are dependent upon the facility's ability to control this level of parking demand, rather than for parking spaces that are owned by others, or free parking, to be used by event attendees.

Based on these assumptions and the demand forecasts, net parking revenue would be approximately \$168,000 in the facility's first year.

Other Revenues

Other revenues that are not included in previous categories will be generated by the facility, from vending machines, other charges, and other miscellaneous items. These revenues are assumed to be approximately \$20,000 in the facility's first year and are inflated in future years.

Total Operating Revenues

Total revenues are projected to be approximately \$1.5 million in the facility's first year, and increase to \$2.3 million in its tenth year.

Expenses

Salaries and Wages (Full-Time Staff)

Based on the staffing levels of comparable facilities, it is assumed that the facility itself will have a full-time staff of approximately 20 people. As a result, full-time staff expense (not including benefits) is projected to be \$862,000 in the facility's first year, and is inflated in future years.

Part-Time Staff

Part-time staff is dependent on the amount of facility usage, as higher levels of facility use require more temporary staffing resources (for security, event set-up and clean-up, and others), as well as the size of the full-time staff. For the assumed facility, we estimate that part-time event staffing expenses will be approximately \$215,000 in 2016.

Benefits

Fringe benefits apply to full-time staff members, and assuming that the facility will be operated by a private management company, benefits would be expected to be slightly lower as a percent of salaries than they would be under public management. Based on a review of benefits paid to full-time staff at other privately-managed facilities, benefits are assumed to be 25 percent of full-time staff expenses in the future.

General and Administrative

These expenses include items such as supplies, communications services, professional fees, uniforms, travel, and training for staff, and other similar items. Based on the actual expenses of other similar facilities, we estimate that G&A expenses for the facility would be approximately \$296,000 in its first year (this is inflated in future years).

Utilities

Based on the assumed size and anticipated use of the facility (including the lack of an ice sheet), as well as actual expenses of comparable facilities, it is assumed that annual utilities expense of the facility will be \$188,000 in its first year.

Repairs & Maintenance

This line item includes expenses for more routine, ongoing repairs and facility upkeep rather than capital maintenance items. Based on the facility's size and planned use, and the expenses of other facilities, annual repairs and maintenance expenses are assumed to begin at approximately \$38,000 per year (to be inflated).

Management Fee

It is assumed that the City would hire a private firm to manage the new and facility. The events center would likely benefit from private management and its ability to attract events to Rocky Mount, through a manager's other facilities throughout the region and its associated buying power and relationships with events.

Based on review of terms of management contracts with similar facilities across the country, it is assumed that management fees paid to a private firm will be \$188,000 in 2016 (which is inflated from \$175,000 in 2013 prices), and are then inflated in future years. These contracts can be structured in many different ways, and often include a base management fee and incentive or profit-sharing fees based on agreed-upon operational and/or financial goals.

Insurance

Required insurance expense for this type of facility could vary based on the city's coverages and policies. However, because the city does not currently insure a facility such as this, we assume that new coverage would be required. Based on the insurance expenses of similar facilities, we assume that insurance expense will be \$54,000 per year.

Advertising

Based on the actual annual marketing expenses of similar facilities in similar markets, it is assumed that the facility's advertising expenses (for promoting itself and its events) will be \$54,000 per year.

Total Expenses

Based on the previously-described assumptions, total operating expenses are estimated to be \$2.2 million in 2016 and \$2.7 million in 2025.

Net Operating Income (Loss)

Based on the previous assumptions and projections, the facility's net operating loss is projected to range from approximately \$315,000 to \$642,000 in its first ten years.

It is important to note that these financial projections do not include any incentive fees to be paid in order to attract tournaments to the facility. For example, these fees are often paid to events held at the Sports Complex; funding is provided by the City of Rocky Mount and tourism funds.

VII. Events Center Non-Operating Revenues and Expenses

As shown in the previous section, we estimate the facility's annual operating deficit to range from approximately \$315,000 to \$642,000 per year. This does not include any debt service expenses associated with facility planning and construction, nor does it include any revenues from outside funding sources. In this section, we identify and, as much as possible, quantify these development costs and amounts that can potentially be used to fund facility construction and operations.

First, we identify funding strategies used for other facilities in Rocky Mount and other cities.

- **New Markets Tax Credit Program** – the goal of this program is to spur revitalization of low-income and impoverished communities through tax credits to investors for equity investments in certified “Community Development Entities,” which invest in these communities. The federal tax credit to an investor equals 39 percent of an investment, to be used over seven years. For a city such as Rocky Mount that would sell the credits, its project cost would essentially be reduced by 25 percent. Rocky Mount's Imperial Centre received \$6 million in NMTC credit equity, as well as \$7.5 million in historic tax credits.
- **Rocky Mount Sports Complex** – was built for approximately \$12 million, the vast majority of which was raised through installment financing, in addition to approximately \$1 million from grant programs.
- **Crown Center** – its operating deficit and debt service are funded by the county's general fund, a share of the county's hotel tax, and a food and beverage tax.
- **The Heartland Events Center** – was built with a range of public, private, and non-profit funds, including \$10 million from Fonner Park (which hosts the facility), \$7.5 million from the city, \$1.6 million and \$1 million from two local foundations, \$1.3 million from a local family, and \$1 million from the county and a local medical center.
- **Florence Civic Center** – the state contributed \$5 million towards facility construction, and the remaining debt service and operating deficit are funded equally by the city and county.
- **Greenville (NC) Convention Center** – received state funding for construction.
- **Greensboro Coliseum** – the complex is currently undergoing a \$24-million renovation project, which is being funded by bonds backed by hotel tax revenues.
- **Increased Local Taxes** – throughout North Carolina, the highest hotel/motel tax rates are 6 percent. In Nash County, the current rate is 5 percent; Edgecombe County has no hotel tax but is considering implementing one.

Also, throughout the state, total sales tax rates are typically 6.75 percent or 7 percent, with 4.75 percent to the state and the remaining 2 or 2.25 percent to the county. In both Edgecombe County and Nash County, the local share of sales taxes is 2 percent.

A food and beverage tax is also possible in North Carolina (one percent), but only a few counties have imposed this tax.

Potential Costs, Funding Sources, and Scenarios

In this section, we identify estimated project development costs and sources that could potentially be used to fund operating and debt expenses. We then show the potential impact of various funding scenarios on the project’s financial performance.

Project Development Costs

Project development costs for the recommended facility have been estimated for a generic downtown Rocky Mount site by Sink Combs Dethlefs. These costs are summarized below.

Table 37: Estimated Project Development Costs

	Square Footage	\$ per SF	Construction Cost	Soft Cost Factor	Total Cost
Events Center	125,000	\$195	\$24,375,000	1.30	\$31,687,500
Meeting Space	15,000	\$180	\$2,700,000	1.30	3,510,000
Parking	--	--	--	--	2,000,000
					\$37,197,500

Source: Sink Combs Dethlefs

Assuming that this entire amount is borrowed (which would result in the maximum annual debt service payments), annual payments would be approximately \$2.7 million. This is based on a four-percent interest rate and a repayment term of 20 years.

Annual Funding Requirements

Based on the estimated operating deficit and the estimated annual debt service costs, the following table calculates the total annual deficit that would need to be funded (assuming 1.0 debt coverage).

Table 38: Estimated Annual Funding Requirements

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Operating Income (Loss)	(\$623)	(\$642)	(\$472)	(\$488)	(\$315)	(\$328)	(\$341)	(\$354)	(\$368)	(\$382)
Debt Service	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)	(\$2,737)
Annual Funding Needs	(\$3,360)	(\$3,379)	(\$3,209)	(\$3,225)	(\$3,052)	(\$3,065)	(\$3,078)	(\$3,091)	(\$3,105)	(\$3,119)

Source: AECOM

As shown above, in order to cover all operating and non-operating costs, approximately \$3.0 to \$3.4 million in additional revenues would be required per year.

Potential Funding Sources and Amounts

In this section, we identify (and as possible) quantify sources that can potentially be used to fund operations and debt service.

New Market Tax Credits

As previously described, New Market Tax Credits can effectively reduce the city's development costs by 25 percent for amounts that are financed through the NMTC program. This program deals in \$10-million increments, meaning that the events center (with an estimated \$37-million cost) can package as many as three separate investments through qualified "community development enterprises" that have an NMTC allocation. In addition, as a general rule of thumb, the total amount of the credits can generally be as much as 20 to 25 percent of the total project cost.

While NMTC can jointly finance a project with bonds, its structuring will have to conform to requirements and approvals through NMTC and North Carolina's Local Government Commission.

Because it is not known how many \$10-million investments can be sold by this project, it is difficult to accurately quantify the potential benefits. However, for every \$10-million NMTC investment, the city's project cost would effectively be reduced by \$2.5 million, or 25 percent of the \$10 million. As a result, the city could lower its development costs by \$2.5 million, \$5.0 million, or \$7.5 million.

Occupancy Tax Revenues

As previously described, hotel/motel taxes are often used to help fund projects such as events centers that generate tourism and hotel room-night stays. In North Carolina, occupancy (hotel/motel) tax rates are a maximum of six percent. In Nash County, the current rate is five percent. The five-percent rate is shared by Nash County (3 percent) and Rocky Mount (2 percent).

While Edgecombe County does not currently have an occupancy tax, it is considering implementing one. Until more details are known, any amounts that could potentially be available to an events center cannot be quantified. However, this could potentially add another funding source for the project.

The maximum occupancy tax rate is six percent. Based on recent historical occupancy tax levels (and assuming no growth in hotel demand or supply), this additional one percent could generate a total of approximately \$250,000 per year.

Sales Tax Revenues

Throughout North Carolina, the total sales tax rate in its counties is typically 6.75 or seven percent. Of this amount, 4.75 percent is state revenue and the remaining two or 2.25 percent is county revenue

that is then shared with cities on a per-capita basis. In both Nash County and Edgecombe County, the local share of sales tax is currently two percent. Nash County has the authority, subject to referendum, to increase its local option sales tax by 0.25 percent. In Edgecombe County, special legislation is required for a potential 0.25 percent increase.

Under the current system, Rocky Mount receives approximately 19 percent of Edgecombe County's sales tax revenue and 26 percent of Nash County's.

- As a result, an additional 0.25 percent tax would generate approximately \$950,000 per year to Rocky Mount, based on estimated actual sales in 2012.
- Alternatively, if Rocky Mount is able to capture its share of sales tax revenue based on where the sale occurs rather than on a per-capita basis via special legislation (approximately 63 percent takes place in Rocky Mount), this would have generated \$2.4 million in 2012.
- Nash County has authority from state law, subject to referendum, to increase its local option sales tax by 0.25 percent. An additional 0.25 percent of sales tax in Nash County would generate approximately \$2.85 million per year, based on 2012's estimated sales. If special legislation is adopted for an additional 0.25 percent of sales tax in Edgecombe County, the resulting increase in local option sales tax would generate approximately \$1 million per year.

Prepared Food and Beverage Tax

As previously described, Fayetteville's one-percent food tax helps to fund the Crown Center. Officially known as the Prepared Meals Tax, this local tax can be imposed on prepared meals sold at restaurants upon approval by the state General Assembly. In addition to restaurants, the tax generally applies to food and beverages sold at bars, public assembly venues, coffee shops and bakeries, catered meals, and other similar venues and sales. Proceeds from this tax must be used for tourism or cultural programs.

Approximately 15 jurisdictions in North Carolina have enacted this tax. In Mecklenburg County, an increase to the existing one-percent rate has been proposed as a means to help fund renovations to the Carolina Panthers' Bank of America Stadium.

Because this tax does not currently exist locally, its potential collections must be estimated. The exact annual sales of qualifying food and beverages in Nash and Edgecombe counties are not known; however, in fiscal year 2013, total sales categorized as "food" in Nash were \$206.3 million and \$48.1 million in Edgecombe. Statewide, it is estimated that 62 percent of "food" sales took place in restaurants and 2.5 percent in bars and taverns. These two types of sales would generate the vast majority of taxable sales. As a result, we conservatively estimate that this tax would apply to

approximately 65 percent of total “food” sales in the two counties, and would have generated approximately \$1.7 million in the fiscal year.

EB-5 Program

The EB-5 program is an additional potential source of equity. This alternative financing vehicle has been used in North Carolina for similar public-assembly facility projects (for example, Asheville’s convention center). Additionally, USA InvestCo formed a partnership with the State of North Carolina to build the first and only cold storage facility on the Port of Wilmington via collaboration with the North Carolina State Port Authority, the Department of Transportation, Department of Agriculture, and local government agencies. Further due diligence will be conducted to determine its applicability to the Rocky Mount project.

Potential Funding Scenarios

The following identifies various funding scenarios and their overall ability to support the facility’s annual operating deficit and debt service. In the tables below, each scenario assumes different types and levels of funding from the sources described above. We show a number of different scenarios that are within approximately \$400,000 of funding the entire annual deficit, and in many cases, generate a surplus. Each individual table assumes a different number of NMTC investments, and then shows various scenarios with different levels of occupancy tax, sales tax, and F&B tax revenues. As the tables show, with increased NMTC investments, and therefore a lower level of capital costs to repay, more scenarios become potentially viable.

For the purposes of these calculations, we have assumed the average annual deficit after debt service in the facility’s first ten years as a starting point. In addition, the assumed annual amounts generated by occupancy tax, sales tax, and a potential F&B tax assume no growth from current levels of occupancy and sales tax collections, as well as food and beverage sales.

Funding with No NMTC Investment

Table 39: Potential Funding Scenarios – No NMTC Investment

	No NMTC Investment					
	Scenario #1	Scenario #2	Scenario #3	Scenario #4	Scenario #5	Scenario #6
Avg. Annual Deficit	(\$3,168)	(\$3,168)	(\$3,168)	(\$3,168)	(\$3,168)	(\$3,168)
0.25% Sales Tax						
System As Is (Per Cap Sharing)	\$950					
Point-of-Sale Sharing		\$2,400	\$2,400			
All Sales in Edge. and Nash				\$3,800	\$3,800	\$3,800
1% Occupancy Tax	\$250		\$250		\$250	\$250
1% F&B Tax	\$1,653	\$1,653	\$1,653			\$1,653
Resulting Surplus (Deficit)	(\$315)	\$885	\$1,135	\$632	\$882	\$2,535

Source: AECOM

Assuming no NMTC investment, an average of approximately \$3.2 million would have to be funded per year.

- Under the current sales tax system, both the additional occupancy tax and F&B tax would be necessary and a small deficit would remain.
- Should collections for an additional sales tax change to point-of-sale sharing, the annual deficit could be funded with an F&B tax.
- Should the facility be able to capture the additional sales tax from all sales in the two counties, none of the other potential funding sources would be required but would further add to the surplus.

Funding with One NMTC Investment

Table 40: Potential Funding Scenarios – One NMTC Investment

	One NMTC Investment								
	Scenario #1	Scenario #2	Scenario #3	Scenario #4	Scenario #5	Scenario #6	Scenario #7	Scenario #8	Scenario #9
Avg. Annual Deficit	(\$2,984)	(\$2,984)	(\$2,984)	(\$2,984)	(\$2,984)	(\$2,984)	(\$2,984)	(\$2,984)	(\$2,984)
0.25% Sales Tax									
System As Is (Per Cap Sharing)	\$950	\$950							
Point-of-Sale Sharing			\$2,400	\$2,400	\$2,400				
All Sales in Edge. and Nash						\$3,800	\$3,800	\$3,800	\$3,800
1% Occupancy Tax		\$250	\$250		\$250		\$250		\$250
1% F&B Tax	\$1,653	\$1,653		\$1,653	\$1,653			\$1,653	\$1,653
Resulting Surplus (Deficit)	(\$381)	(\$131)	(\$334)	\$1,069	\$1,319	\$816	\$1,066	\$2,469	\$2,719

Source: AECOM

Assuming one \$10-million NMTC investment, an average of approximately \$3.0 million would have to be funded per year.

- Under the current sales tax system, both the additional occupancy tax and F&B tax would be necessary and a small deficit would remain.
- Should collections for an additional sales tax change to point-of-sale sharing, the annual deficit could be funded with an F&B tax alone.
- Should the facility be able to capture the additional sales tax from all sales in the two counties, none of the other potential funding sources would be required but would further add to the surplus.

Funding with Two NMTC Investments

Table 41: Potential Funding Scenarios – Two NMTC Investments

	Two NMTC Investments									
	Scenario #1	Scenario #2	Scenario #3	Scenario #4	Scenario #5	Scenario #6	Scenario #7	Scenario #8	Scenario #9	Scenario #10
Avg. Annual Deficit	(\$2,800)	(\$2,800)	(\$2,800)	(\$2,800)	(\$2,800)	(\$2,800)	(\$2,800)	(\$2,800)	(\$2,800)	(\$2,800)
0.25% Sales Tax										
System As Is (Per Cap Sharing)	\$950	\$950								
Point-of-Sale Sharing			\$2,400	\$2,400	\$2,400	\$2,400				
All Sales in Edge. and Nash							\$3,800	\$3,800	\$3,800	\$3,800
1% Occupancy Tax		\$250		\$250		\$250		\$250		\$250
1% F&B Tax	\$1,653	\$1,653			\$1,653	\$1,653			\$1,653	\$1,653
Resulting Surplus (Deficit)	(\$197)	\$53	(\$400)	(\$150)	\$1,253	\$1,503	\$1,000	\$1,250	\$2,653	\$2,903

Source: AECOM

Assuming two \$10-million NMTC investments, an average of approximately \$2.8 million would have to be funded per year.

- Under the current sales tax system, both the additional occupancy tax and F&B tax would be necessary to create a small surplus.
- Should collections for an additional sales tax change to point-of-sale sharing, the annual deficit could be funded with an F&B tax alone. Without the F&B tax, the new sharing arrangement would create an average annual deficit of approximately \$400,000.
- Should the facility be able to capture the additional sales tax from all sales in the two counties, none of the other potential funding sources would be required but would further add to the surplus.

Funding with Three NMTC Investments

Table 42: Potential Funding Scenarios – Three NMTC Investments

	Three NMTC Investments									
	Scenario #1	Scenario #2	Scenario #3	Scenario #4	Scenario #5	Scenario #6	Scenario #7	Scenario #8	Scenario #9	Scenario #10
Avg. Annual Deficit	(\$2,617)	(\$2,617)	(\$2,617)	(\$2,617)	(\$2,617)	(\$2,617)	(\$2,617)	(\$2,617)	(\$2,617)	(\$2,617)
0.25% Sales Tax										
System As Is (Per Cap Sharing)	\$950	\$950								
Point-of-Sale Sharing			\$2,400	\$2,400	\$2,400	\$2,400				
All Sales in Edge. and Nash							\$3,800	\$3,800	\$3,800	\$3,800
1% Occupancy Tax		\$250		\$250		\$250		\$250		\$250
1% F&B Tax	\$1,653	\$1,653			\$1,653	\$1,653			\$1,653	\$1,653
Resulting Surplus (Deficit)	(\$14)	\$236	(\$217)	\$33	\$1,436	\$1,686	\$1,183	\$1,433	\$2,836	\$3,086

Source: AECOM

Assuming three \$10-million NMTC investments, an average of approximately \$2.6 million would have to be funded per year.

- Under the current sales tax system, the additional F&B tax would approximate breakeven results.
- Should collections for an additional sales tax change to point-of-sale sharing, an average annual deficit of approximately \$215,000 would remain. The occupancy and F&B taxes would create a surplus.
- Should the facility be able to capture the additional sales tax from all sales in the two counties, none of the other potential funding sources would be required but would further add to the surplus.

In summary, because of the amount that can potentially become available, capturing an increase in the sales tax rate (and changes to collection practices) and implementation of an F&B tax in the two counties would have the biggest impact on the facility’s estimated deficit. For all four sets of NMTC scenarios, the current sales tax rate and collection system alone will not allow the facility to approach breakeven. However, various combinations of increased collections of sales taxes, occupancy taxes, and F&B taxes would be sufficient to fund the expected average annual deficit.

VIII. Events Center Economic and Fiscal Impacts

This component of the analysis estimates the economic and fiscal impacts of the planned facility to the City of Rocky Mount. The analysis focuses on one future, stabilized year of impacts (assumed to be 2020); these impacts would generally recur on an annual basis but will vary based on facility usage.

Also, construction of the facility will generate a variety of one-time economic and fiscal impacts during the construction period, and these impacts to the City are also estimated. However, they will be based on the facility's construction cost, which is not yet available.

Introduction to Economic and Fiscal Impacts from Events Center Operations

This section discusses the estimated economic and fiscal impacts that would accrue to Rocky Mount based on the future operations of the facility, as well as the methodology and theory behind all major calculations and assumptions. Impacts from operations are estimated for one future year of operation (2020). In addition to these recurring annual impacts that will be generated by the facility's operation, impacts will also be created by construction.

In general, the following impacts are estimated:

- **Economic impacts from operations** – these are defined as total spending associated with the facility's usage, such as within the facility itself and at local businesses such as hotels, restaurants, and others.
 - Economic impacts can be separated into gross and net impacts. Gross economic impacts measure all spending within the City that is attributable to the facility, regardless of the origin of the spending. Net impacts, which are a subset of gross impacts, only include spending by non-local residents (from outside of Rocky Mount), as spending by local residents is considered “transfer” spending that likely would have otherwise been spent locally. For example, net spending to Rocky Mount would only include spending by non- Rocky Mount residents. While it is possible that certain facility-related spending from City residents, for example, could be considered an impact to Rocky Mount (as the spending may have otherwise occurred elsewhere), no transfer spending is considered to be an economic impact in this analysis.
 - Total economic impacts can also be separated into direct and indirect impacts. Direct impacts measure the actual spending impacts described above, otherwise referred to the “first round” of spending. Indirect impacts measure subsequent spending that

remains within the local economy after changing hands multiple times before leaving it entirely. This is described in more detail later in this section. The sum of the direct and indirect impacts measures the full economic impacts to an area.

- **Jobs and payroll impacts from operations** – estimate new employment and related income for local residents associated with the economic activity described above. As compared to spending impacts that are generated from non-local residents, employment and income impacts are concerned with those who live within a defined area. For example, employment impacts to Rocky Mount will measure new employment for City residents only.
- **Fiscal impacts from operations** – represent new public-sector (tax) revenues that are generated by the economic impacts. For example, use of a hotel room by a convention attendee will generate hotel tax revenue.
- **Economic impacts from construction** – similar to operations, construction of a new facility will also generate impacts to the city. Once a facility construction cost is estimated, impacts from the construction project can also be estimated.

Economic Impacts from Operations

While impacts from operations will recur on an annual basis (and will vary based on year-to-year changes in facility usage), we are presenting estimated economic and fiscal impacts for 2020, which is assumed to be the facility's fifth and "stabilized" year of operations.

Facility Revenues

The annual operating revenues of the events center represent a significant part of the overall economic activity that it generates. This revenue includes spending for items such as tickets, facility rent, concessions, parking, and others.

Revenue projections for the facility are shown in the previous section. The following table summarizes these facility revenues for 2020.

Table 43: Gross Facility Revenues

Gross Ticket Sales	\$3,592,803
Facility Rental	612,946
Gross Food and Beverage Sales	1,226,462
Gross Merchandise Sales	409,205
Facility Advertising and Sponsorships	267,454
Facility Fees	197,500
Premium Seating	200,000
Parking	369,978
Other	23,774

Source: AECOM

Attendee Spending Outside of the Facility

The other component of the economic activity generated by the facility’s operation is the money spent by event attendees on items such as lodging, transportation, meals, entertainment, and shopping outside of the events center but as a result of their trip to the facility.

Based on analysis of event characteristics at other similar facilities, the geographical characteristics of the region, and others, the following summarizes the assumed characteristics of event attendees’ spending and length of stay in the area. These figures only consider spending that takes place outside of the facility, as the spending within the facility is included as facility revenue (see above). For example, daily food and beverage spending shown in the tables below does not include purchases of concession items during a concert; it only includes the cost of meals and drinks purchased locally outside of the facility.

The tables below summarize assumptions regarding event attendees, such as their origin, spending characteristics, and length of stay. These assumptions will be central to calculations of gross and net economic impacts, and are explained below.

Table 44: Attendee Characteristics

	Sporting Events	Tournaments and Other Competitions	Concerts	Family Shows	Conventions and Trade Shows	Consumer Shows	Meetings and Conferences	Community Events	Social Events
Attendees' Geographic Origin									
From Rocky Mount (All Daytrippers)	50%	15%	40%	25%	35%	25%	50%	45%	50%
From Outside of Rocky Mount									
Daytrippers	49%	50%	59%	74%	45%	74%	40%	50%	35%
Stay Overnight	1%	35%	2%	1%	20%	1%	10%	5%	15%
Subtotal	50%	85%	61%	75%	65%	75%	50%	55%	50%
Out-of-Event Center Spending Assumptions									
Food and Beverage/Person/Day									
Daytrippers	\$9.46	\$10.08	\$7.65	\$10.00	\$10.71	\$10.71	\$5.95	\$11.89	\$0.00
Stay Overnight	\$9.96	\$10.59	\$8.16	\$10.50	\$11.21	\$11.21	\$6.46	\$12.40	\$0.51
Retail and Entertainment/Person/Day									
Daytrippers	\$8.00	\$8.00	\$8.00	\$8.00	\$20.00	\$8.00	\$20.00	\$8.00	\$8.00
Stay Overnight	\$8.00	\$8.00	\$8.00	\$8.00	\$20.00	\$8.00	\$20.00	\$8.00	\$8.00
Transportation and Other/Person/Day									
Daytrippers	\$6.42	\$6.42	\$6.42	\$6.42	\$6.69	\$6.42	\$6.69	\$6.69	\$6.69
Stay Overnight	\$4.42	\$4.42	\$4.42	\$4.42	\$4.68	\$4.42	\$4.68	\$4.68	\$4.68
Lodging/Person/Day									
Daytrippers	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Stay Overnight	\$31.40	\$31.40	\$31.40	\$31.40	\$31.40	\$31.40	\$31.40	\$31.40	\$31.40
Hotel-Related Assumptions									
People per Room	2.0	3.5	2.0	2.0	1.0	2.0	1.0	2.0	2.0
Nights per Visit	1.0	2.0	1.0	1.0	2.0	1.0	1.5	1.0	1.5
Location of Spending									
% of Room Nights Captured in RM	80%	80%	80%	80%	80%	80%	80%	80%	80%
Percent of Spending Captured in RM	80%	80%	80%	80%	80%	80%	80%	80%	80%

Source: AECOM

Attendees' Geographic Origin

Because impacts are being considered at the city level, we differentiate between facility attendees who are city residents and those who live outside of the city. Spending by all attendees is calculated as the gross spending impact; however, only those who are non-Rocky Mount residents are considered in the calculations of net economic impacts, which are the true impacts to the city.

For these assumptions, we have based our estimates on characteristics of actual attendees and ticket sales at similar facilities. While many factors can influence the share of non-local attendees at a facility, and this percentage can vary widely from event to event, we have assumed average characteristics across each event type. For example, Rocky Mount residents are estimated to generate approximately half of total attendance at many event types, such as sporting events, meetings and conferences, and social events. Other event types, such as tournaments and conventions and trade shows, would have a lower share of local attendance. Overall, non-local attendance is assumed to range from 50 percent to 85 percent.

Types of Travelers

Event attendees are further divided into two other categories: daytrippers or overnight travelers. The majority of attendees will be daytrippers, including all Rocky Mount residents. However, a share of attendees will stay overnight before, during, and/or after an event.

It is assumed that a very small share of attendees to many event types will stay overnight. However, for conventions and trade shows, tournaments, and many types of social events, which are typically multi-day events, a larger share of attendees is assumed to stay overnight, and their spending patterns will differ from those of daytrippers.

Also, travelers that are generally considered to be “leisure” travelers are considered to share a hotel room (an average of two people per room), and business travelers (for conventions and trade shows, and meetings and conferences) are assumed to have single-occupancy rooms. Tournament visitors are assumed to have an average of 3.5 people per room. In addition, attendees’ average length of stay will vary by the length of an event, but is generally assumed to be one to two nights.

Out-of-Facility Spending Assumptions

Assumptions related to attendees’ spending are partially based on data provided by the North Carolina Department of Commerce, which publishes data regarding the characteristics and spending of tourists to the state. However, we have also adjusted state-reported spending data in order to be more reflective of expected spending patterns of event attendees.

The following table summarizes visitor spending data on a statewide basis, and to the Piedmont region specifically. Statewide figures are separately available for overnight and daytrip visitors; detailed regional spending data is only available for overnight travelers.

Table 45: North Carolina Tourist Characteristics

	Statewide Visitors		Piedmont Region	
	Overnight	Daytrip	Overnight	Daytrip
Purpose of Trip				
Leisure	81.7%	71.6%	71.0%	n/a
Business	11.3%	9.6%	19.5%	n/a
Personal/Other	7.0%	18.8%	9.5%	n/a
Avg. Length of Stay	3.5	1.0	3.4	n/a
Avg. Party Size	2.0	2.1	1.9	n/a
Lodging by Type*				
Hotel/Motel	42.0%	n/a	50.0%	n/a
B&B	1.1%	n/a	1.0%	n/a
Timeshare	1.8%	n/a	1.5%	n/a
Private Home	49.4%	n/a	48.0%	n/a
Condo	2.9%	n/a	2.0%	n/a
RV/Tent	3.1%	n/a	2.1%	n/a
Other	5.8%	n/a	3.9%	n/a
Spending (per Party, per Trip)				
Trans. (incl. parking and gas)	\$168	\$60	\$198	n/a
Lodging	\$176	\$0	\$144	n/a
F&B/Groceries	\$139	\$40	\$126	n/a
Entertainment	\$42	\$22	\$30	n/a
Retail/Shopping	\$44	\$19	\$38	n/a
Other	\$7	\$15	\$7	n/a
Total	\$576	\$156	\$543	\$143

*Totals are greater than 100% due to multiple responses.

Source: NC Department of Commerce

Spending amounts in the table are shown on a per-party, per-trip basis. Adjusting for party size and length of stay, daily per-person spending ranges from \$74 to \$84.

With this data in mind, we have made adjustments to account for spending that occurs within the facility itself and other items that conform more closely to expected levels of spending by event attendees. Generally, the spending averages for all tourists as reported by the state have been reduced for F&B, retail and entertainment, and transportation spending.

Based on the assumptions described above, as well as the forecasts of facility events and attendance and facility revenues, the following table summarizes the total gross direct spending generated by the presence and operation of the events center. The first line (spending generated within the facility) has

previously been described, and the spending captured throughout the city by all event attendees is also summarized below, based on the assumptions shown above.

Table 46: Total Gross Direct Spending Impacts

	Total
Gross Facility Revenue	\$6,900,000
Spending Outside the Facility	
Lodging	\$2,248,000
Food and Beverage	\$2,930,000
Retail and Entertainment	\$2,470,000
Transportation and Other	\$1,853,000
Total Spending Outside the Facility	\$9,501,000
Total Gross Direct Spending - Inside and Outside of the Facility	\$16,401,000
# of Room Nights	23,383

Source: AECOM

As the table shows, total gross direct economic impacts are estimated to be approximately \$16.4 million million in the facility’s fifth year of operation, in addition to an estimated 23,400 hotel room nights. This impact will be adjusted based on estimates of indirect impacts and net impacts, as described below.

Gross vs. Net Impacts

The total economic activity summarized above does not represent actual economic impacts; it merely shows the total spending generated by facility operations, including transfer spending by local residents. In this section, transfer spending is deducted from total spending to arrive at the estimated economic impacts for Rocky Mount. In other words, for the purposes of calculating economic impacts to Rocky Mount, all spending by city residents is subtracted and only spending captured within the city by non- Rocky Mount residents is considered.

Spending impacts to the city related to out-of-facility spending are based on assumptions of attendee origin and their spending characteristics, as previously shown. However, revenues captured by the complex itself are analyzed separately. Assumptions related to these revenues are as follows:

- **Advertising and Sponsorships** –100 percent of this revenue is considered to be a net new impact to Rocky Mount. While some of this revenue will be generated from local businesses and would possibly have been spent locally without the facility, a new events center will provide a venue for advertising and sponsorships that generally does not otherwise exist in

Rocky Mount. In addition, some of the facility's sponsorship revenues will be generated from regional or national firms, and even locally-based firms may have otherwise spent their advertising dollars elsewhere.

- **Premium Seating Revenue** – some of the spectator spending from local sources represents corporate entertainment and it is not a given that this money would be spent locally if the events were not available (it could, for example, go to entertainment spending in other cities or even outside the state). As a result, all premium seat revenue at the new arena is also considered to be a net economic impact of the complex.
- **Rental Revenues** – based on the estimated event calendar developed for the future facility, as well as the new facility's assumed ability to host events that existing local venues cannot currently host, we assume that many of the events held at the new facility would not be able to be held in Rocky Mount but for the presence of the facility (particularly its larger events). As a result, it is assumed that 75 percent of facility rental revenues are considered to be net impacts.
- Calculations of net facility revenues that are directly related to attendee use of the facility (such as ticket sales, concessions, merchandise, and parking) are based on the share of local and non-local attendees for each event type, and their assumed spending. This is consistent with estimates of non-local, out-of-facility spending. For example, facility parking revenue that is considered to be an impact to Rocky Mount is based on calculations of parking spending by non-city residents.

AECOM has estimated the net economic impacts to Rocky Mount for 2020. In other words, we estimate the amount of spending that is captured within Rocky Mount but originates outside of Rocky Mount. The estimated net economic impacts to Rocky Mount are shown in the following table. Net impacts are based on the geographic origin of attendees, as previously described.

Table 47: Total Net Direct Spending Impacts

	Gross	Net to Rocky Mount
In-Facility	\$6,900,000	\$4,003,000
Outside Facility		
Lodging	\$2,248,000	\$1,799,000
Food and Beverage	\$2,930,000	\$1,531,000
Retail and Entertainment	\$2,470,000	\$1,275,000
Transportation and Other	\$1,853,000	\$937,000
Total - Outside Events Center	\$9,501,000	\$5,542,000
Total Direct Spending	\$16,401,000	\$9,545,000
Room Nights	23,383	18,707

Source: AECOM

As shown above, gross direct spending (by all facility users considered in this analysis) is estimated to be \$16.4 million in 2020. Of this amount, \$9.5 million is considered to be a net economic impact to Rocky Mount. Eighty percent of room nights are assumed to be captured within Rocky Mount; therefore, net room-night impacts (approximately 18,700) are 80 percent of the gross figure.

Multiplier Effect and Indirect Spending

As the spending from the direct economic activity takes place in the city's economy, it will trigger other, indirect, levels of economic activity. For example, the operating businesses that are affected by facility use (including the facility itself and hotels and restaurants, retail stores, and others) will purchase various goods and services from local and regional vendors (e.g., utilities, inventory, supplies, labor, and the like). As this occurs, these workers and vendors receive income and, in turn, make purchases of goods and services themselves. Within each round, some spending occurs in the local economy and some flows outside of that economy (referred to as "leakage"). The total amount of spending that stays within the local economy includes both the first round ("direct") and all subsequent rounds of economic activity ("indirect").

These total impacts are estimated through the use of "multipliers" applied to the estimates of direct impacts. The multipliers, which are calculated by the federal government and are unique to each geographic area, are regarded as the most reliable and accurate measure of indirect spending that is available. Multipliers differ from area to area because of geography; proximity to other business centers and the size of an area will affect the length of time that direct spending is retained by an economy before fully leaking out. In addition, different sectors of an economy have unique multipliers,

based on their own proximity to other industry-specific economies, vendors and suppliers, and the like.

For this analysis, we have utilized multipliers developed by the US Department of Commerce for the Rocky Mount MSA. Multipliers for the metro area are used to estimate multipliers for Rocky Mount, as multipliers do not exist at the city level. In order to estimate city multipliers, we have first reduced the metro area multipliers based on the relative size of the city to the MSA (by population). Rocky Mount’s population is approximately 57,000 and the MSA’s population is approximately 153,000; therefore, the city’s population is 37 percent of the MSA’s. However, reducing the MSA-level multipliers by 37 percent would be inappropriate for Rocky Mount, as the city has an importance locally that is disproportionate to its population, as it is the metro area’s principal city and by far the largest city in the area. As a result, we instead use multipliers for the city that are 75 percent of the MSA-level multipliers.

In this analysis, various multipliers for different industries are used. Every type of spending that comprises the direct impacts (“Category”) is assigned a city-level multiplier, based on a corresponding “Industry Sector.” As the table below shows, the multipliers for various industries generally range from approximately 1.2 to 1.4 at the city level. In other words, a multiplier of 1.5 indicates that total economic activity is estimated at 1.5 times the estimate of direct impacts; this includes the direct impacts (at 1.0) and the indirect impacts (at 0.5). Multipliers typically increase as the size of a geographic area increases, as it takes more time for later rounds of spending to leave a larger area (for example, North Carolina compared to Rocky Mount).

Table 48: Estimated Rocky Mount Multipliers

Category	Industry Sector	Multipliers
Events Center Revenues		
Gross Ticket Sales	Perf. Arts, Spectator Sports, Museums, Zoos, Parks	1.3794
Facility Rental	Perf. Arts, Spectator Sports, Museums, Zoos, Parks	1.3794
Gross Food and Beverage Sales	Food Services and Drinking Places	1.3541
Gross Merchandise Sales	Retail Trade	1.3345
Facility Advertising and Sponsorships	Broadcasting (non-Internet)	1.1864
Facility Fees	Perf. Arts, Spectator Sports, Museums, Zoos, Parks	1.3794
Premium Seating	Perf. Arts, Spectator Sports, Museums, Zoos, Parks	1.3794
Parking	Transit and Ground Passenger Trans.	1.3013
Other	Perf. Arts, Spectator Sports, Museums, Zoos, Parks	1.3794
Spending Outside the Events Center		
Food and Beverage	Food Services and Drinking Places	1.3541
Retail and Entertainment	Retail Trade; Perf. Arts, Spectator Sports, etc.	1.3570
Lodging	Accommodation	1.3683
Transportation and Other	Transit and Ground Passenger Trans.	1.3013

Source: US Department of Commerce, AECOM

Based on the multipliers for the city, total (direct and indirect) net spending is summarized below.

Table 49: Total Net Direct and Indirect Spending Impacts

	Net to Rocky Mount
Total Net Direct Spending	\$9,545,000
Net Indirect Spending	
In-Facility	\$850,000
Outside of Facility	
Lodging	\$662,000
Food and Beverage	\$542,000
Retail and Entertainment	\$455,000
Transportation and Other	\$282,000
Total Indirect Spending	\$2,791,000
Total Spending - Direct and Indirect	\$12,336,000

Source: AECOM

As shown in the table, total (direct and indirect) net economic impacts of the facility are estimated to be \$12.3 million to Rocky Mount.

Jobs and Payroll

The operation of the facility creates jobs both within the facility and throughout the community. Jobs within the events center include full-time staff and temporary, part-time event staff. The facility's use and attendees' spending will also support jobs throughout the city, at hotels, restaurants, retail stores, and the like (from both direct and indirect spending). Employment and income impacts to Rocky Mount refer to jobs and income that are captured by residents of the city.

The following table summarizes assumptions made in relation to these estimates, based on US Department of Labor data for the Rocky Mount metro area.

Table 50: Local Wage and Employee Characteristics

MSA Average Annual Wages (2011)	
Lodging Occupations	\$42,791
Food and Beverage Occupations	\$18,840
Retail and Entertainment Occupations	\$25,923
Transportation and Other Occupations	\$27,400
MSA Average Hourly Wages (2011)	
Food Service and Prep Occupations (Facility Concessions)	\$9.06
Amusement and Recreation Attendants (P-T Facility Staff)	\$8.75
Percent of Workers who Live in Rocky Mount	80%

Source: US Dept. of Labor-Bureau of Labor Statistics, AECOM

Average hourly and annual wage information for various types of occupations are provided by the US Department of Labor’s Bureau of Labor Statistics, based on data compiled for the Rocky Mount area in 2011 (wages in the table are inflated to 2020 for the purposes of the impact analysis).

Similar to spending, multipliers are used to estimate indirect employment and earnings, based on the direct estimates. The following table summarizes employment and income multipliers used in the calculation of indirect jobs and earnings.

Table 51: Estimated Employment-Related Multipliers

Category	Employment Multipliers	Earnings Multipliers
Events Center Operations	1.1663	1.2285
Concessions, Food and Beverage	1.1480	1.3277
Retail and Entertainment	1.1878	1.2552
Lodging	1.4233	1.6296
Transportation and Other	1.2091	1.1952

Source: US Department of Commerce, AECOM

The table below shows the total (including direct and indirect) net jobs and payroll generated within the city.

Table 52: Total Net Direct and Indirect Employment and Income Impacts

	To Rocky Mount
EMPLOYMENT	
<u>Facility</u>	
Full-Time Equiv. Facility Operations Staff	19
<u>Outside of the Facility</u>	
Lodging	12
Food and Beverage	28
Retail and Entertainment	18
Transportation and Other	13
Total Jobs (Full-Time Equivalent)	89
EARNINGS	
Facility Operations - all FT and PT	\$1,109,000
Lodging	\$640,000
Food and Beverage	\$673,000
Retail and Entertainment	\$587,000
Transportation and Other	\$448,000
Total Earnings	\$3,457,000

Source: AECOM

As the table shows, the operation of the facility is estimated to support the equivalent of approximately 89 full-time jobs for Rocky Mount residents, and an associated \$3.5 million in direct earnings. This includes both direct and indirect impacts.

Fiscal Impacts from Operations

As previously described, fiscal impacts represent new public-sector tax revenues that are generated based on the presence and use of the facility. The following table summarizes applicable taxes and the spending that they apply to, their rates, and the recipients of each type of tax. We assume that tax rates will remain unchanged in 2020, compared to current rates. As a result, any potential increases in tax rates that were calculated in the funding analysis are not considered here. (This only considers local [County] taxes, and excludes the state’s share of sales tax and its income and commercial taxes.)

Table 53: Local Tax Rates

City Tax	Tax Rate	Taxable Sales	Recipient of Tax Revenue
Sales/Use Tax*	2%	Hotels, Retail, F&B, Tickets	County
Occupancy Tax**	5%	Overnight accommodations	County

* Applies in both Nash and Edgecombe County.

** Only applies in Nash County.

Source: AECOM research

As shown above, the occupancy tax on hotel rooms only applies in Nash County, as Edgecombe County has no occupancy tax. Because a site analysis has not yet been completed, it is not known whether the facility would be located in Nash or Edgecombe County. However, for the purposes of this analysis, we calculate the occupancy tax revenues that could be generated to Nash County, particularly because the area’s primary hotels are located in Nash County.

The new tax revenues attributable to the events center, and their recipients, are summarized in the following table. Fiscal impacts are based on total net spending impacts to Rocky Mount.

Table 54: Total Fiscal Impacts

By Tax Type	
Sales/Use Tax	\$194,186
Occupancy	123,053
Total	\$317,238

By Recipient	
County	\$317,238
Total	\$317,238

Source: AECOM

All tax revenues to be generated at the local level would be county revenues. As shown above, we estimate a total of approximately \$317,000 through sales/use and occupancy taxes in 2020.

Economic Impacts from Construction

The construction of a new events center will represent a one-time economic activity that will create additional impacts to the city, based on spending on construction-related items such as labor and materials. Major assumptions that drive the calculations of local impacts include the total costs associated with construction and the detailed components of this spending, as well as the anticipated geographical origin of workers and firms involved in the construction project.

The following table summarizes estimated total development costs for the events center.

Table 55 – Assumed Construction Costs (\$000s)

Materials	\$24,178
Labor	\$9,299
OH and Profit	\$3,720
Total	\$37,198

Source: Sink Combs Dethlefs, AECOM

- Average annual wages for project workers are based on industry wage data for the MSA, as compiled by the US Department of Labor.
- We assume that the following levels of local participation on the construction project are achievable, given the local economy and geography, the experience of other similar construction projects, and other factors:
 - 70 percent of construction workers will live in Rapid City, and
 - 20 percent of materials will be provided by Rapid City-based firms.
- Construction industry multipliers for Rocky Mount are as follows:

Table 56 – Construction Spending and Employment Multipliers

	Multipliers
Spending	1.1581
Employment	0.3264
Earnings	0.6289

Source: US Department of Commerce

The following table summarizes the total net impacts (direct and indirect) to Rocky Mount from construction.

Table 57 – Total Net Economic and Fiscal Impacts of Events Center Construction (\$000s)

Labor Expenditures	\$10,603
Sales of Materials and Services	\$12,041
Employment	199

Source: AECOM

Based on the assumptions above, local residents are estimated to capture approximately \$10.6 million in income (resulting in approximately 200 jobs), and locally-based businesses would capture approximately \$12 million.

IX. Conclusion

Overall, through our extensive market research, we believe there is a need for the type of facility studied in this report. The demographics of the Rocky Mount area compare favorably to those of other markets that support similar facilities, and our research has indicated that many events that are or could be held locally need a facility that is larger than existing offerings. We do not expect the recommended facility to compete with existing facilities, as it would be larger and would accommodate events that cannot be held in existing facilities.

Our recommendation is a multipurpose facility with approximately 5,000 seats and an additional 15,000 square feet of event space for gatherings such as meetings and banquets. This type of facility, and associated parking, is estimated to cost approximately \$37 million. We project that this facility would host approximately 115 to 140 events per year, and approximately 230,000 to 290,000 attendees. This usage and visitation is expected to further help in the development of downtown Rocky Mount. The facility is expected to operate at a deficit of approximately \$315,000 to \$640,000 per year; however, its construction and operation would generate significant spending, employment, income, and tax revenue impacts locally.

While specific forms of funding have not yet been captured for the facility, a number of opportunities have been identified. These include New Market Tax Credits, sales taxes, hotel occupancy taxes, and food and beverage taxes. Various combinations of these sources could fund facility construction and operations.