Fort Wayne Downtown Arena Study

Submitted to:

City of Fort Wayne
Karl I. Bandemer
Deputy Mayor
200 East Berry, Suite 420
Fort Wayne, Indiana 46802

Via: karl.bandemer@cityoffortwayne.org

May 19, 2015

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City of Fort Wayne
Karl I. Bandemer
Deputy Mayor
200 East Berry, Suite 420
Fort Wayne, Indiana 46802

Via: karl.bandemer@cityoffortwayne.org

Dear Mr. Bandemer,

The City of Fort Wayne, Indiana engaged Hunden Strategic Partners (HSP) to perform an analysis and evaluation for a proposed downtown arena in Fort Wayne, Indiana. The study includes the viability and return on public investment from the proposed downtown arena. The attached is a our report.

This deliverable has been prepared under the following general assumptions and limiting conditions:

- The findings presented herein reflect analysis of primary and secondary sources of information that are assumed to be correct. HSP utilized sources deemed to be reliable, but cannot guarantee their accuracy.
- No responsibility is taken for changes in market conditions after the date of this report and no obligation is assumed to revise this report to reflect events or conditions occurring after the date of this report.
- HSP has no control over construction costs or timing of construction and opening.
- Macroeconomic events affecting travel and the economy cannot be predicted and may impact the development and performance of the project.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

Hunden Strategic Partners

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INTRODUCTION

The City of Fort Wayne engaged the Hunden Strategic Partners team, which includes Sink Combs Dethlefs (SCD), referred to collectively as HSP, HSP Team or Team, to conduct a market, financial and impact analysis related to the development of a mid-sized arena to be located in downtown Fort Wayne. Given the success of Parkview Field in bringing consistent warm-weather activity, crowds and energy downtown, as well as the overall improvement in downtown development, many stakeholders wondered if an event center that is active primarily from fall through spring would generate similar energy, activity, and improvement to business in downtown Fort Wayne, creating a year-round set of event facilities.

The primary questions that HSP was requested to answer are:

- Is there enough potential activity and demand in the market to support the development of a new arena downtown, given the existence of the larger Coliseum outside of downtown?
- Are there events that are accepting lesser dates or less ideal accommodations currently that would improve or expand their activity at a new, smaller facility?
- How much would the arena cost and would it need ongoing financial support beyond the initial development?
- How would this ongoing arena activity benefit downtown and all of Fort Wayne? What impacts are expected?
- What are the optimal governance options for the facility to ensure success?

Many cities have used event facilities as activity and demand generators to enhance their downtowns and overall development efforts. The activity of arenas can generate consistent usage, which provides consistent nearby street-level activity for restaurants and bars and some retail. It also provides downtown employees and residents a major activity center nearby to walk to after work. Yet the facility itself must be able to generate enough events on the calendar to keep it operating without significant financial support. No arena pays completely for itself -- clearly the War Memorial Coliseum has received tens of millions of dollars in state and local financial support for capital and operations over its lifetime – the design and operating concept of any new facility should ensure that it can maximize revenues and minimize expenses for a net positive operating profile.

HSP met with key stakeholders, interviewed and surveyed existing and potential arena users, analyzed the competition, reviewed the physical and calendar situation at the Coliseum, analyzed the market, investigated comparable situations, and worked with SCD to understand the state of art in arena design today.

Based on HSP's analysis, the following was determined:

- The Coliseum is a larger and successful facility that has received significant market and government support over several decades. It has expanded several times, including an expansion of the arena “bowl” to increase the number of seats. It excels at very large events, including those public shows and concerts that require acres of parking.
- The market is large enough that having one facility attempt to service all of the event types has meant that it is difficult for many users/events to get dates at a reasonable cost (comparable to other like markets). While the Coliseum has many space options, it is difficult for it to be all things to all events.
- The Coliseum has a difficult time accommodating all of the events that would like to use the facility, given demand for the same dates during many months of the year. Some events are accommodated in alternate spaces (not the primary arena bowl) that user groups do not prefer.
- The Coliseum seating bowl is much larger than what most events, games and acts can fill (in many cases double the size necessary). This results in the events seeming “empty” to the players, band and audience, which diminishes the experience. In fact, the facility rarely fills all the seats. While it can curtain off sections, the set up is not ideal for hosting smaller events.
- There are current users (both sports and event producers for certain events) who would prefer a smaller, more intimate arena setting, with seating that is closer to the court/floor, with better date options.
- There is a gap between the large capacity at the Coliseum and the small capacity at the Embassy Theater. There are many events that are simply too large or not the right type of event for the Embassy, but are too small to break even or work well in the very large Coliseum.
- There are many examples of new mid-sized arenas in markets with existing larger arenas nearby where both have active calendars. There are acts and events for large and small/mid-sized arenas and they often do not overlap.
- Fort Wayne’s downtown has enhanced its reputation as a fun, walkable city with more leisure time activities, at least in the warmer months via the development of Parkview Field. However, during the cold months, unless there is an event at the Grand Wayne Center or Embassy Theater, the downtown still has a limited number of “demand generators” like an arena or event center. Most restaurants and retail businesses need that consistent year-round demand in order to survive. Currently there are a number of vacant restaurant spaces that would be much more viable with more events throughout the year.
- As HSP has noted in its work on the Grand Wayne Convention Center, in terms of the destination itself, Fort Wayne is at an inflection point. It has developed enough facilities to begin to be noticed and acceptable for certain types of events and visitors, not to mention residents. However, in order to attract higher spending groups, visitors and residents an improvement in the downtown attractiveness is

necessary. Expanding existing facilities like the GWCC is not enough. The key deficit now is in the destination package and appeal of downtown Fort Wayne. The key items that are missing are nodes of restaurant and entertainment activity, more high quality hotel choices and an overall vibe of "things to do" downtown. The development of Parkview Field and related projects has helped, and the new Ash tower will also help. However, more restaurants, a potential event or entertainment center and retail/general downtown activity (from residents, workers, visitors) will help.

- The impact in terms of activity and recaptured demand is expected to have measurable and intrinsic benefits to Fort Wayne. Fort Wayne is one of few strong mid-sized Midwest regional centers of its size without a major university or a state capital. It has thrived despite the odds, while many other similar cities in the Midwest have contracted. Fort Wayne has retooled and reinvested, including downtown. The attractiveness of its downtown is the heartbeat of what Fort Wayne offers to businesses, residents and visitors. It receives visitors from throughout northern Indiana, northwest Ohio and southern Michigan for its events and to use its hospitals and retail nodes. A new event center downtown will reinforce and enhance this draw to the city, especially to downtown. New residential and restaurant development is much more likely after the development of such a facility. Corporations will be more likely to locate downtown with such a facility.

Summary of Report & Recommendations

The summary of this report's chapters, its recommendations and projections are shown next.

SUMMARY OF CONCLUSIONS FROM CHAPTERS

Local Demographics and Economy

The city of Fort Wayne is located in northeastern Indiana, southwest of South Bend and west of the Ohio state border. Just to the west of Fort Wayne is Warsaw, Indiana. The two cities are renowned hubs for medical engineering and medical technology companies. Fort Wayne is the largest city and seat of Allen County.

The MSA had a 2010 census population of 416,257. According to 2013 population estimates, the MSA has grown to 424,122. The city proper increased in population between the 2000 and 2010 census from 205,727 to 253,691, or 23.3 percent.

The region has seen steady growth during the past decade. This is due in part to Fort Wayne's proximity to Warsaw, IN, the "World's Orthopedic Capital" and growth in tourism to Allen county. The area has also transitioned from a manufacturing base to one that includes growing service, financial and other companies, including Vera Bradley. However, its manufacturing economy is strong, headed by General Motors and others. The orthopedic industry is an $11 billion dollar global industry that attracts jobs, conventions and investments into the northern Indiana region. Nearly six million people visit Fort Wayne annually.

The community has seen steady growth throughout the past decade. This is due in part to a diversified economy, growing airport facilities and nearby industries, and efficient regional access via roads and railways. The community has also seen substantial growth in the tourism business, especially related to downtown development. Nearly six million people visit Fort Wayne each year, and the community hopes to continue to grow the local tourism industry. The new Parkview Field, recently expanded Grand Wayne Center and new Courtyard by Marriott convention hotel, Embassy Theater, and the War Memorial Coliseum complex are outstanding facilities that draw hundreds of thousands of visitors to the community each year, especially to downtown. The primary event facility not located downtown is the Coliseum. This focuses much visitor activity outside of downtown for many events.

This downtown enhancement, combined with the growing market size, is a positive environment for the development of additional event facilities downtown.

Local Market Analysis

HSP evaluated the local sports and entertainment venues to determine both the supply of local facilities for event as well as the existing demand for arena events to determine how a downtown arena could impact the Fort Wayne market. The facilities were determined by their location, facility components, quality, and discussions with local and regional sport and entertainment organizations.

The following table summarizes the sports and entertainment venues in Fort Wayne, sorted by capacity.

Table 1

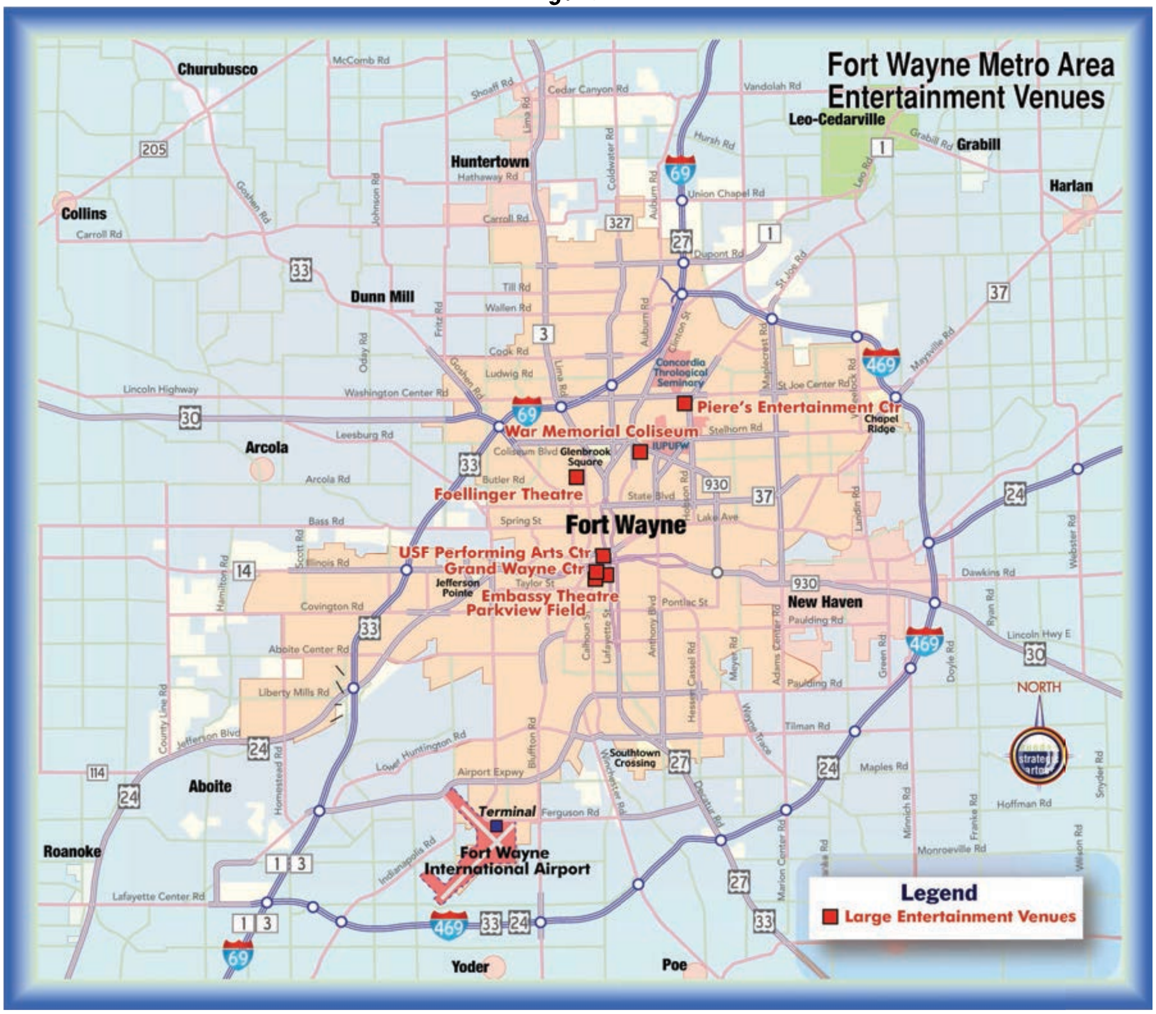
Fort Wayne Sports & Entertainment Venues

Venue	Capacity	Distance from Downtown	Most Recent Renovation
Allen County War Memorial Coliseum	13,000	3.0 miles	2013
Foellinger Theatre	2,751	2.3 miles	1970's
Embassy Theatre	2,471	0 miles	2005
USF Performing Arts Center	2,018	0 miles	1990's
Piere's Entertainment Center	2,000	5.5 miles	--
C2G Music Hall	400	0 miles	--
Grand Wayne Center	NA	0 miles	2005

Source: Hunden Partners

The following map shows the sports and entertainment venues in the Fort Wayne metro area.

Figure 1



Located three miles northeast of downtown Fort Wayne, the Allen County War Memorial Coliseum is the largest venue in the Fort Wayne metro area, with a seating capacity of 13,000. Foellinger Theatre and Piere's Entertainment Center, which have capacities of 2,751 and 2,000 spectators, are the only other venues located outside of the downtown limits. The Embassy Theatre, USF Performing Arts Center, C2G Music Hall, and Grand Wayne Center comprise the downtown sports and entertainment venues.

The Fort Wayne market is currently dominated by the Allen County War Memorial Coliseum, which is the primary sport and entertainment venue in the community. Facility tenants, such as the Mad Ants and Derby Girls, have little influence on their rates or event dates due to the lack of supply of facilities, as well as their reliance upon the Coliseum. In addition, the facilities provided are not ideal as they are too large to create an intimate and exciting atmosphere. While management is expert at the Coliseum, these organizations are not satisfied with their current situation, and would be interested in moving to a smaller, more intimate facility in downtown Fort Wayne.

The concerts being held at the Coliseum are often held with the upper bowl curtained off, suggesting that a smaller venue would be more ideal for many events. While the intent of a new facility is not to pull events from the Coliseum, if events are not performing as well as they could, they could move and the benefits would accrue to the fans and users/tenants. In addition, there are a number of new events not occurring currently that would be induced to a new, smaller facility. A downtown arena would provide much-needed competition to the market and allow Fort Wayne to potentially attract some entertainment events that the market cannot currently accommodate.

Small & Midsized Arena Trends

Arena and multipurpose event center development for mid-sized metropolitan markets and suburban areas of major markets have been increasing in the last decade for a variety of reasons. Smaller venues provide an opportunity to host the size of events that make financial sense for many market sizes, including performing arts, concerts, family shows, and community events, not to mention trade shows and conventions. In certain metropolitan areas, like Fort Wayne, these facilities often attract events that are too small for (or make more financial sense than in) the large facilities, like the Coliseum. There is often a wide gap in the capacity between the largest and next largest venue in the community, which is the case in Fort Wayne. The Coliseum is a very large venue for this size market and the Embassy Theater is a smaller concert/performance venue for specific types of events. There is no dedicated facility for events that would prefer to fit in a facility between 3,000 and 10,000 seats. Many of these events that tour the U.S. are not finding a home in Fort Wayne and there is a growing roster of events for these smaller arenas. Producers of these events can often make more money in a smaller venue than a larger one, as rental and other deal components are more favorable. Also, acts and teams like to play in facilities that are similar in size to the audience. Most performers or teams do not like to play within a large facility that is only partially filled.

More content (events, performing acts, etc.) has been developed to tour these smaller venues. Fort Wayne should be able to host a number of concerts, family shows, and other events and should be able to induce new events to the market and accommodate other events that currently are not being optimally accommodated at other venues currently.

State and Regional Arenas

Fort Wayne's primary event, concert, and family show facility competition comes from arenas in Indiana, southwest Michigan and northwestern Ohio. The cities shown on the following map and table have been identified as the most directly competitive facilities. However, in terms of where arenas draw their audience from, these markets are mostly worlds unto themselves and it is not very frequent that Fort Wayne residents travel to these arenas to see sporting events, concerts or family shows. In fact, it is often the case that residents of areas like South Bend-Elkhart-Goshen would travel to Fort Wayne for an event. Each of these arenas, except the Ford Center, is within a three-hour drive of Fort Wayne.

The following map shows these non-Fort Wayne arenas in relation to Fort Wayne.

Figure 2

Fort Wayne Downtown Arena
Regional Arena Competition
Grand Rapids
Van Andel Arena
Battle Creek
Kalamazoo
Wings Stadium
Kellogg Arena
Savage Arena (U of Toledo)
Toledo
Huntington Center
South Bend
Joyce Center (Notre Dame)
Fort Wayne
Indiana Farmers Coliseum
Indianapolis
Bankers Life Fieldhouse
Evansville
Ford Center
120 Mile
60 Mile
120-mile Radius
MICHIGAN
INDIANA
OHIO
KENTUCKY
Chicago
Cincinnati
Louisville
Dayton
Arena Seating Capacity
Arenas 4,000-9,400
Arenas 9,500-24,000

The following table shows the facilities and their key statistics, sorted by concert capacity.

Table 2

Regional Arenas - Competitive Environment (Sorted by Concert Capacity)

Facility	City	State	Capacity Basketball	Capacity for Concerts	Year Opened	Tenants	Civic or University
Bankers Life Fieldhouse	Indianapolis	IN	18,165	19,000	1999	Indiana Pacers (NBA), Indiana Fever (WNBA), Indiana Ice (USHL)	Civic
Van Andel Arena	Grand Rapids	MI	11,500	13,184	1996	Grand Rapids Griffins (AHL) Grand Rapids Drive (NBA D-League)	Civic
Ford Center	Evansville	IN	10,000	11,000	2011	U of Evansville Purple Aces (NCAA) Evansville IceMen (ECHL) Evansville Women's Basketball (NCAA)	Civic
Purcell Pavilion at Joyce Center	South Bend	IN	9,149	10,000	1968	U of Notre Dame Men's Basketball, U of Notre Dame Women's Basketball U of Notre Dame Volleyball	University
Huntington Center	Toledo	OH	8,000	9,341	2009	Toledo Walleye (ECHL) Toledo Crush (LFL - Women's Football)	Civic
Savage Arena	Toledo	OH	7,300	8,300	1976	U of Toledo Men's Basketball, U of Toledo Women's Basketball U of Toledo Volleyball	University
Wings Stadium	Kalamazoo	MI	5,113	8,023	1974	Kalamazoo Wings (ECHL)	Civic
Indiana Farmers Coliseum	Indianapolis	IN	6,500	6,800	2014	Indy Fuel (ECHL), IUPUI Jaguars (NCAA), Naptown Roller Girls	Civic
Kellogg Arena	Battle Creek	MI	4,675	6,200	1980	Battle Creek Flight (minor league basketball) Battle Creek Crunch (Indoor Football)	Civic
Average	--	--	**8,934**	**10,205**	**1992**		
Average without Bankers Life Fieldhouse	--	--	**7,780**	**9,106**	**1991**		

Source: Various Facilities, Hunden Strategic Partners

As shown, the Bankers Life Fieldhouse in Indianapolis has the largest crowd capacity and is also the only arena in the list to have a team in one of the major leagues (NBA or NHL) as a tenant. This facility is the biggest in-state competitor due to the size and number of marquee top-grossing concerts and shows, some of which might not stop in Fort Wayne, or if they do stop, may be at a later date. Fort Wayne is a popular stop for concert promoters as the market has the reputation of selling more tickets than is typical of a market of that size. However, if Fort Wayne is not on a national tour's first itinerary through the Midwest, then a venue in Fort Wayne may be able to schedule a show on an "off" night between two shows in larger markets. Otherwise, Fort Wayne's residents will travel to larger cities, like Indianapolis, Detroit or Chicago to see a highly valued show or one that is only going to major facilities.

South Bend's renovated Joyce Center, at the University of Notre Dame, lies about 90 minutes to the northwest, however, with the Notre Dame basketball and volleyball schedules, and other student activities, the arena is often in use and does not host many touring concerts or other shows. Residents of South Bend will often travel to Chicago, Fort Wayne or area casinos to see live events. Evansville's 2011 Ford Center is the state's newest multi-use arena and is only competitive with Fort Wayne in situations involving Indiana state athletic tournaments and revolving state shows or events.

Arenas in Kalamazoo, Battle Creek, Grand Rapids and Toledo are the only other possible arenas that may possibly present any competition, however, their populations, media markets and tenant sports teams are within their own areas of dominant influence, and rarely advertise in the Fort Wayne market, just as Fort Wayne would not expect a large percentage of population from Grand Rapids or Kalamazoo to travel to Fort Wayne to see a show or event. Therefore they do not present any real threat of competition to an arena in Fort Wayne.

A new arena in Fort Wayne is not directly in competition with these profiled arenas because they serve different geographical populations and markets. However, Fort Wayne already pulls audiences from surrounding markets like South Bend-Elkhart and Toledo. With additional event options on the calendar in a compelling setting, Fort Wayne would likely establish itself as the entertainment hub for the northern Indiana and southern Michigan region, not to mention western Ohio.

For the regional markets, there are several examples of how a new arena venue, even a small one, can provide a resurgence of energy, money, interest, and human life into a city's downtown. Just as Parkview Field has brought new excitement and fans into downtown, an indoor wintertime venue could provide the same type of stimulus in downtown Fort Wayne. It has shown to work in cities such as Indianapolis and Grand Rapids, both larger cities, but also in Evansville, a smaller city, where a first-rate arena is hosting the NCAA Division II Men's Basketball Elite Eight tournament in consecutive years, and bringing thousand of fans from across the country. A city like Toledo, which is not a great deal larger than Fort Wayne, and is more economically stable, can sustain two arenas that both bring popular talent to the city, while each serves their own purpose on their end of the city (one being a basketball arena for a university and the other is an ice hockey and municipal entertainment facility to help a distressed downtown scene).

Cities such as Battle Creek and Kalamazoo, which are both smaller than Fort Wayne, have found ways to make use of their aging facilities by keeping them fresh with inventive ways to keep the public using them. In Battle Creek, the Kellogg's arena receives thousands of student-athletes and their parents each year due to their commitment to hosting high school athletic championships. Kalamazoo's arena and exhibition hall bring in shows such as flower and garden shows, and trade shows to accompany skating clubs and hockey tournaments.

Overall, the regional arena facilities show that even in small or mid-sized markets, multiple facilities can be well utilized in a single market. It also suggests that the primary audience is found within the metro area and just beyond, unless the venue is extremely large or there are no other venues in surrounding areas. An example of the large facility that pulls from other markets is Bankers Life in Indianapolis. An example of a facility that pulls from as far as 150 miles is the Ford Center in Evansville, due to the lack of facilities in any direction for about two to three hours' drive time (Indianapolis, Nashville, St. Louis).

Comparable Arena Profiles

There have been a number of new, smaller arenas built in the U.S over the past decade that offer similarities to the situation in Fort Wayne. HSP sought out arenas in smaller markets or arenas in markets where there was already an existing larger arena to determine how the market could support the newer, smaller facility while still supporting the existing facility.

The purpose of investigating comparable facilities is two-fold. It is important to understand if and how such facilities have performed in similar markets and what implications their performance or physical program should have on what is recommended in Fort Wayne. Also, investigating their demand history (attendance, event types and number of events) as well as specific line item revenue and expense detail provides a top-down and bottom-up approach to understanding how a similar facility could perform in Fort Wayne.

HSP has reviewed a number of facilities and discusses them as well as implications below.

Table 3

Comparable Arena Summary

Facility	Location	MSA Population	Seating Capacity			Year Opened	Cost (millions)	Tenants
			Basketball	Ice Events	Concert			
Cross Insurance Arena	Portland, ME	519,900	7,800	6,795	8,795	1997	$8.0	AHL, UM Hockey
Cedar Park Center	Cedar Park, TX	1,883,051	7,200	6,800	8,700	2009	$55.2	AHL, NBA D-League
Cross Insurance Center	Bangor, ME	153,364	5,800	5,800	8,500	2013	$65.0	University of Maine
Santa Ana Star Center	Rio Rancho, NM	902,797	6,000	6,000	7,500	2006	$47.0	IFL
Budweiser Events Center	Loveland, CO	315,988	5,400	5,350	7,200	2003	$28.0	ECHL, IFL
Independence Events Center	Independence, MO	2,054,473	5,800	5,800	7,000	2009	$60.0	ECHL, MASL
Average	**--**	**789,304**	**6,333**	**6,091**	**7,949**	**2006**	**$43.9**	**--**

Source: Various Facilities, Pollstar, Hunden Strategic Partners

The comparable facilities were chosen based on the facility size as well as the local area demographics. The cities where the facilities are located are cities with MSA populations between 150,000 and two million people. The facilities are located within or near several large metropolitan statistical areas where they compete with larger arenas and other similar-sized event centers and meeting centers, like Ft. Wayne, which is located approximately 125 miles north of Indianapolis, Indiana.

The Cross Insurance Arena in Portland, Maine is the largest of the comparable facilities with a concert seating capacity up to 8,795. The five other comparable facilities have concert capacities between 7,000 and 8,700, and basketball capacities between 5,800 and 6,800.

Each facility identified was developed to meet the individual demands for communities with increased demand for recreational and/or sports and entertainment facilities. While the size and scale of these facilities varies, each venue attracts similar event types. HSP sought to identify situations where multiple facilities, large and small, were serving a market as would be the case in Fort Wayne (which serves an area larger than just the Fort Wayne MSA). One example is the set of three facilities, two small and one large in Maine and New Hampshire. All are in the same market, generally speaking, and all are successful. While the two smaller facilities attract or split the same types of concerts, the smaller facilities do not take events from the larger Verizon Arena in Manchester. They are simply two different sizes and are attractive to two different sets of event types. This is expected to hold true in Fort Wayne. Similar situations play out in the Boise and Omaha markets.

Tenants provide a stable event schedule and help to supplement each facility's usage and financials. Newer venues integrating flexible function space are able to support and attract new groups and events, which generates positive and new economic impact on the city. In addition, maximizing revenue-generating features such as naming rights, sponsorships, premium seating, and concessions in the venue not only benefits the bottom line, but also provide opportunities to develop partnerships in the community. Although large market cities are developing single purpose venues, small market cities have the challenge of developing flexible multipurpose venues that can attract a variety of events, while keeping the setting intimate for spectators.

The Project's success will depend on how well the facility's management and staff can meet the standards set by these comparable facilities. Not only do these venues offer insight into the usage and financial performance, they will also serve to benchmark industry competitive trends. For Fort Wayne, a new facility should include the amenities expected by both users (bands, event coordinators, talent, teams, etc.) and visitors.

SWOT Analysis

Strengths

- **Committed Community Leadership.** The City of Fort Wayne and Allen County's leadership have demonstrated a commitment to stimulating redevelopment and reinvestment in the community, especially the downtown area. In addition, these commitments may take the form of financial contributions that could allow for better facilities geared toward a longer-term growth trajectory.
- **Downtown Redevelopment.** Downtown Fort Wayne has seen improvement based on private investment and public leadership. A vibrant downtown consists of popular restaurants, shops, and entertainment, providing a more visible face to the city and drawing more visitors from the surrounding areas. This helps the community as a whole and proves to visitors, residents and business owners that it is serious about a vision for itself. When private interests see development occurring on a regular basis downtown, they have more confidence to invest as well. The success of Parkview Field and surrounding developments have given downtown new life. Now people are interested in expanding the active feeling that occurs in summer months to the rest of the year.

- **Strong Existing Event Demand.** Perhaps one of the most encouraging signs for a project is the strong demand for time and space at the War Memorial Coliseum. Currently, demand is so strong that the calendar is full much of the year and events and tenants that want dates have to settle for lesser dates or facilities within the Coliseum. With a new arena facility, Fort Wayne will be able to have more events occurring more often within better accommodations.
- **Potential for More Events.** The success of a new arena cannot rest on transfer of events from existing venues. Based on interviews and the success of other similar facilities, there will be new events and potential tenants for the arena that do not exist in or come to Fort Wayne now. The facility would fit a size range that is simply not available today and that is attractive to many potential events.
- **Net positive impact on the Embassy Theater.** Based on the analysis and interviews, a new arena would not compete for events with the Embassy Theater. The Embassy's set up and size is such that there are very few events that would consider both types of options, given the size and configuration difference. On the positive side, the more that downtown is active, the more local and regional residents will walk downtown and see the Embassy and what it has to offer. A stronger downtown should result in a larger audience for the Embassy.
- **Strong and Growing Market.** Fort Wayne is one of the few cities and regions of its size and type in the Midwest that continues to grow. It weathered the last recession well and transformed into a regional center for health and related industries, advanced manufacturing, service industries and is a regional youth sports hub. The convention center and downtown, along with new hotels, have helped the area become stronger in terms of conventions and events. In short, Fort Wayne is a growing, attractive and safe regional center of activity.
- **Access.** Fort Wayne's access off of I-69 and US 30 give it easy access to many major cities across the Midwest, and hence make it easy for visitors to come to events downtown.
- **Growing Content for Small Arenas.** There has been a boom in small and mid-sized arenas across the US for 15 years and there is specific content (family shows, concerts, etc.) that has been developed for this size venue. There are many more small and mid-sized venues across the U.S. than major arenas and so this provides the acts a steady stream of opportunity. A new facility would provide an opportunity for those acts to come to Fort Wayne.

Weaknesses

- **Midsized Market with Existing Larger Arena.** The regional marketplace has been supporting the Coliseum for decades and the facility has enjoyed success. While it is larger than necessary for most events and is often too busy to accommodate the desires of all users, it performs well and most users have few complaints. This suggests that a new arena will need to thread the needle of the market by attracting new events in all categories and also providing better service and accommodation that existing users are receiving at the Coliseum. For some event types, this will not be a challenge, but for others, the Coliseum is still a strong representative for the Fort Wayne market and accommodates users well. In larger markets, having multiple arenas can be supported by the large marketplace. In Fort Wayne, the new facility will need to fit a niche in size, event type, and downtown location that offers something unique and beneficial to users and attendees.

Opportunities

- **New Events for Fort Wayne.** Currently, the Coliseum is so busy during certain times of the year that dates are not available or the cost to acquire dates is too high. As a result, there appear to be a number of events that are not coming to Fort Wayne or existing events are taking lesser dates or days of the week. There are also existing users/events that are paying more than they otherwise would, which makes the event less profitable and less likely to succeed or return. With a new facility, there will be more opportunity for events of all sizes to host their event in Fort Wayne.
- **Better Setting for Smaller Events.** Currently, the Coliseum is simply too large to make most events feel exciting and as if they are in an appropriately size facility. With more than 10,000 seats, any event with fewer than 7,000 attendees (most events) tend to feel less engaging. This has a negative impact on the players or performers, who feel they are playing to an emptier facility, as well as the attendees, who feel as if they are in an emptier, less exciting setting. With a better, tighter atmosphere, smaller events and basketball games, for example, should attract more attendees, making them more successful and popular for the community.
- **Design Oriented for Basketball and Closer Viewing.** HSP is recommending a design that brings the action closer to the seats. While the Coliseum is designed for hockey, which results in a non-intimate basketball setting, the proposed arena downtown would have a basketball-oriented design.
- **Opportunity for Events to "Own" the Facility.** Smaller markets can attract groups that do not like being one of many events in a larger facility or forced into accommodations that are not an ideal size or setting type. In a smaller facility, an event is able to book an entire building and fill it.
- **Opportunity for Events Covered by Television.** With a new facility, the community would have the opportunity to attract NBA exhibition events that are nationally televised, as well as NCAA basketball playoff games (Divisions II and III) that are also nationally televised. This will provide additional free positive press for downtown Fort Wayne that currently does not exist.
- **Catalytic Development.** The proposed arena can serve as a catalytic development to retain and attract businesses, groups, and visitors to downtown Fort Wayne. An event center/arena can be the catalytic development that generates year-round activity to support the development of restaurants and other downtown businesses. Such

activity only exists in the warm months now (beyond conventions). With additional events and businesses, more hotels are likely (the arena should generate enough room nights to support an additional small hotel downtown). Development is often a catch-22 situation. An investment such as an arena is not necessarily feasible without other amenities and demand generators. Other amenities and demand generators are not as likely to occur as quickly without an arena. To start the development trend, public entities can spur action by investing in this area now, helping to bridge the risk gap that has kept other developers reticent to take a risk. Businesses and entrepreneurs notice when the city is aggressive and takes and active role in improving itself via public-private partnerships, key public investments, and other quality of life enhancements. These create an environment where others are then more willing to invest time, money, talent and effort into a new business in downtown Fort Wayne, move there as residents, or visit with their group. New conventions that would not consider the area now, may be swayed if the event facilities are expanded in such a way, more restaurants exist, and the hotel package is larger.

- **Economic, Fiscal and Employment Benefits.** The Project will entice visitors to visit Fort Wayne businesses, restaurants and meeting/event facilities. These visits result in increased downtown spending, and in turn, an improved local business environment, additional tax collections and an increased number of employment opportunities. The visibility that visitors will have of the downtown from the new arena will show off the community to a new population that may consider visiting again or even moving to the community. Currently, many people outside Fort Wayne simply are not visiting. This strategy worked for Indianapolis. A generation ago it did not have much to offer downtown. Yet with persistent investments, more and more people came to know the city as a vibrant, growing and enjoyable community. Success breeds success.
- **Strong Relationship & Synergy with Neighboring Projects, Especially the Grand Wayne Convention Center.** A new arena project in Fort Wayne could benefit and partner with the Grand Wayne Center to attract events that currently cannot be housed in the facilities at the GWCC alone. Representatives from the GWCC noted in interviews that having an attached arena would allow Fort Wayne to potentially bid on and host new and larger events, including those that need a larger assembly set-up (direct marketing conventions and religious meetings) or more large flat floor space for tradeshow booths.

Threats

- **Cost** – The cost of the project is not insignificant and that could threaten the possibility of development.
- **U.S. Economy and Weaker Demand** – Anytime the economy contracts, which happens every six to ten years, the performance of venues like arenas suffer, although typically not in a way that jeopardizes long-term success.

- **Competition from the Coliseum –** While Fort Wayne and the County should see a growing pie of spending and events from a new facility downtown, the existing Coliseum may consider such a facility a threat for certain events. As such, efforts should be made to ensure that the success of both facilities is a priority by public sector sponsors. Competition typically leads to lower prices and better service and experiences. So what may be perceived as a threat should actually improve the market for events, promoters and attendees.

Implications and Recommendations

As has been demonstrated in this report, the Fort Wayne market, its citizens and events would benefit from a venue that fits a sizing need that is larger than the Embassy Theater and smaller than the Coliseum. There are a number of events that will come to such a facility that are currently not using either existing facility. They may be in lesser accommodations locally (certain concerts, graduations, sports events) or simply not coming to the market at all. In addition, there is so much demand for space and time at the Coliseum that some events are being squeezed into tougher date slots or are paying more than they otherwise would with more choice. The Mad Ants are an example of a tenant that would help free up the Coliseum for better sport, concert, and other event dates while providing the NBA D-League team a home, dates, and television broadcast opportunities that are not present now.

The sizing of a venue is driven by the market, users/tenants and site situation. The sizing with the most opportunity is a facility with 4,500 – 6,000 seats and onsite amenities and parking to activate the streets and enhance success. Given the limited number of well-located and potentially available sites downtown, a facility with nearly 5,500 seats in a basketball configuration is recommended.

In terms of location, the block directly to the west of the Grand Wayne Convention Center (GWCC) is recommended, due primarily to its ability to connect to the GWCC, its proximity to existing nodes of activity (Parkview Field) and its larger than typical size. The size allows the arena to have some attached parking and loading opportunities, as well as street-level restaurants. One of the primary purposes of this Project is to act as an economic development generator for downtown. Having restaurant and bar opportunities with large swaths of glass, allowing for an open and engaging street-level environment in the area all around the facility is key.

As for other parking, there are many parking structures and lots downtown that are only filled during the day. These make excellent parking options at night and on weekends during events. When Evansville developed its arena (double the size of the recommended arena here), no additional parking was developed and there have been no complaints by users, as they have been able to utilize the vast amounts of existing weekday parking for events.

The recommended facility and its seating formats are shown in the following table.

Table 4

Recommended Fort Wayne Downtown Arena Program

Seating Format	Basketball	Center Stage	Center Stage Boxing	End Stage	Rodeo
Floor Seating	764	1,454	1,598	1,834	0
Telescopic Seating	1,682	1,682	1,682	990	210
Lower Bowl Precast Seating	2,181	2,181	2,181	2,181	2,503
Suites (14) Seating	192	192	192	192	192
Loge Seating (Fixed & Caster)	240	240	240	240	240
Loge Bar/Suite/Lounge Seating	274	274	274	274	274
Total Seating Capacity	**5,333**	**6,023**	**6,167**	**5,711**	**3,419**

Connection to Grand Wayne Convention Center		
Floor Space for Trade Shows	24,445 Square Feet	Capacity for 139 Tradeshow Booths

Source: Sink Combs Dethlefts, HSP

As shown, the recommended arena would seat 5,333 for basketball, more than 6,000 for a center stage concert, nearly 6,200 for boxing, and more than 5,700 for an end stage concert. In the case of a rodeo set up, about 3,400 seats would be available.

The next table shows the other amenities recommended for the facility. It should be noted that cost was a factor in limiting the size, amount and quality of all facilities. While the total seat counts were not impacted, efforts were made to reduce the costs in a number of ways.

Table 5

Recommended Fort Wayne Downtown Arena Amenities

Concessions	4 Primary Concessions	24 Points of Sale	
	8 Portable Carts	8 Points of Sale	
Restaurants at Street Level	SW Corner	8,150	Square Feet
	South	9,750	Square Feet
	East (Facing GWCC)	6,350	Square Feet
	Total	24,250	Square Feet
Rest Room Fixtures	68 Womens	8 Locations	
	34 Mens	8 Locations	
	102 Total Fixtures	8 Locations	
Suites	6 Large Suites	16 Seats Each	
21" Seats	8 Small Suites	12 Seats Each	
	14 Total Suites	192 Seats	
Fixed Loge Seating	128 Fixed Seats		
21" Seats	58 Bar Height Chairs		
Open Loge Seating	112 Caster Chair Chairs		
24" Arm to Arm	156 Bar Height Chairs at	Round Tables	
Home Team Locker Room	Sports Medicine Area		
	Fitness Area		
	Lounge		
	Coaches Office		
	Shared Laundry Facility		
Visitor/Support Locker Rooms	4		
Star/Green rooms	2		
Staff Changing Areas	2		
Commissary	5,500 SF		
Parking Garage	157 Stalls		

Source: Sink Combs Dethlefs

Details surrounding the recommended facility include 32 points of sale in 12 concession locations and three major street-level restaurants facing out to the street as well as inside the arena during events. Other food and beverage opportunities are available at the premium seating level, with the lounge, loge, and suites all featuring food and beverage before and during events. As is standard with all new facilities, a premium lounge/restaurant at the loge level is critical to attracting higher spending attendees and corporate users. Fourteen suites are recommended, with two different size categories. There are suggested to be a variety of loge seating options, including fixed, casters, and bar height stools.

In terms of support amenities, all the modern amenities, including locker rooms, offices, large and numerous restrooms and other support facilities are recommended. A 157-stall parking deck is recommended on site. This could be expanded with additional levels. It is likely that key staff, tenants, and premium ticket/suite holders would have access to these spaces. An overhead connector to the Grand Wayne Convention Center is recommended so that more events can be lured to a shared, larger facility than if the two were separated. Given the two existing connected hotels, the arena addition to the complex would make it quite impressive to meeting and event planners.

Site

Based on the analysis, the best site is the block just west of the Grand Wayne Convention Center. It will focus event activity downtown and leverage existing strengths, provide a unique and interesting site and walkable location and will be amongst other community assets.

In the next figure, the site is shown to the left of the Grand Wayne Convention Center. A second and less optimal alternative is the block north of the GWCC.

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Figure 3

The estimated budget for the arena is shown below.

Table 6

Preliminary Cost Estimate - Fort Wayne Arena

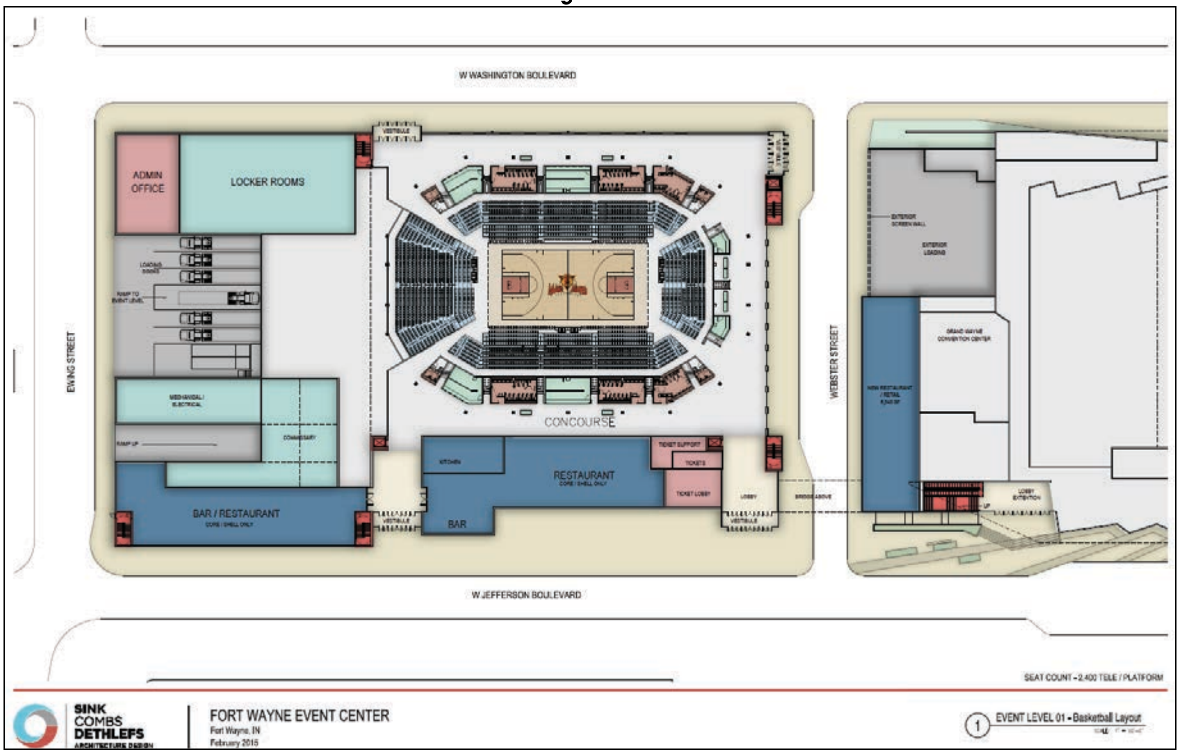
Location	Description of space	Gross Sq. Ft.	Cost Per Sq. Ft.	Construction Cost	Add'l Cost Multiplier	Cost
Arena Base Scope						
Event / Concourse Level	Horizontal flat floor area	102,650	$250	$25,662,500	$1.30	$33,361,250
Event / Concourse Level	South East Bar / Restaurant	8,150	$250	$2,037,500	$1.30	$2,648,750
Event / Concourse Level	South Bar / Restaurant	9,750	$250	$2,437,500	$1.30	$3,168,750
Suite Level	Horizontal flat floor area	25,000	$250	$6,250,000	$1.30	$8,125,000
Suite Level	Precast Stadia	15,200	$250	$3,800,000	$1.30	$4,940,000
Base Scope Total		**160,750**	**$250**	**$40,187,500**	**$1.30**	**$52,243,750**
Garage Addition						
Suite Level	1 Level parking deck (157 Stalls)	54,580	$80	$4,366,400	$1.30	$5,676,320
Garage Total		**54,580**	**$80**	**$4,366,400**	**$1.30**	**$5,676,320**
Arena / Garage Total		**215,330**		**$44,553,900**	**$1.30**	**$57,920,070**
Convention Center Connection & Street-Level Restaurants						
CC Level 1	Level 1 Restaurant / Retail	6,350	$250	$1,587,500		
CC Level 1	Level 1 lobby addition	1,970	$250	$492,500		
CC Level 2	Level 2 support / office space	5,370	$250	$1,342,500		
CC Level 2	Level 2 Bridge Connection	2,700	$250	$675,000		
Convention Center Connection Total		**16,390**	**$250**	**$4,097,500**	**$1.30**	**$5,326,750**
Project Total		**231,720**		**$48,651,400**	**$1.30**	**$63,246,820**

Source: Sink Combs Dethlefs

The budget assumes the development of a 160,750-square foot arena, 157-stall garage, connector to the GWCC and three restaurants. The total current budget without soft costs is $48.65 million and is estimated to be $63.25 million with soft costs and pricing inflation by the time the facility is built.

The next figures show the layout and site plan of the facility. The first one, below, shows the basketball configuration. One of the key differences between this design and the Coliseum design is that the raked seating begins essentially at the basketball court level, whereas at the Coliseum, there are many rows of essentially flat seating before the raked/raised seating begins. This new design keeps the fans closer to the action on the floor than they currently experience at the Coliseum.

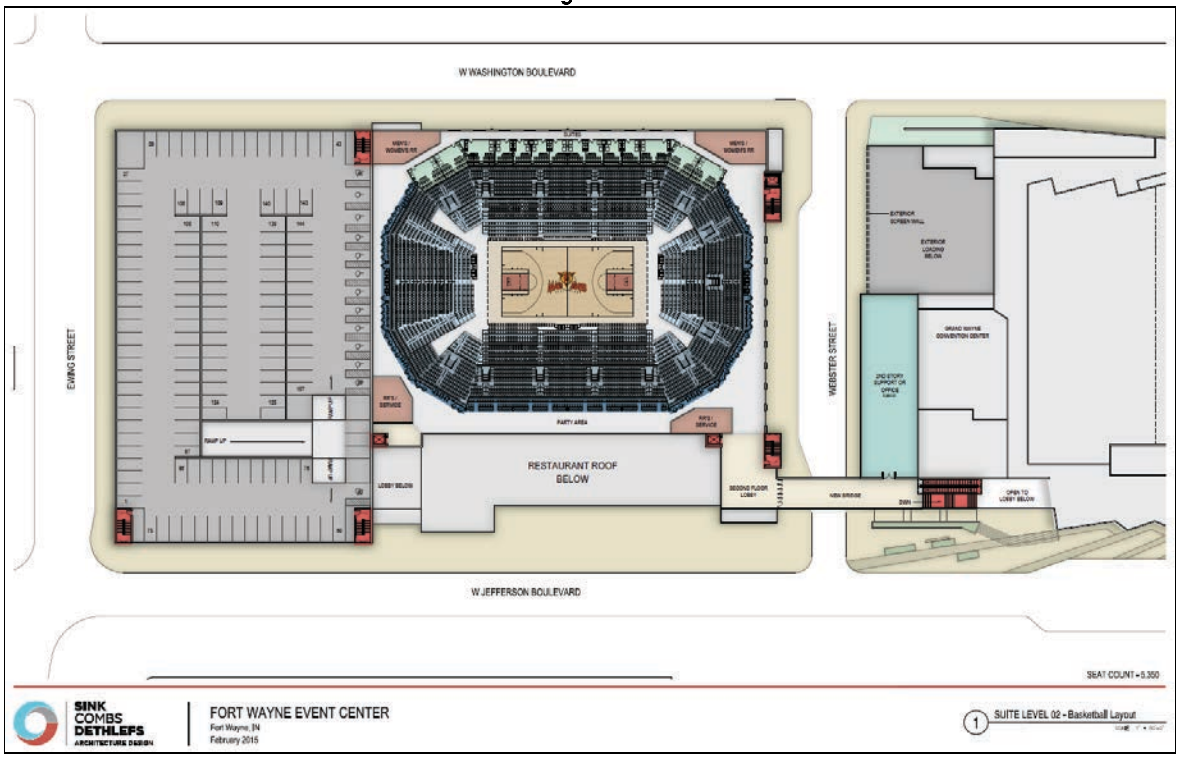
Figure 4



Also shown above are the three restaurants (including one across Webster Street at the GWCC). There is a strong effort made to make Webster an inviting street so that this project does not cut off downtown's north from its more developed south portion.

The next figure shows the suite level layout with the basketball configuration.

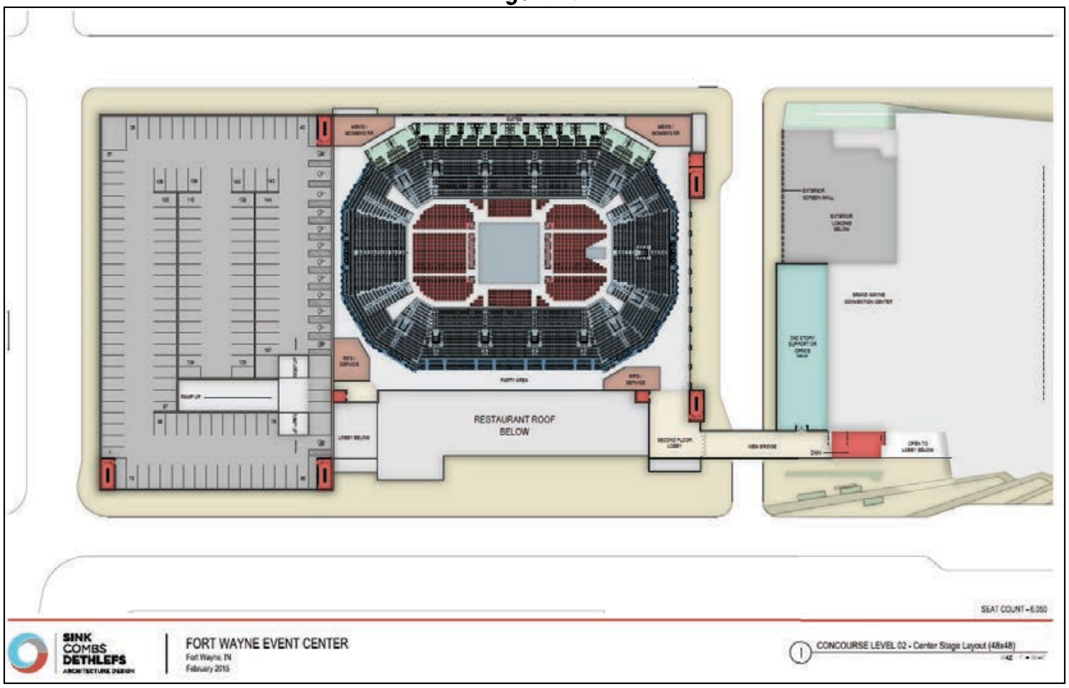
Figure 5



There will be a large restaurant at the suite and premium seating level to enhance the guest experience and revenues before and during events.

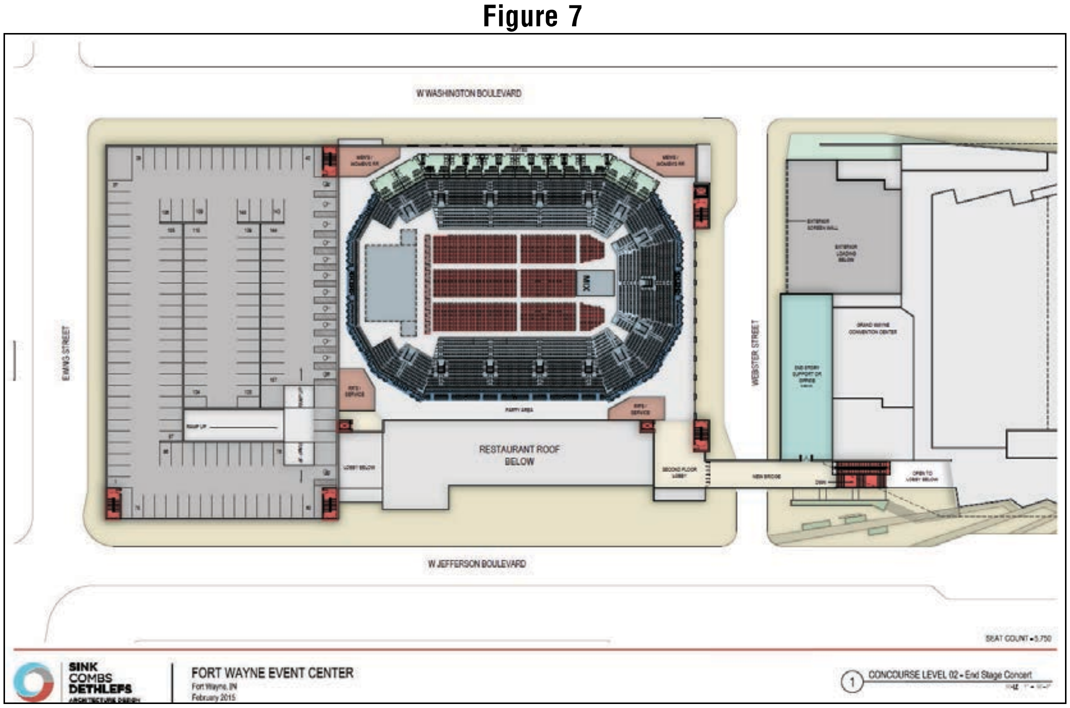
The next figure shows the center stage concert set up.

Figure 6



The next figure shows the end-stage concert set up.

Figure 7



Demand Projections

Based on the analysis conducted, HSP has developed demand and financial projections for the proposed arena. The assumptions are based on the recommendations in the prior chapter.

The following table shows the expected number of events, by type.

Table 7

Projected Schedule of Events by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Mad Ants	25	25	25	25	25	25	25	25	25	25
Other Sports Team	0	0	0	0	0	0	0	0	0	0
Family Shows	4	5	6	6	6	6	6	6	6	6
Concerts	12	13	14	14	14	14	14	14	14	14
Other Sporting Events	6	8	10	10	10	10	10	10	10	10
Graduations	2	3	4	4	4	4	4	4	4	4
Assemblies, Conventions, Large Commu	8	10	12	12	12	12	12	12	12	12
Meetings/Banquets	24	27	30	30	30	30	30	30	30	30
Total	*81*	*91*	*101*	*101*	*101*	*101*	*101*	*101*	*101*	*101*

Source: Hunden Strategic Partners

The Mad Ants are expected to have 25 home games. The model does not assume any indoor soccer or football tenants, although these are a possibility. Family shows are projected to stabilize at six per year, with 14 concerts per year and ten other sporting events. Graduations, flat-floor events and meetings/banquets are expected to add 46 other annual events.

The next table shows the expected annual attendance by type of event.

Table 8

Projected Paid Attendance by Category and Year

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Mad Ants	85,800	88,200	88,200	88,200	88,200	88,200	88,200	88,200	88,200	88,200
Family Shows	12,000	15,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Concerts	54,000	58,500	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Other Sporting Events	15,000	20,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Graduations	3,000	4,500	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Assemblies, Conventions, Large Commu	12,000	15,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Meetings/Banquets	4,300	4,900	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400
Total	186,100	206,100	223,600	223,600	223,600	223,600	223,600	223,600	223,600	223,600

Source: Hunden Strategic Partners

Attendance is projected to start at 186,000 and increase to nearly 225,000 annually by stabilization, led by basketball attendance (approximately one-third of total attendance) and followed by concerts.

Financial Projection

The following table shows the performance of several comparable facilities that have been developed in the past ten years and with seat counts within a similar range as that recommended for Fort Wayne. The metrics presented here, in addition to IAVM's 2013 arena survey results and conversations with facility managers at similar facilities are used to make the financial assumptions presented below.

The following table shows the revenue and expenses expected for the scenario, based on the above and other assumptions.

Table 9

Fort Wayne Arena Financial Projection (thousands of inflated dollars) *

	Fiscal Year									
Item	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Operating Revenue										
Rent	$415	$482	$552	$568	$585	$603	$621	$640	$659	$679
Concessions	$316	$337	$370	$381	$393	$405	$417	$429	$442	$456
Novelties	$48	$51	$58	$60	$62	$64	$65	$67	$69	$72
Catering	$93	$104	$115	$118	$122	$134	$138	$142	$146	$151
Parking	$53	$57	$62	$62	$69	$69	$69	$69	$76	$76
Premium Seating	$322	$320	$330	$340	$350	$488	$499	$512	$524	$537
Advertising and Sponsorship	$432	$472	$486	$501	$516	$531	$547	$564	$581	$598
Naming Rights	$767	$841	$867	$894	$922	$951	$980	$1,011	$1,042	$1,074
Facility Service Fee	$167	$182	$194	$194	$194	$194	$194	$194	$194	$194
Other Revenue	$103	$113	$124	$127	$131	$142	$146	$150	$153	$158
Total Revenue	$2,716	$2,958	$3,158	$3,246	$3,344	$3,580	$3,677	$3,778	$3,887	$3,994
Operating Expense										
Fixed										
Salary - Permanent Staff	$725	$747	$769	$792	$816	$840	$866	$892	$918	$946
Benefits - Permanent Staff	$189	$194	$200	$206	$212	$219	$225	$232	$239	$246
General and Administrative	$302	$311	$320	$330	$340	$350	$361	$371	$383	$394
Utilities	$150	$155	$159	$164	$169	$174	$179	$184	$190	$196
Repairs and Maintenance	$160	$165	$170	$175	$180	$185	$191	$197	$203	$209
Insurance	$150	$155	$159	$164	$169	$174	$179	$184	$190	$196
Communications	$125	$129	$133	$137	$141	$145	$149	$154	$158	$163
Advertising	$200	$206	$212	$219	$61	$63	$65	$67	$69	$71
Misc.	$95	$98	$101	$104	$107	$110	$113	$117	$120	$124
Variable										
Utilities	$104	$121	$138	$142	$147	$151	$155	$160	$165	$170
Event Services	$78	$90	$103	$106	$109	$112	$116	$119	$123	$127
Hourly Salaries and Benefits	$207	$239	$273	$281	$290	$298	$307	$316	$326	$336
Total Expenses	$2,484	$2,608	$2,737	$2,819	$2,740	$2,822	$2,907	$2,994	$3,084	$3,177
Net Operating Income (Deficit)	$231	$350	$421	$426	$604	$758	$770	$784	$803	$817
Deposit to Maintenance Reserve	$109	$118	$126	$130	$134	$143	$147	$151	$155	$160
Management Fee	$200	$206	$212	$219	$225	$232	$239	$246	$253	$261
Net Operating Income	-$77	$26	$82	$78	$245	$383	$384	$387	$394	$396

* Includes Naming Rights Revenue

Source: Hunden Strategic Partners

In total revenue is projected to increase from $2.7 to $4.0 million over the period. This includes the annual naming rights payment, which is not always counted as an operating revenue item, but instead used to support initial debt service. After accounting for all operating expenses, net operating income is projected to be negative $77,000 in the first year, increasing to $396,000 by the tenth year.

Impact Analysis

The gross operations of the Project will generate a significant amount of economic activity and various taxes and will support a number of new jobs onsite. However, the critical analysis is the amount of net *new* spending generated by the Project in community. While most of the activity will be new to Fort Wayne, some will be transferred from the Coliseum. However, the reason that many events will transfer from the Coliseum is the belief by event sponsors that the turnout, experience, and economic results will be better there. Certainly that is the belief for Mad Ants basketball, other sports events that will thrive in a basketball-centric format, and concerts that work best in smaller environments. There will also be many new events, including concerts, family shows, and flat floor expos and conventions.

In order to determine the impact of these net new events and improved performance of existing events, HSP made assumptions about the various event types and how many new daytrips and overnights will occur as a result. The net new room night impact should bring support for an additional 70 to 80 hotel rooms downtown, which is enough to support an additional small or boutique hotel.

The basis for the impacts will be the net new room nights due to the Project as well as the net new day trips, which have a lower economic impact than overnights. The daily spending by visitors and the overnight spending by overnight visitors all contribute to the economic impact of the Project.

Economic, Earnings, Employment and Fiscal Impact

In addition to the expected revenue generated onsite, the increased economic activity will result in higher fiscal activity, income, and employment for the Fort Wayne economy.

The table below shows the direct net new spending, based on the analysis.

Table 10

Direct Net New Spending (000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
Food & Beverage	$2,119	$2,307	$2,686	$2,767	$2,850	$3,303	$4,439	**$67,316**
Lodging	$1,925	$2,095	$2,443	$2,516	$2,592	$3,005	$4,049	**$61,279**
Retail	$610	$664	$773	$796	$820	$951	$1,277	**$19,370**
Transportation	$297	$324	$377	$388	$400	$464	$623	**$9,451**
Other Local Spending (Recreation, etc.)	$360	$392	$456	$470	$484	$561	$754	**$11,436**
Total	***$5,311***	***$5,782***	***$6,735***	***$6,937***	***$7,145***	***$8,284***	***$11,143***	**$168,852**

Source: Hunden Strategic Partners

Spending on food and beverage is the largest component of new spending to Fort Wayne, followed by lodging spending. Over the period, a total of nearly $170 million in direct new spending is projected from the Project over 20 years.

The table below shows the estimated full-time equivalent jobs created by the Project.

Table 11

Net New Full-Time Equivalent Jobs from Direct, Indirect & Induced Earnings	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Average
Net New FTE Jobs								
From Direct	97	103	116	116	116	116	116	113
From Indirect	33	35	39	39	39	39	39	38
From Induced	39	41	46	46	46	46	46	45
Total	***169***	***178***	***201***	***201***	***201***	***201***	***202***	***196***

Source: Hunden Strategic Partners

New full-time equivalent jobs (FTE's) are projected to vary over the period based on the net new spending, averaging approximately 200 over the period. This is not the number of jobs onsite, but the number of new full-time equivalent jobs supported in the Fort Wayne economy due to the activity at the Project (not including construction).

Fiscal Impact

The fiscal impact of the Project is the benefit to the county and city via taxes generated, essentially through new sales, lodging, food/beverage, and income taxes. The community and Capital Improvement Board benefit from a variety of taxes collected, including new county lodging, income, and food and beverage taxes. In addition, due to the professional sports district, the CIB can capture onsite state sales tax (7.0 percent) and onsite income tax (3.4 percent).

The following table shows the projections of the various taxes.

Table 12

Estimated Fiscal Impact - Tax Impacts from Net New Spending (000s)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Total
Local Taxes Collected								
Locally Captured State Sales Tax	$307	$351	$401	$413	$425	$496	$667	$10,096
Locally Captured State Income Tax	$25	$25	$26	$27	$28	$32	$43	$662
County Lodging Tax	$96	$105	$122	$126	$130	$150	$202	$3,064
County Option Income Tax	$29	$32	$37	$38	$39	$45	$61	$926
County Food & Beverage Tax	$21	$23	$27	$28	$28	$33	$44	$673
Total	***$478***	***$536***	***$613***	***$631***	***$650***	***$757***	***$1,018***	***$15,422***

Source: Hunden Strategic Partners

Total net new taxes that benefit the city, county, or CIB is expected to total $15.4 million over the first 20 years, led by onsite sales tax and county lodging tax.

The table below shows the summary of impacts for the Project.

Table 13

Summary of Impact (First 20 Years)	
Net New Spending	**(millions)**
Direct	$169
Indirect	$57
Induced	$67
Total	**$293**
Net New Earnings	**(millions)**
From Direct	$54
From Indirect	$18
From Induced	$20
Total	**$93**
Net New FTE Jobs	**Actual**
From Direct	116
From Indirect	39
From Induced	46
Total	**201**
Local Taxes Collected	**(millions)**
Locally Captured State Sales Tax	$10.10
Locally Captured State Income Tax	$0.7
County Lodging Tax	$3.1
County Option Income Tax	$0.9
Income Tax from Construction	$0.1
County Food & Beverage Tax	$0.7
Total	**$15.6**
Construction Impact	**(millions)**
New Materials Spending	$19.2
New Labor Spending	$21.6
Job-Years, From Construction	399

Source: Hunden Strategic Partners

The net new spending for the Project totals $293 million over the 20-year period, $93 million in new earnings, 201 new full-time equivalent jobs (Year 4) and $15.6 million in taxes collected from the ongoing operations and the one-time construction project impact.

Governance Options

One of the most important decisions for a public entity that is considering an event center/arena project is the structure of ownership and management of the facilities after completion. The manner in which a municipality structures the ownership of the development and the type of management of the facilities are central to the success of the project. The community will need to establish the best ownership and management structure under which the proposed arena would operate to best suit the needs of the community and to foster the success of the project, not to mention the neighboring and potentially connected Grand Wayne Center.

The following table shows the nature of facility management.

Table 14

Nature of Facility Management

	Government	Authority	Contract	Independent	Other
All Facilities	32%	15%	17%	18%	18%
Less than 7,500 seats	44%	0%	17%	17%	22%
7,500 to 12,000 seats	42%	21%	16%	11%	10%
More than 12,000 seats	13%	22%	17%	26%	22%

Source: IAVM Benchmarking Survery Report 2010

The most common facility management structures, when considering independent and private management as non-governmental, would be 35 percent for this category, followed by government at 32 percent, although it is higher for smaller venues. As the seating capacity increases, management tends to shift away from government, primarily due to the fact that the largest arenas are for NBA and NHL tenants and these teams prefer to manage the facilities and capture all revenue.

Given the existing positive experience the community has had with the CIB and Grand Wayne Center, this authority-directed manager model appears to have merit in Fort Wayne. However, at the county level, the successful Coliseum has been run by an independently hired manager who reports directly to County government. Both structures allow for some lack of transparency, as the information released to the public is somewhat up to the discretion of the parties. However, in order to optimally manage facilities, true transparency is key and the initial structure would set such a model in place. Any new structure should ensure that the performance of the facility is made public, including all operating revenues and expenses as well as number of events and attendance. By keeping performance transparent, the public and others can keep pressure on the manager to continually improve performance for the benefit of the community.

HSP generally prefers models where management does not directly report to the government entity, but instead reports to a dedicated independent entity, such as a board. However, that board's activity and information should be transparent to the community. This guarantees independence yet also responsibility to own up to the truth about performance.

REPORT LAYOUT

- Executive Summary
- Chapter 1 Economic and Demographic Analysis
- Chapter 2 Local Arena Market Analysis
- Chapter 3 Small and Midsized Arena Trends
- Chapter 4 State and Regional Arena Market Analysis
- Chapter 5 Comparable Arena Profiles
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About Hunden Strategic Partners

Hunden Strategic Partners is a full service real estate development advisory practice specializing in destination assets. With professionals in Chicago and Indiana, Hunden Strategic Partners provides a variety of services for all stages of destination development in the following primary areas:

- Real estate market and financial feasibility and financial consulting
- Owner's representation and operating consulting
- Strategy and master planning
- Public incentive analysis
- Economic, fiscal and employment impact analysis (cost/benefit)
- Economic and tourism policy/legislation consulting
- Organizational development
- Research and statistical analysis
- Developer solicitation and selection; Private management company solicitation and selection

Hunden Strategic Partners professionals have provided all of the above services for hundreds of client projects worldwide for the public, non-profit, and private sectors. In addition, our professionals have prior professional career experience in municipal and state government, economic and real estate development, real estate law, hotel operations, and non-profit management. Over 80 percent of our clients are public entities, such as municipalities, counties, states, convention bureaus, authorities, and other quasi-government entities empowered to conduct real estate, economic development and tourism activities.

Limiting Conditions

HSP relied on primary and secondary sources of information for the assumptions made in this report and assumes these sources to be accurate. Assumptions created for the analysis were based on the data available to HSP during the study period as well as professional judgment.

The Project is assumed to be owned and operated in a first-class manner by the parties who have operated similar facilities.

No responsibility is taken for unforeseen events occurring after the date of the analysis, including war and terror attacks, natural disasters, and major economic recessions.

This report is intended to be used as a tool for decision-making by the contracting parties related to this Project and for no other purpose.