

Performing Arts Center Feasibility Study
Study Results
Coeur d'Alene, Idaho
August 15, 2018

HVS

Project Scope

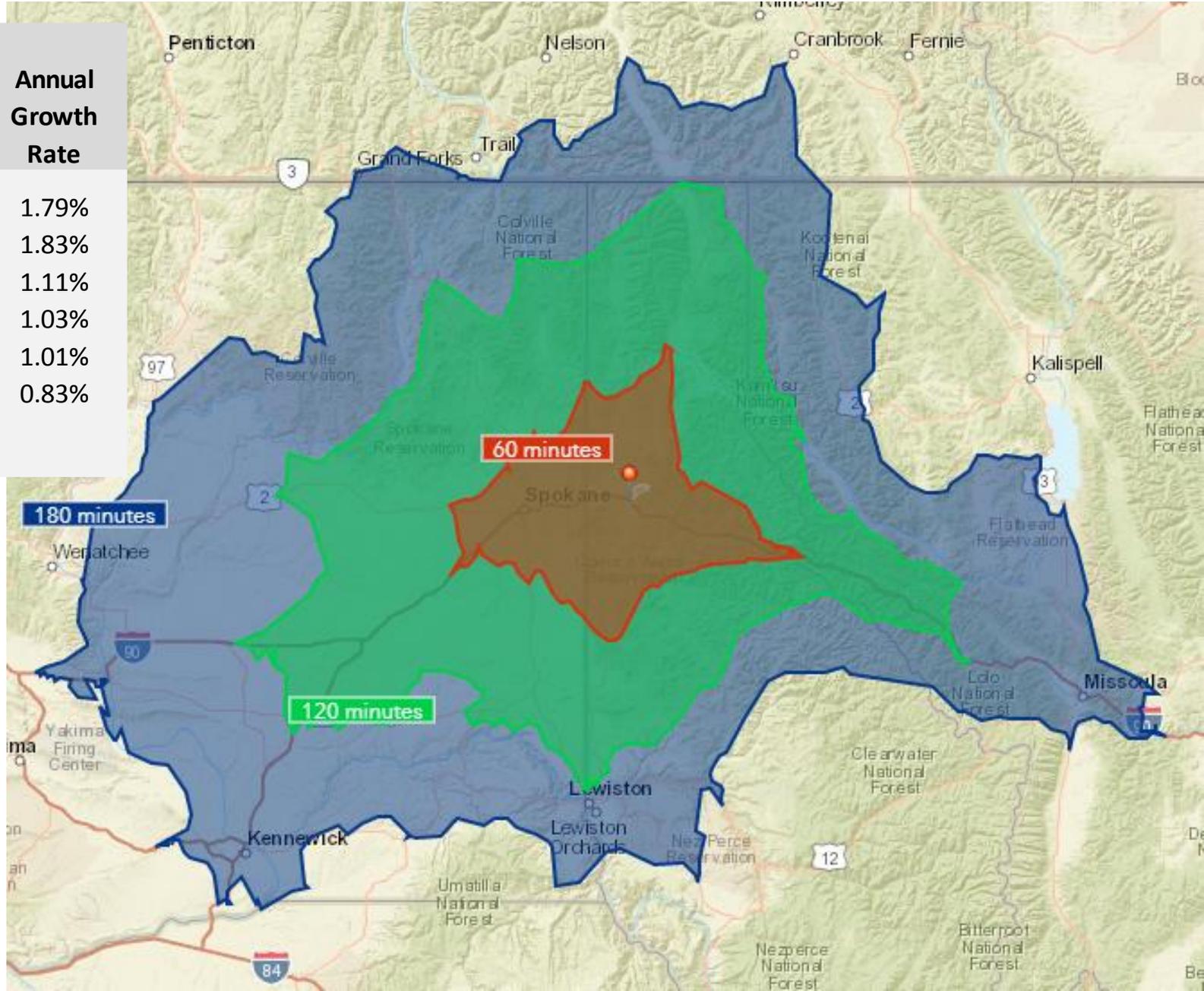
Task Description	W-1	W-2	W-3	W-4	W-5	W-6	W-7	W-8	W-9	W-10	W-11	W-12
Phase 1 - Market and Demand Assessment												
Project Orientation and Fieldwork	M											
Market Assessment												
Industry Trends												
Participation Trends												
Interviews												
Comparable and Competitive Facilities												
Building Program Recommendations						CC						
Site Selection												
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Interim Findings Conference Call								DR,CC				
Phase 2 - Financial Projections and Feasibility												
Financial Projections												
Ownership and Management Models												
Economic and Fiscal Impact Analysis												
Financing Strategies												
Reporting and Presentation											DR,CC	FR,M

Market Area Assessment

Market Assessment

Market	Population		Annual Growth Rate
	2017	2022	
Coeur d'Alene *	62,395	68,188	1.79%
Kootenai County	157,914	172,907	1.83%
60-minute drive time	678,530	717,031	1.11%
120-minute drive time	890,955	937,714	1.03%
180-minute drive time	1,525,808	1,604,445	1.01%
United States	328 mil	341 mil	0.83%

* Zip codes 83814 and 83815

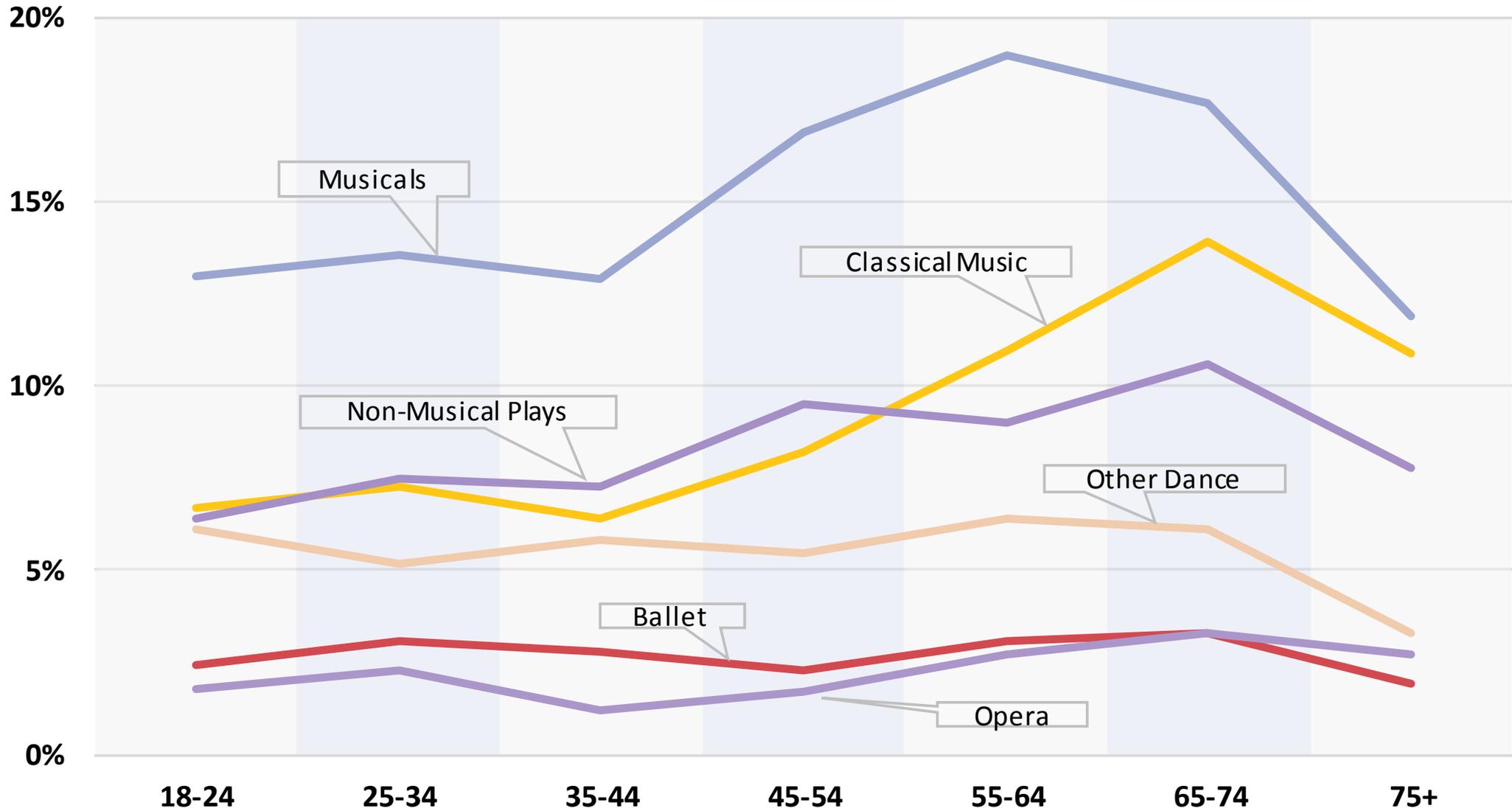


Local Venues

Venue	Location	Seating Capacity	Typical Event Types / Users
CDA Casino Event Center	Worley	1,400	Concerts, entertainment, weddings
Schuler Performing Arts Center	Downtown CDA	1,164	University theater and musical performances, symphony, opera
Panida Theater	Sandpoint	500	Community theater, films, concerts, recitals, ballet
The Hive Music & Event Space	Sandpoint	600	Concerts
Salvation Army Kroc Center	CDA Northside	400	Church services, community theater, music and performances
Hagadone Event Center (CDA Resort)	Downtown CDA	400	Meetings, weddings, entertainment
High School Theater	CDA Northside	300	High school productions
Library Community Room	Downtown CDA	200	Meetings, receptions, performances
HREI Museum	Downtown CDA	175	Meetings, receptions, performances
Lake City Playhouse	Downtown CDA	160	Community theater
Jacklin Arts & Cultural Center	Post Falls	150	Weddings, theater, musical performances

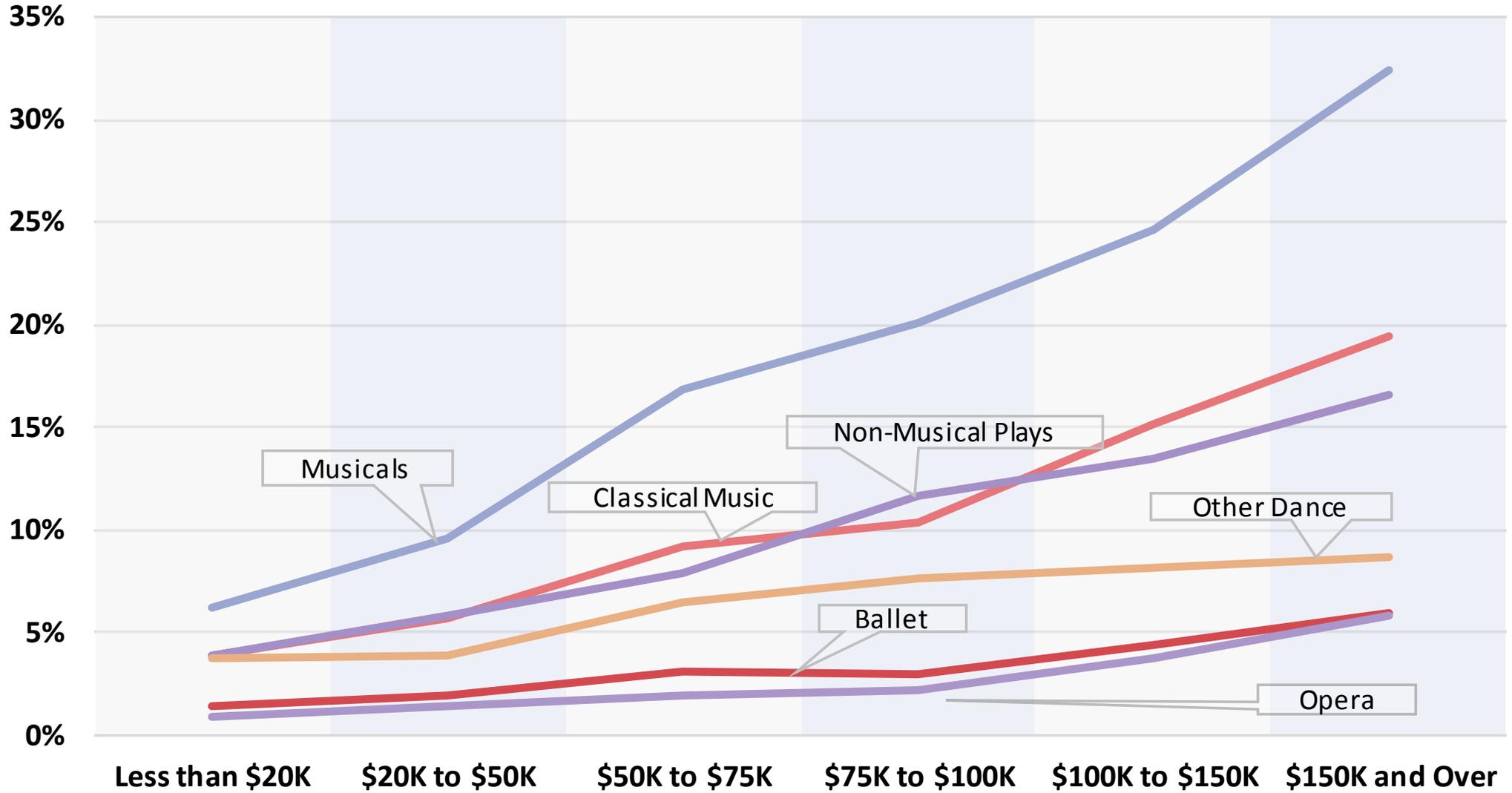
Industry Participation Trends

Participation by Age



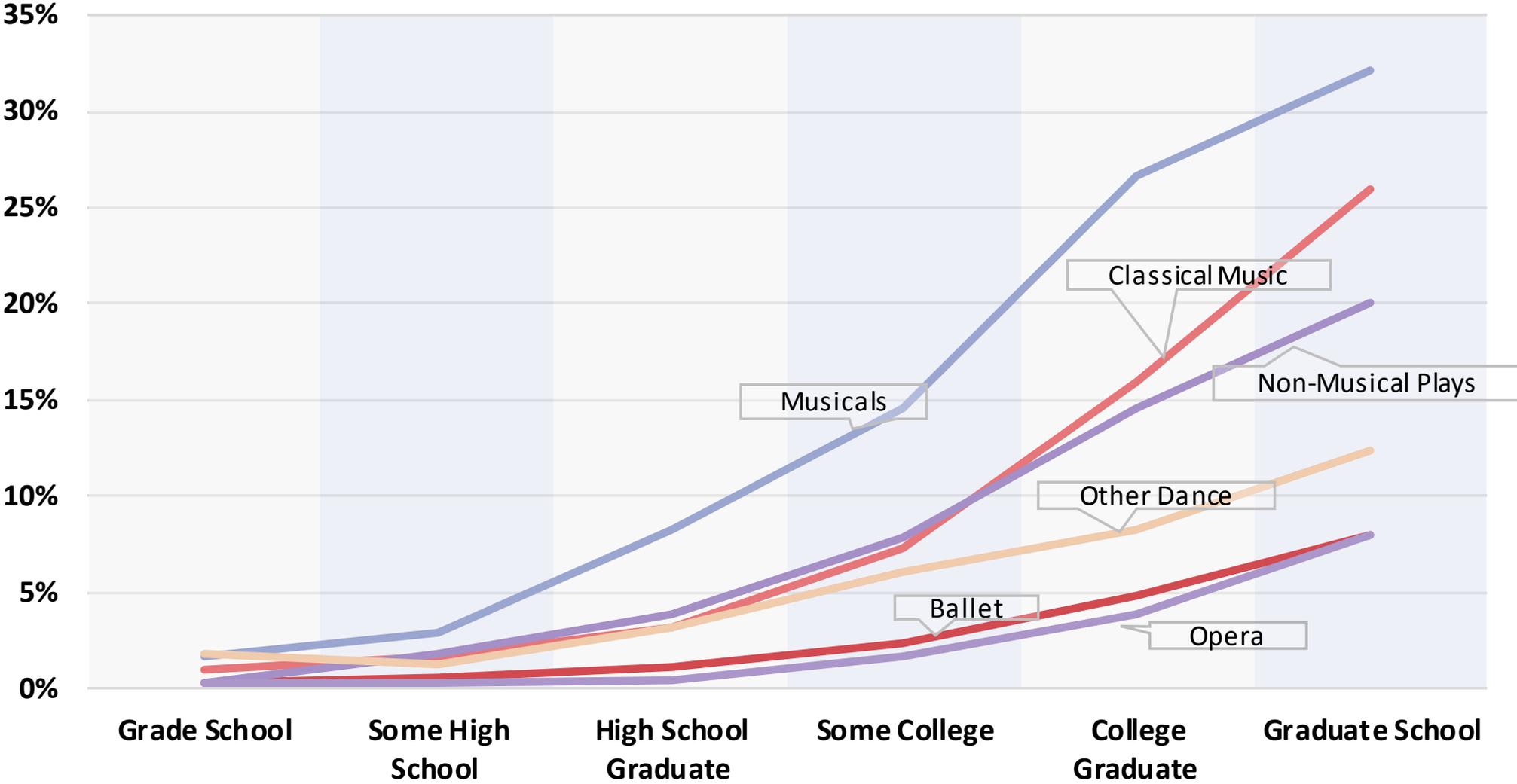
Source: National Endowment for the Arts SPPA

Participation by Income Level



Source: National Endowment for the Arts SPPA

Participation by Education Level



Source: National Endowment for the Arts SPPA

Competitive & Comparable Venues

Competitive Venues

Name of Venue	Location	Year Opened/ Renovated	Seating Capacity	Owner/Operator
Nearby Competitors within 200 Miles of Coeur d'Alene				
INB Performing Arts Center	Spokane	WA 1974/2018	2,700	Spokane Public Facilities District
Martin Woldson Theater at the Fox	Spokane	WA 1931/2007	1,715	Spokane Symphony
George & Jane Dennison Theatre	Missoula	MT 1935/1998	1,140	University of Montana
Bing Crosby Theater	Spokane	WA 1914/1988	750	Private
Whitefish Performing Arts Center	Whitefish	MT 2007	475	Whitefish School District
Bigfork Center for the Performing Arts	Bigfork	MT 1988	435	Nonprofit
Spokane Civic Theater	Spokane	WA 1947	336	Nonprofit
Coeur d'Alene Performing Arts Center	Coeur d'Alene	ID 0	0	

Kennewick, WA is currently fundraising for a new 800-seat venue, the Tri Cities PAC at the Vista Arts Center.

Source: Respective Venues

Competitive Venues

Name of Venue	Location		Year Opened/ Renovated	Seating Capacity	Owner/Operator
Competitive Regional Venues in Small markets in Idaho and Neighboring States					
Morrison Center	Boise	ID	1984	2,037	Boise State University
Idaho Falls Civic Center	Idaho Falls	ID	1952	1,800	City of Idaho Falls/Idaho Falls Arts Council
Mansfield Theatre	Great Falls	MT	1935	1,782	City of Great Falls
Alberta Bair Theatre	Billings	MT	1931/1987	1,410	Nonprofit
Blackfoot Performing Arts Center	Blackfoot	ID	2008	1,223	Blackfoot School District
Mother Lode Theatre	Butte	MT	1923	1,202	Nonprofit
Stephens Performing Arts Center	Pocatello	ID	2004	1,200	Idaho State University
Willson Auditorium	Bozeman	MT	1937/2015	1,143	Bozeman School District
Colonial Theater	Idaho Falls	ID	1919/1999	998	Nonprofit
College Southern Idaho Fine Arts Center	Twin Falls	ID	1968	930	College of Southern Idaho
Jewett Auditorium	Caldwell	ID	1962	850	The College of Idaho
Emerson Center for Arts & Culture	Bozeman	MT	1993	720	Nonprofit
Nampa Civic Center	Nampa	ID	1990	630	City of Nampa/Spectra Management
Numerica Performing Arts Center	Wenatchee	WA	2000	550	Nonprofit
Everett Performing Arts Center	Everett	WA	1988	512	City of Everett/Village Theatre
Argyros Performing Arts Center	Ketchum	ID	2018	450	Nonprofit

Source: Respective Venues

Comparable Venues

Name of Venue	Location	Year Opened/ Renovated	Seating Capacity	Owner/Operator
Comparable North American Venues with Similar Population to Coeur d'Alene				
Washington Center for Performing Arts	Olympia	WA 1985	984	City of Olympia/Nonprofit
Lensic Performing Arts Center	Santa Fe	NM 1931/2001	821	Nonprofit
Performing Arts Center of Rapid City	Rapid City	SD 1937/2012	800	Nonprofit
Esplanade Theatre	Medicine Hat	AB 2005	700	City of Medicine Hat
Covey Center	Provo	UT 2007	670	City of Provo
Clark Center for Performing Arts	Arroyo Grande	CA 2002	617	Nonprofit
Weber Center for the Performing Arts	LaCrosse	WI 2013	450	Nonprofit /Viterbo University
Center for Visual & Performing Arts	Munster	IN 1989	435	Nonprofit

Source: Respective Venues

Population and Economic Comparisons

60-minute Drive Time Population	
Comparable Markets	
Munster	5,716,885
Everett	2,433,668
Provo	1,942,308
Olympia	1,493,920
Nampa	767,928
Caldwell	759,894
Boise	738,146
Spokane	686,320
Coeur d'Alene	678,530
Arroyo Grande	494,318
Santa Fe	336,039
Idaho Falls	320,549
Blackfoot	320,202
LaCrosse	301,273
Pocatello	257,590
Billings	190,347
Rapid City	180,873
Twin Falls	171,750
Missoula	149,562
Bozeman	126,779
Bigfork	120,205
Whitefish	107,784
Wenatchee	105,115
Great Falls	96,007
Butte	64,217
Average	742,408

Median HH Income	
Comparable Markets	
Everett	\$78,469
Provo	66,119
Ketchum	64,030
Olympia	62,155
Arroyo Grande	59,963
Munster	58,258
Santa Fe	55,452
Wenatchee	54,010
LaCrosse	53,554
Bozeman	53,191
Billings	53,042
Spokane	52,952
Boise	52,785
Coeur d'Alene	52,278
Rapid City	52,276
Nampa	52,166
Caldwell	52,157
Pocatello	49,260
Whitefish	48,861
Blackfoot	48,181
Bigfork	48,149
Missoula	48,090
Idaho Falls	47,998
Great Falls	46,382
Butte	42,294
Average	54,083

Number of Businesses	
Comparable Markets	
Munster	196,833
Everett	104,848
Provo	59,461
Olympia	47,842
Coeur d'Alene	26,681
Spokane	26,078
Nampa	25,744
Caldwell	25,294
Boise	24,532
Arroyo Grande	19,824
Santa Fe	16,661
LaCrosse	12,323
Idaho Falls	10,925
Blackfoot	10,774
Billings	9,260
Rapid City	8,190
Missoula	7,213
Twin Falls	7,096
Bozeman	6,909
Bigfork	6,577
Pocatello	6,224
Whitefish	5,956
Wenatchee	5,065
Great Falls	4,497
Butte	2,990
Average	27,112

Source: Esri

Demographic Comparisons

Median Age	
Comparable Markets	
Butte	44.9
Whitefish	43.6
Bigfork	42.9
Santa Fe	42.7
Ketchum	42.3
Great Falls	40.7
Billings	39.9
Rapid City	39.0
Coeur d'Alene	38.7
LaCrosse	38.7
Spokane	38.6
Everett	38.5
Wenatchee	38.1
Olympia	37.7
Missoula	37.4
Arroyo Grande	37.0
Munster	36.4
Bozeman	35.7
Caldwell	35.4
Nampa	35.3
Boise	35.0
Twin Falls	34.7
Pocatello	32.9
Blackfoot	30.4
Idaho Falls	30.4
Average	37.9

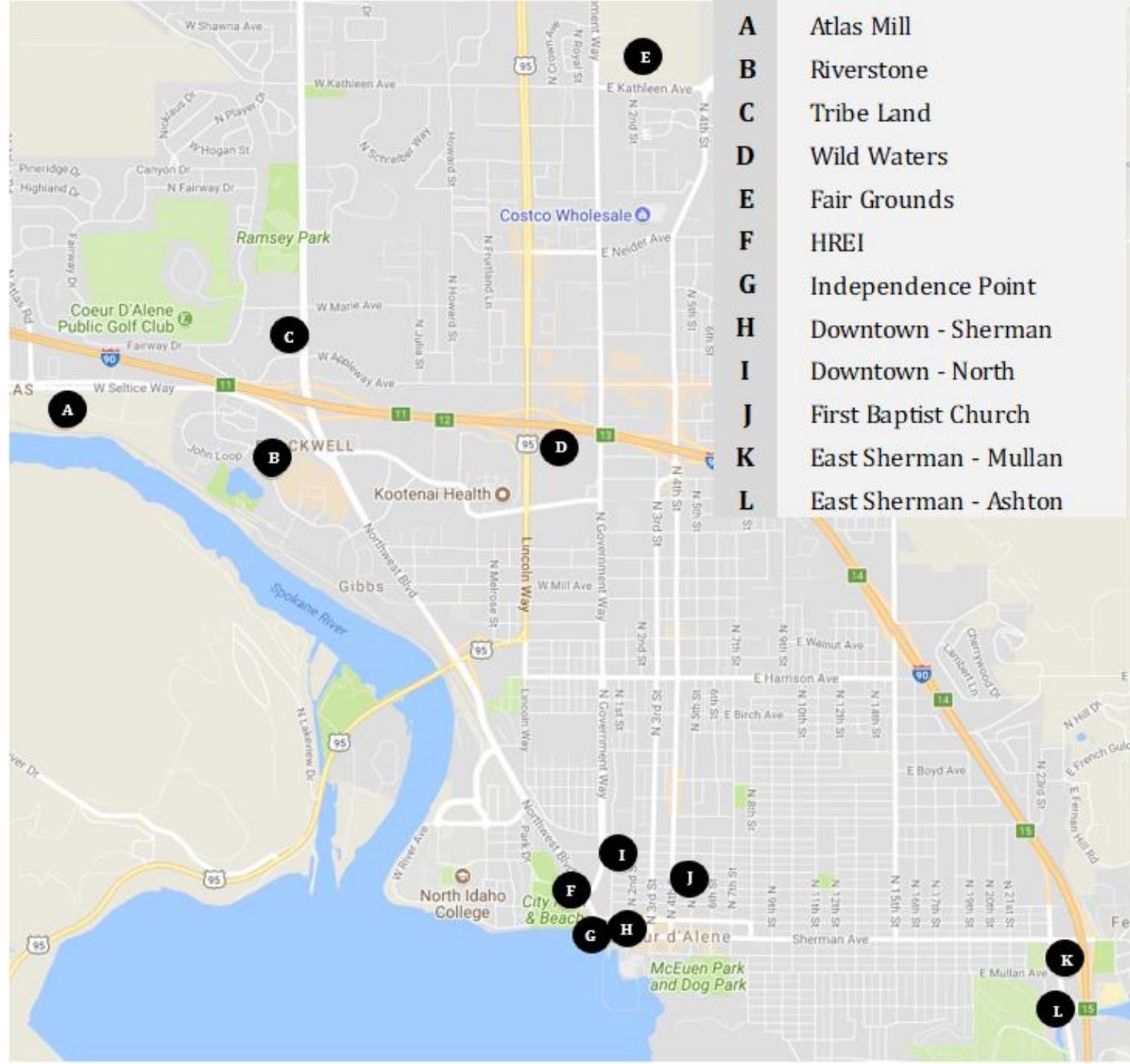
Percent with College Degree	
Comparable Markets	
Everett	56.6%
Bozeman	52.9%
Ketchum	51.4%
Missoula	47.3%
Provo	44.5%
Santa Fe	44.5%
Spokane	40.2%
Whitefish	39.9%
Coeur d'Alene	39.8%
Boise	39.6%
Bigfork	39.3%
Caldwell	38.9%
Nampa	38.9%
Idaho Falls	37.7%
Olympia	37.5%
Blackfoot	37.3%
Billings	36.6%
Great Falls	36.1%
Pocatello	35.4%
Munster	33.5%
Butte	33.3%
Wenatchee	31.3%
Arroyo Grande	28.3%
Rapid City	27.5%
Twin Falls	26.8%
Average	39.0%

Entertainment Spending Index	
Comparable Markets	
Everett	142
Arroyo Grande	109
Provo	108
Munster	107
Ketchum	101
Olympia	101
Santa Fe	96
Coeur d'Alene	88
Spokane	88
Billings	88
Boise	87
Caldwell	86
Bozeman	86
Wenatchee	86
Nampa	83
Rapid City	82
Missoula	79
LaCrosse	79
Pocatello	77
Blackfoot	77
Idaho Falls	76
Whitefish	74
Bigfork	73
Great Falls	73
Butte	62
Average	88

Source: Esri

Site Analysis

Potential Sites



- A** Atlas Mill
- B** Riverstone
- C** Tribe Land
- D** Wild Waters
- E** Fair Grounds
- F** HREI
- G** Independence Point
- H** Downtown - Sherman
- I** Downtown - North
- J** First Baptist Church
- K** East Sherman - Mullan
- L** East Sherman - Ashton

entertainment Consulting
purposes only.

Evaluation Criteria

Evaluation Criteria	Importance Rank
Site Considerations	
Capacity for recommended building program	5
Proximate to existing/planned lodging	2
Ability to acquire site	5
Proximate to retail/dining amenities	4
Infrastructure in place or planned	3
Capacity for future expansion	1
Subject to landmark design restrictions	2
Environmental Impact	2
Urban Impact	
Potential for compatible development	2
Compatibility with neighboring land uses	4
Surrounding neighborhood safety	4
Displacement of existing uses	3
Compliance with existing zoning	2
Access	
Ease of access for drive-in	4
Availability of existing parking	4
Ease of access for service vehicles	4
Potential for traffic congestion	3
Ease of access for pedestrians	3
Access to public transportation	1
Financial Considerations	
Potential for public funding sources	4
Land assembly costs	3
Building construction costs	3
Opportunity costs - alternative land uses	3
Infrastructure/site preparation costs	3

Weighted Score Summary

	Site Ranking	Weighted Scores
1	Riverstone	211
2	Atlas Mill	205
3	HREI	204
4	Independence Point	203
5	Wild Waters	196
6	Tribe Land	192
7	Downtown - North	182
8	E. Sherman Ave. - Mullan	181
9	Downtown - Sherman	175
10	E. Sherman Ave. -Ashton	171
11	First Baptist Church	169
12	Fair Grounds	158

Building Program Recommendations

Performance and Public Areas

- 700 to 800-seat multipurpose theater
- Seating on two levels
- Large lobby with concessions, coat room, and public restrooms
- Proscenium stage with wings space and hard surface
- Fly loft with stage rigging and counterweight system
- Orchestra pit for up to 30 musicians
- Black box theater/rehearsal room with audience seating of around 100

Back-of-House Areas

- Multipurpose spaces for education, private rentals, receptions, art shows
- Two Star dressing rooms (1 star each)
- Two Principal dressing rooms (3-4 performers each)
- Two Chorus dressing rooms (16-24 performers each)
- One Green room (750 square feet)
- Scene shop
- Wardrobe laundry
- Operations offices, storage, loading dock
- Catering prep kitchen

Demand Projections

Market Demand Potential by Type

Event Category	Demand Potential	Estimated Attendance	Current Capture Rate
Classical Music	53,100	26,100	49%
Musical Plays	56,800	24,900	44%
Non-Musical Plays	31,200	40,900	131%
Opera	8,600	1,200	14%
Ballet/Dance	28,200	12,900	46%

Sources: Performing Arts Organizations, Local Venues, Promoters

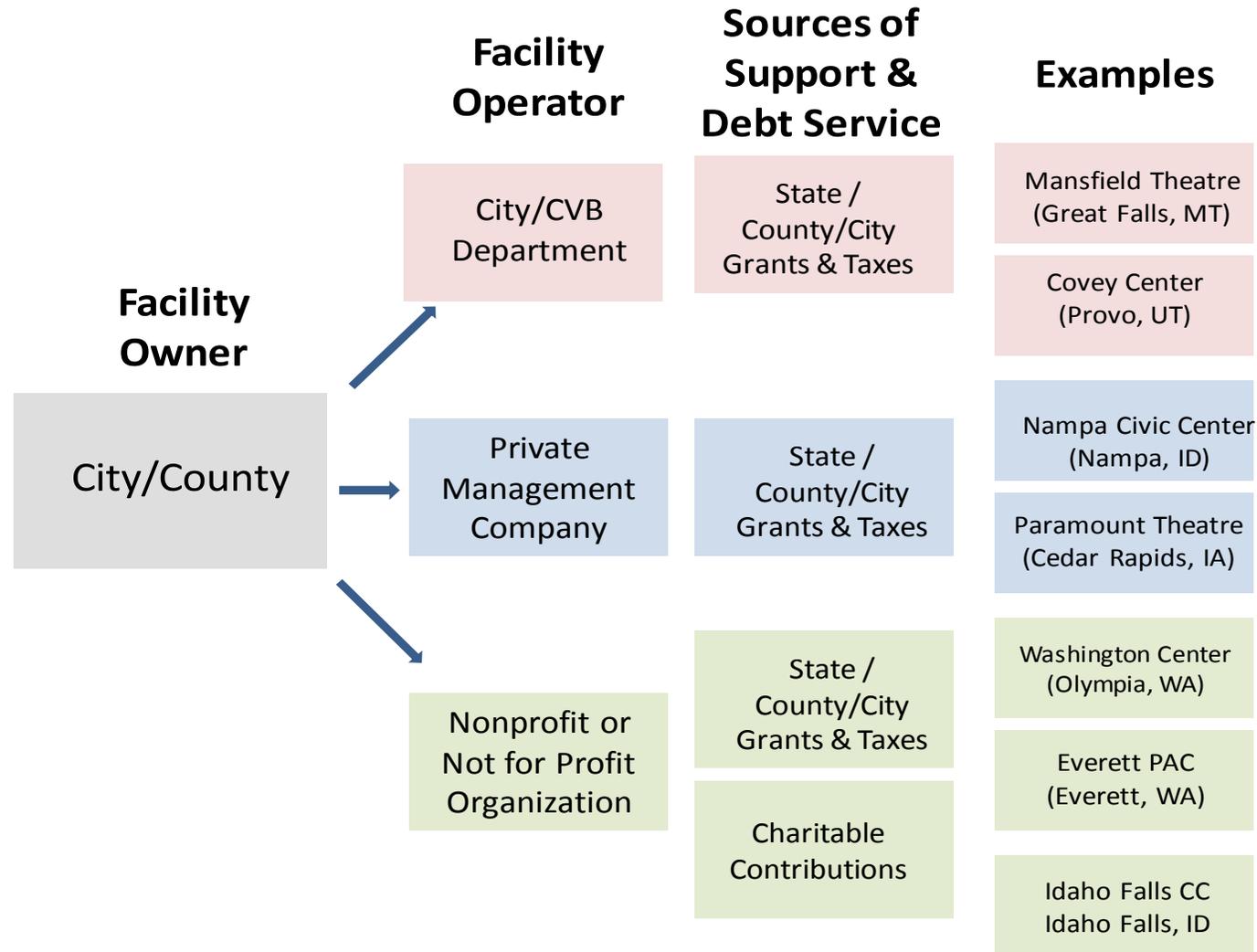
The above analysis demonstrates which event types have the greatest opportunity for events and attendance at the proposed performing arts center.

Demand Projections in Stabilized Year

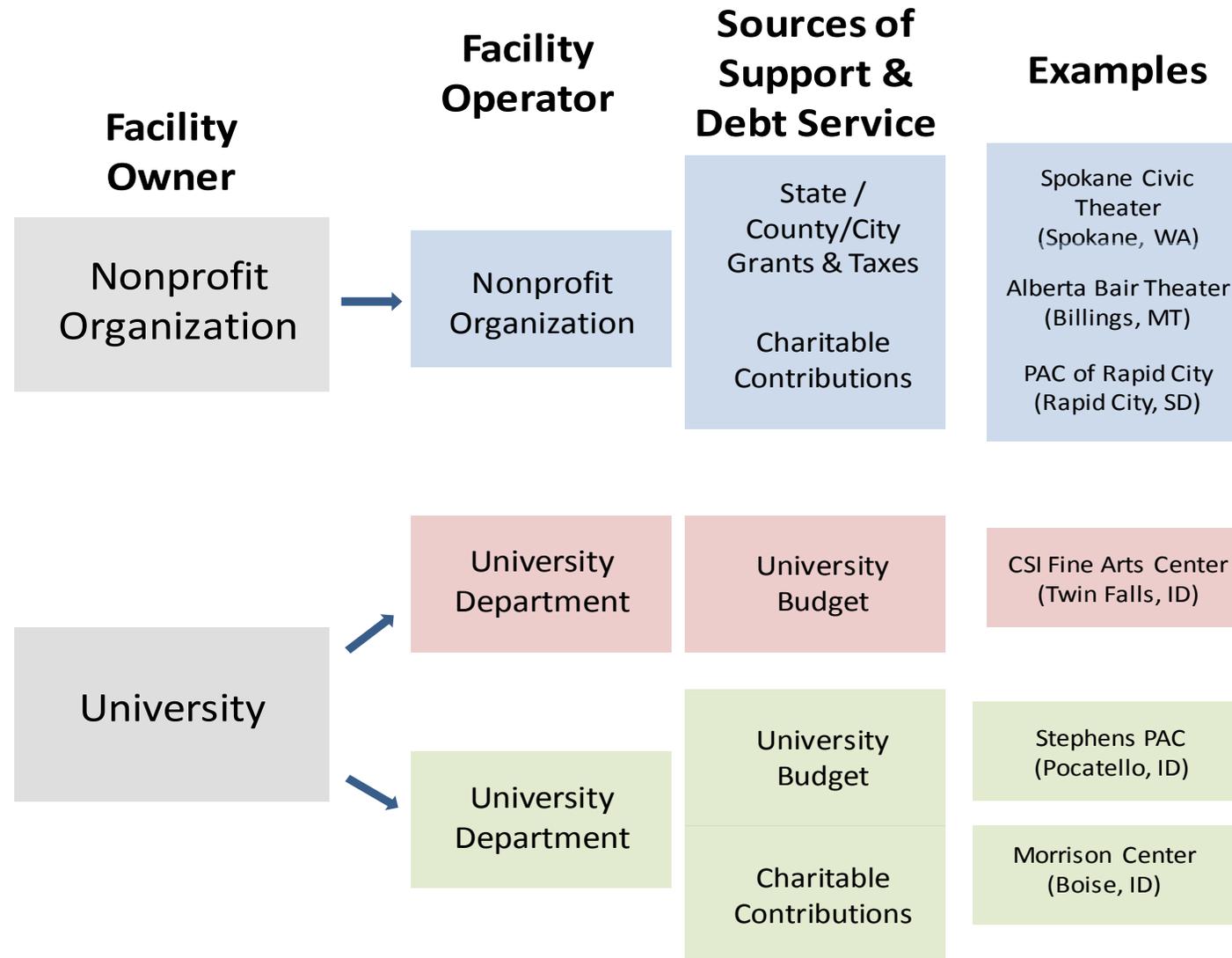
Event/Performance Type	Events	Average Attendance	Total Attendance
Professional Theater	50	450	22,500
Community Theater	26	370	9,620
Student Theater	10	400	4,000
Symphony	15	500	7,500
Ballet/Dance	6	300	1,800
Chorus	10	250	2,500
Studio Productions	35	75	2,625
Touring Entertainment	8	600	4,800
Local Entertainment	15	500	7,500
Film/Video Broadcasts	6	400	2,400
Meetings	30	50	1,500
Assemblies	6	400	2,400
Banquets	20	200	4,000
Total	337		73,145

Management Scenarios & Financial Projections

Ownership/Management Models for City-Owned Venues



Ownership/Management Models for Nonprofit or University-Owned Venues



Operating Assumptions and Recommendations

- For the purpose of this analysis, HVS prepared financial projections that reflect City ownership of the proposed performing arts center.
- Under this scenario, we recommend the establishment of a new nonprofit dedicated solely to developing and operating the proposed venue.
- Establish an independent Board of Directors to oversee development, management, and operation.
- Benefits of this structure
 - Nonprofit fundraising campaign can be established
 - Equal availability to various user groups
 - Operating mission that is consistent with City goals
 - Board can offer assistance when required

Operations Staff Levels

Position	Number	Salary	Total Salary (\$)
ADMINISTRATION/FINANCE			
General Manager	1	90,000	90,000
Office Manager/Accountant	1	45,000	45,000
EVENT SALES & SERVICE			
Director of Sales and Event Services	1	60,000	60,000
Production/Event Manager	1	40,000	40,000
BOX OFFICE			
Box Office Manager	1	60,000	60,000
BUILDING OPERATIONS			
Director of Operations	1	60,000	60,000
Event Technician	1	50,000	50,000
Custodian Manager	1	40,000	40,000
TOTALS		8	445,000
Benefits		25%	111,250
TOTAL FULL TIME SALARY & BENEFITS			556,250
Unreimbursed Show Labor			100,000
TOTAL SALARY & BENEFITS			656,250

Salaries are in 2018 dollars.

Financial Projections in First Stabilized Year (inflated)

- Revenues are based on demand projections for the number of performance or the number of attendees.
- Expenses have fixed and variable components based on a percentage of corresponding revenue.
- A 2.5% inflation rate applies to both revenues and expenses.
- Financial projections do not include debt service.

	Post Opening Stabilized Year	
	CY 2025	
	Amount in Thousands	% Total
Revenue		
Theater Rental	\$105	8%
Box Office (Net)	44	3%
Facility Fee	278	21%
Function Space/Studio Rental	48	4%
Food & Beverage (Gross)	574	44%
Event Services (Gross)	151	11%
Novelty (Gross)	30	2%
Advertising	61	5%
Other Revenue	24	2%
Total Revenue	\$1,314	100%
Operating Expense		
Salaries & Benefits	\$798	61%
Food & Beverage Costs	430	33%
Event Service Costs	128	10%
Novelty Costs	27	2%
Administrative & General	85	7%
Repair & Maintenance	66	5%
Supplies & Equipment	26	2%
Utilities	131	10%
Total Operating Expense	\$1,692	129%
NET OPERATING INCOME (LOSS)	(\$378)	-29%
Non-Operating Expense		
Capital Maintenance	\$39	3%
TOTAL NET INCOME (LOSS)	(\$417)	-32%

Food & beverage revenue includes alcohol sales.

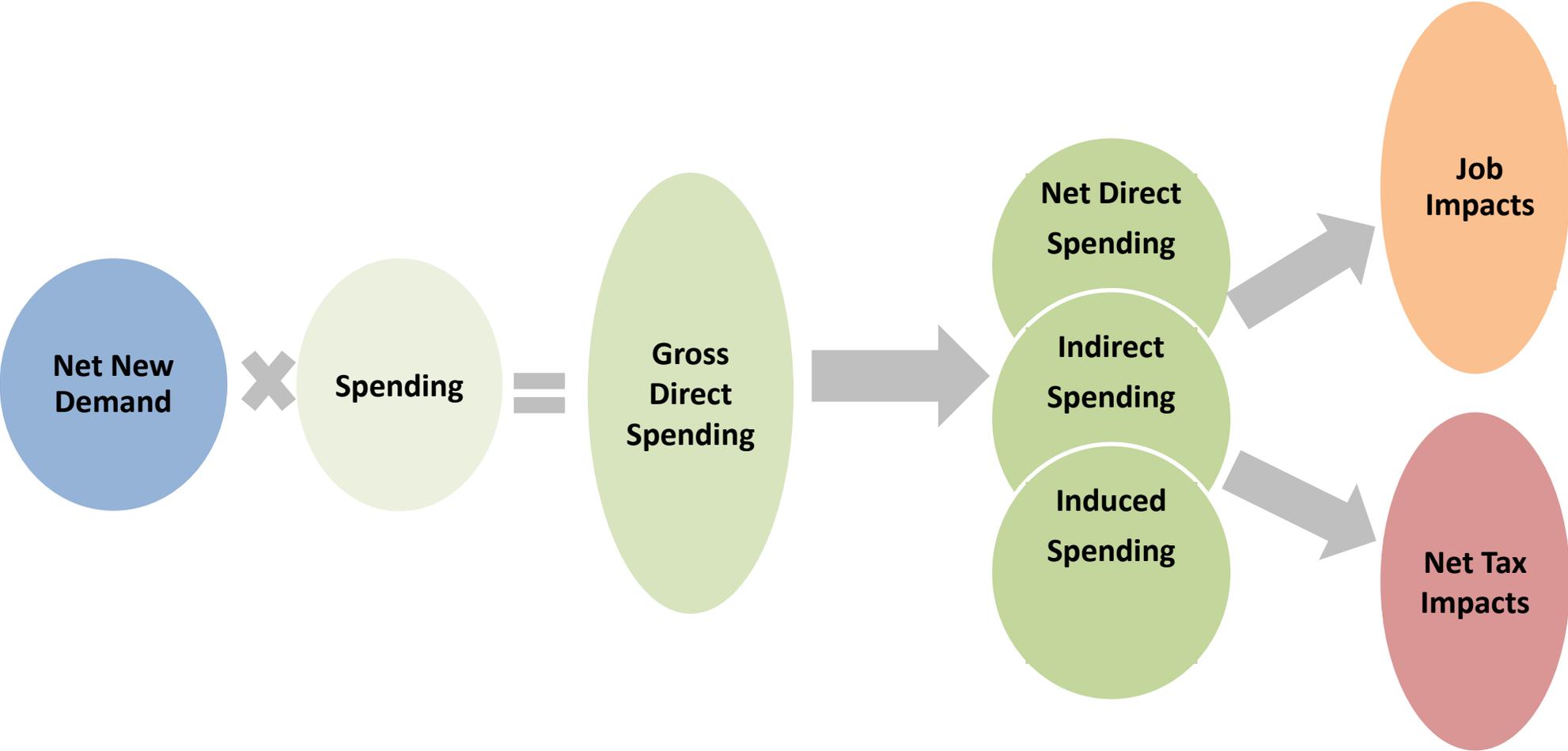
Comparable PAC Financial Performance

Venue	Location	Seats	Operating Profit /(Loss)	Contributions & Donations	Government & University Support	Year
INB Performing Arts Center	Spokane, WA	2,700	752,340	0	0	2017
Morris Performing Arts Center	South Bend, IN	2,564	438,313	0	0	2016
Topeka PAC	Topeka, KS	2,417	(457,855)	201,199	312,254	2017
Marcus Center	Milwaukee, WI	2,305	(598,480)	372,615	1,588,249	2015
Fox Cities PAC	Appleton, WI	2,070	(1,829,915)	1,823,175	0	2016
Carson Center	Paducah, KY	1,800	(880,827)	621,864	341,869	2016-17
Music Hall Center	Detroit, MI	1,731	(1,292,900)	1,253,927	483,500	2014-15
Flynn Center	Burlington, VT	1,400	(1,125,000)	2,783,800	0	2016-17
Newman Center	Denver, CO	849	(771,949)	108,825	663,124	2015-16
Covey Center	Provo, UT	670	(301,073)	0	335,428	2016
Wilson Center for the Arts	Brookfield, WI	619	(1,505,735)	816,918	779,006	2016-17
Livermore Valley PAC	Livermore, CA	507	(1,220,617)	1,059,810	362,240	2014
South Orange PAC	South Orange, NJ	439	(950,900)	1,080,136	104,500	2014
Crested Butte Center for the Arts	Crested Butte, CO	215	(529,328)	719,927	0	2016

Operating profits and losses are highly dependent upon business plan and ability to use volunteer labor and in-kind donations. Government support often covers debt service in addition to operating losses

Economic & Fiscal Impacts

Impact Methodology



Summary of Economic & Fiscal Impacts

Summary of Impacts*	City of Coeur d'Alene
Economic Impact (millions)	\$3.9
Fiscal Impact	\$209,700
Jobs	31
*In a stabilized year.	

Over 25-year period, net present value of economic impacts is \$61 million.

Case Studies

Argyros Performing Arts Center

Ketchum, ID

- Opening November 2018
- \$14.5 million (new build)
- 450-seat capacity
- Funded through fundraising efforts of nonprofit organization founded in 2001



Performing Arts Center of Rapid City

Rapid City, SD

- Opened in 2012
- \$9.2 million (renovation)
- 830-seat capacity, 174-seat studio
- Facility owned by school district
- \$3.25 million City contribution with remainder collected through fundraising



Covey Center for the Arts

Provo, UT

- Opened in 2007
- \$8.5 million (library renovation)
- 670-seat capacity, 60-seat studio
- City contribution: \$2.1 million tax increment bond and \$870,000 from general fund
- Remainder collected through fundraising, including \$2 million for naming rights
- Operated by City of Provo, general fund provides annual operating subsidy of \$350,000



Globe News Center

Amarillo, TX

- Opened in 2006
- \$32 million (new build)
- 1,300-seat capacity
- City contribution: \$1.8 million and donated land
- Remainder collected through fundraising, including \$3 million for naming rights.
- After 30 months, debt service retired and ownership transferred to City
- City operates venue as part of Amarillo Civic Center



Implementation and Next Steps

Next Steps

- Identify other potential sites for the development and narrow list to two to four optimal sites
- Identify funding sources for conceptual planning and cost estimation.
- Engage an architectural firm to prepare conceptual plans for each of the final sites to determine capacity and viability
- Engage cost estimator to prepare order of magnitude costs estimates based on conceptual plans
- Establish preferred ownership and management model and identify nonprofit or government entity that would initiate and manage fundraising and design processes
- Make final site selection and begin any necessary land acquisition negotiations
- Establish development budget and sources of funding
- Prepare fundraising plan, establish goals, and develop collateral materials
- Launch fundraising campaign
- Once prescribed donation level is achieved, engage architectural firm to begin design process and determine preferred project delivery method
- Negotiate third party contacts, including tenant leases, naming rights and sponsorship agreements, food service, and other vendors
- Finalize and secure project funding
- Commence construction
- Develop pre-opening sales and marketing plan
- Establish operation goals, booking polices and reporting procedures



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