

FEASIBILITY STUDY CONSULTANT FOR LAKESIDE PARK MULTI-PURPOSE BUILDING AND AMPHITHEATER

SUBMITTED TO City of Fond Du Lac, WI

SUBMITTED BY Johnson Consulting in association with Concord Group

> **DATE** July 17, 2020





UNDERSTANDING OF THE PROJECT

The City of Fond Du Lac ("Client" or "City") is seeking proposals from an experienced consultant to provide a feasibility study for a multi-purpose building with a restaurant, meeting space, and space for rotating exhibits on Lighthouse Point, as well as an amphitheater, along with a synthetic ice skating rink on Oven Island. The collaborative process will provide analysis and recommendations that will inform the City on how to proceed with these two projects. Upon completion of our analysis, the City of Fond du Lac will have a clear understanding of the risks and rewards of future facility development and strategies that will result in generating the greatest return on investment and economic impact for the City and its residents.

A group of business and non-profit leaders "Supporters of the Lakeside Park Exploratory Committee" ("Supporters") presented a plan for Lakeside Park that built upon the master plan developed in 2017. As part of this more elaborate plan, a multi-purpose building and amphitheater have been identified as desired elements. This study will determine exactly what elements will make these two facilities successful for the City of Fond du Lac.

As the Client assesses the opportunities that may be provided by the new multi-purpose building and amphitheater, the following questions need to be addressed:

- MARKET AND INDUSTRY PENETRATION: What is the overall market potential for a new multipurpose building and amphitheater? Which existing and proposed venues would the new facilities compete with or complement? How will the facilities perform vis-à-vis peer facilities in similar markets? Who will utilize the facilities and what are their needs, desires and expectations? How would the facilities impact the local economy, regional hospitality and tourism?
- PROGRAM AND SITE CONSIDERATIONS: What size should the facilities be and what are the
 optimal locational, physical, sustainable, and technological attributes to capitalize on market
 trends and ensure flexible use of space, as well as patron and event planner satisfaction for
 each project? What impacts will the proximity to the baseball fields bring? Given the optimal
 facility program(s), what site considerations should be made a priority in locating a new multi-





purpose building and amphitheater? How much land is needed for each facility and supporting parking and other infrastructure? How will existing venue supply and linkages to hotel supply and entertainment offerings influence site location? How much would a new multi-purpose building and amphitheater cost?

FINANCIAL, OPERATIONAL AND FUNDING: How will a new multi-purpose building and amphitheater operate from a demand and financial perspective? What revenue sources and net operating income will be available to pay for operations and facility debt service? What are the economic and fiscal impacts of the potential new facilities? Given the financial structure of the City, County and State, what funding mechanism can be used to fund the projects? What potential private-public partnerships could help leverage initial funding, as well as long-term operations and maintenance for the facilities?

Answering the above questions, and others raised during the study process, will serve as a framework for defining a strategy that will fully address the objectives identified in the RFP

SCOPE OF WORK

Johnson Consulting will follow a well-developed approach that we have successfully used in conducting similar studies for proposed entertainment venues throughout North America.

TASK 1 – STUDY KICKOFF, PROJECT PLANNING, AND FIELD WORK

Over an intensive two-day data collection and planning and outreach work session(s) (in person or virtual) led by Johnson Consulting, our Team will meet with Client Representatives to confirm objectives of the study, develop clear lines of communication, review project scope and methodology, and conduct initial field work. Tasks to be performed include:

- Hold a workshop with City representatives, the Supporters of the Lakeside Exploratory Committee ("Supporters"), the Advisory Park Board and key stakeholders to discuss their vision for the proposed project from both a needs, scheduling, and conceptual planning perspective.
- Gather and analyze background information related to the project, including any prior research or analyses that may have been conducted by, or for, the City and Supporters.
- Tour Lakeside Park, Fond du Lac and the surrounding region, including hotels, key business and commercial corridors, colleges and universities, and any potential sites that may have been identified for the proposed facilities.
- Review the Client's near- and long-term economic development objectives, including their development efforts.
- Identify competitive and comparable peer markets for use in benchmarking and developing case studies regarding best practices, innovative facility strategies and development approaches.



- Identify appropriate contacts and resources necessary to ensure complete review and assessment of issues and specific data.
- Meet with area restaurateurs to discuss current market conditions, the future development pipeline, their opinion on needs for a new multi-purpose building and amphitheater.
- Review preliminary project timeline to confirm dates for holding meetings and presentations with the Client.
- Hold various meetings as described in the Tasks which follow.

TASK 2 – MARKET ANALYSIS

Johnson Consulting will evaluate the economic and demographic characteristics of the market area to identify if it has the structural resources and demand base to support a new multi-purpose building and amphitheater. This Task is very important because in many markets, the local market and its economic clusters provide a significant demand base for restaurants, public meeting space, museums, and amphitheaters. Our analysis will provide a realistic assessment of the market's strengths, weaknesses, opportunities, and threats (SWOT). Among the data to be gathered and analyzed will be:

- Population and demographic trends.
- Analysis of commercial, entertainment, food and beverage, hospitality, office, academic, and other developments in Fond du Lac and the surrounding region that may affect the performance of, and demand for, additional restaurants, public meeting space, museums and an amphitheater.
- Income and employment trends, including any major employers expected to enter or leave the market.
- Key industry cluster trends and how the events, meeting, trade show, sports, concert and entertainment industries relate to them.
- Competitive and complementary meeting venues in the immediate and broader competitive region (profiling capacity and utilization rate), including any proposed meeting and public assembly venues and those currently under construction. This will assist in determining whether there are any gaps in the market due to a lack of supply and how the proposed facility will interface with the existing supply.
- Transportation and access.
- Hotel and retail supply and growth patterns.
- Tourism infrastructure.
- Meeting, trade show, sports, concert, entertainment, and tourism marketing resources and strategies.



TASK 3 – INDUSTRY TRENDS

Johnson Consulting will review and analyze recent statistics related to the entertainment and events, conference/meeting and performing arts industries highlighting the key performance metrics such as growth, meeting planner and event promoter trends, venue selection criteria, and trends for technology, hospitality, tourism, as well as overall industry health, among others. This analysis will be based upon primary and secondary sources of information, such as Restaurant Trade Association Guidance, Convention and Visitors Bureau research files, International Association of Conference Centers (IACC), Destination International (DI, formerly DMAI) data, Meeting and Convention Magazine, Association of Meeting Professionals (AMPS), the International Association of Venue Managers (IAVM), International Congress and Convention Associations (Johnson Consulting is a member), PollStar, IAVM, the Levitt Foundation, DI, and the National Endowment for the Arts Survey of Public Participation in the Arts (SPPA), as well as other publications and resources.

We will provide a specific analysis of food and beverage trends, locally and nationally. We will use sources such as CoStar, data from the National Restaurant Association, as well as our own primary research and experience, to document the performance of the surrounding market as measured by supply, demand, vacancy rates, rents and other key metrics that will help to define overall industry health, emerging trends, and other factors that will influence the success of this project.

TASK 4 – COMPARABLE CASE STUDIES

In conjunction with the City and other key stakeholders, we will select several comparable multipurpose buildings and amphitheaters that may offer innovative ideas with respect to facility development or performance in Fond du Lac. We will then interview facility management and compile statistical data on the size, quality and performance of these facilities/markets, including demand and operational information, as follows:





- Physical profile, including presence of restaurant and retail facilities and other onsite amenities, development cost, funding approach and history.
- Profile of past, current, and future event calendars, event attendees' origin and event program satisfaction, and operating performance, including:
 - Number of events and attendance by type.
 - Trends in recent event and attendance demand.
 - Revenues and Expenses, by type.
 - Analysis of rental fee structures, based on information provided by facility management.
 - Profile of management/ownership structures and funding mechanisms.
 - Analysis of local economic and demographic factors, such as population, per capita income, corporate and employment base, age breakdown, and others, which affect demand.
 - Analysis of local environment and support infrastructure including hotel rooms, retail, restaurants, key attractions, transportation, etc.
- Available parking.
- Future expansion plans.

Johnson Consulting has developed a substantial database of financial and operating data for multi-purpose event, performing arts, and amphitheater facilities throughout the U.S. Our analysis will provide real world operating data and financial performance results that will be one of the primary inputs into our demand and financial analysis. Case study information on comparable and competitive facilities will be fully profiled in our report.





TASK 5 - REGIONAL FACILITY AUDIT

Johnson Consulting will assess the existing public, private and non-profit multi-purpose event buildings and amphitheaters in Fond du Lac, and broader region, in order to understand their offerings and potentially identify facilities that have become obsolete or non-competitive. This may determine that the opportunity exists for new facility offerings. Among the factors to be analyzed for each facility type include:

- Facility offerings, including presence of restaurant and retail facilities and other onsite amenities, marketing, and site plans;
- Map of competing facilities showing facility names and distance to Fond du Lac;
- Ownership and operating structure;
- Current condition, capacity, user counts; amenities.
- Marketing, event recruitment and level of funding analysis;
- Number of events, by type and attendance;
- Programming and relative level of usage at the facilities versus other comparable facilities;
- Revenue and expenses, required funding subsidies, and sources of revenues that have been used to pay for operations and capital costs; and
- Public support, operating or otherwise.

TASK 6 – FACILITY PROGRAM RECOMMENDATIONS

Based on findings from the preceding tasks and if so determined, the market analysis will result in recommendations regarding a new multi-purpose building, restaurant, catering and banquet space, and amphitheater. We will prepare preliminary program recommendations for both new facilities, as well as a range of probable construction and startup costs. Additionally, we will provide comments on certain parameters and aspects associated with good design and proper program elements. If the analysis indicates a multi-phased offering over time, we will discuss this with Client representatives. Factors to be addressed include:

- Size and location of restaurant space, catering space, exhibit space, ballroom and banquet space, theatre and assembly seating, breakout space, spectator space, and meeting room space, in addition to other space needs that could be identified (public/ pre-function, flex space, etc.)
- Recommended configuration of function space
- Food service preparation and points of sale.
- Technology needs.
- Sustainability requirements.
- Restroom to patron ratios



- Entertainment opportunities (i.e. inclusion of a museum within the multi-purpose building).
- Long-term phasing and expansion strategies
- Hotel supply requirements and support to existing hotel concentrations.
- Commercial and retail real estate opportunities.
- Parking and loading dock requirements.
- Outdoor green space options.
- Transportation, access, and proximity.
- Other requirements, as identified.

We will identify potential opportunities to expand and improve partnerships between community entities, as well as opportunities to connect and coordinate existing facilities and programs, and funding opportunities.

TASK 7 – SITE ANALYSIS

Building upon our initial field work investigations and discussions with Client Representatives and other key stakeholders, Johnson Consulting will inventory potentially suitable sites identified in the master plan and by the Supporters for the possible new siting of the multi-purpose building and amphitheater. Our analysis will identify site characteristics including:

- Preliminary program requirements: size and functional requirements.
- Relationship to surrounding development, including existing community elements such as hotel rooms, restaurants, entertainment, retail, or other facilities in Fond du Lac.
- Urban design considerations.
- Hotel supply connections.
- Transportation including parking requirements; pedestrian and vehicular circulation and accessibility (this work will be preliminary in nature).
- Community impacts.
- Integration with other economic or community development efforts.
- Impact on existing businesses, hotels and tourism.
- Land, infrastructure and capital costs.
- Others as identified.

We will then rank the potential sites for a new convention/conference center utilizing Johnson Consulting's proprietary Site Ranking Matrix based upon their suitability for accommodating the recommended building program, market demand performance, total cost considerations, potential for expansion, and proximity to required support amenities. We will work with the City to select the top two sites for the target development program and for each site provide costs and impact analyses.



	Priority	Site A	Site B	Site C	Site D		
Marketing Considerations							
Proximity to headquarters hotel	Critical						
Concentration of hotel properties	Important						
Hotels within shuttle distance	Important						
Adjacent land use compatibility	Important						
Proximity to airport	Minor						
Proximity to retail & restaurants	Minor						
Proximity to entertainment	Minor						
roject Development Considerations							
Exhibit hall on one level	Critical						
Ability to construct meeting space	Critical						
Ability to construct surface parking	Important						
Ability to construct structured parking	Important						
te Access							
Truck	Critical						
Pedestrian	Important						
Taxi, bus and auto access	Important						
Overflow parking	Minor						
te Development Costs							
Site acquisition cost	Critical						
Demolition & site preparation	Important						
Construction complexity	Important						
inance and Operations							
Ability to finance	Critical						
Operating multiple sites	Critical						
Autonomy of convention center & hotel	Important						
Legend							
Better than other sites							
Equal to average of other sites							
Worse than other sites							

TASK 8 – COST ESTIMATES

Concord Group will develop preliminary development costs for a new multi-purpose building and amphitheater on the selected sites determined viable, reflecting the complexity and preliminary layout that will include:

- Construction costs, including an analysis of the construction market to understand what trades/ labor and materials are likely to be the most cost effective.
- Land acquisition cost, if any.
- Infrastructure and site development costs.
- Phasing and scheduling considerations.
- Soft costs (planning, design, other non-construction costs).
- Furniture, fixture and equipment allowance.
- Recommended construction and project contingencies.



TASK 9 – DEMAND PROJECTIONS

Johnson Consulting will provide demand projections of events and attendance over a pre-opening and over a ten-year period for the multipurpose building, including the restaurant space as recommended, and amphitheater, as follows:

- Development of long-range demand projections addressing the patronage number of food and beverage facilities, events by type, number of attendees, and the amount of space required for various event types.
- Testing of demand projections using two analytical methods:
 - 'BOTTOM-UP' APPROACH reflecting current regional competition for food and beverage, demand, annual repeat events, turned away events, and transfers from other locations, and;
 - 'TOP-DOWN' APPROACH reflecting analysis of comparable facility demand, relative levels of supply and demand in the overall market, and anticipated future market share.

The demand projections will identify the primary types and volume of events that will be attracted to the proposed facilities and associated attendance projections.

TASK 10 - FINANCIAL & OPERATING ANALYSIS

Building upon our demand projections for the multi-purpose building, including the restaurant space as recommended, and amphitheater, and supplemented by data from competitive and comparable facilities, we will develop a detailed financial model for each facility to determine anticipated revenues and expenses. The models will generate a financial pro forma statement for the recommended facilities that summarize a 10-year projection of potential revenues, expenses (including estimated debt service), and net operating income, highlighting what the financial picture will be at the end of each year. Our analysis will consider impacts of COVID-19 on design, viability and operations.

By way of example, revenues will include: space rentals, food and beverage, advertising, parking, service charges, and others specific to this project; and expenses will include: payroll, utilities, repairs and maintenance, advertising and marketing, security, insurance, management expense, reserve for replacement, and others identified. Johnson Consulting will work with the City to determine non-operating revenue/expense assumptions to inform the overall financial outlook.

We will also offer a specific discussion regarding revenue sources that are available to public assembly facilities, including benefactor naming rights and other specialized revenue streams, such as advertising or grants, and based on market conditions. Our analysis will also discuss the pros and cons of public ownership and operation versus public funding of the venue but operating it with private management or the implications of a completely private development. We will evaluate management alternatives and opportunities, including identification of potential partners by specific activity, funding parameters, and agreement guidelines to support formal agreements



for the ongoing management and operations of recommended facilities. Our analysis will include potential opportunities for public-private partnerships.

TASK 11 – ECONOMIC & FISCAL IMPACT ANALYSIS

Based on the multi-purpose building and amphitheater's projected demand schedule and assumptions regarding origin of attendees, as well as the local and regional tax structure, our Consulting Team will project the economic, social and fiscal impacts that will accrue in the local market as a result of the annual operations at the multi-purpose building and amphitheater as well as the one-time construction impacts. The analysis will consider direct spending impacts, and indirect and induced impacts, fiscal impacts, and local employment and income impacts based on standard multipliers of direct impacts that are refined based on local market conditions. We will specifically look at the impact on local restaurants and regional entertainment venues. Economic impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events.

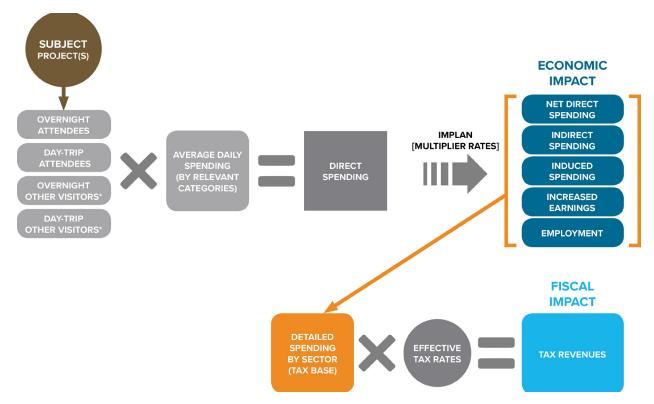
The presentation of our economic and fiscal impact analysis will include the following:

- DIRECT SPENDING is an expression of the spending that occurs as a direct result of the events and activities that occur at the venue. For example, a patron's expenditures on hotel rooms, shopping, and meals are direct spending.
- INDIRECT SPENDING consists of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending at the venue. For example, a patron's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect spending.
- INDUCED SPENDING represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the hotel guest's visit. The amount of the increased income the waiter spends in the local economy is called an induced spending.
- **TOTAL SPENDING** is the sum of direct spending, indirect spending, and induced spending.
- INCREASED EARNINGS measures increased employee and worker compensation related to the project being analyzed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expresses how the employees of local businesses share in the increased outputs.
- EMPLOYMENT measures the number of jobs supported in the study area related to the spending generated as a result of the events occurring in the multi-purpose center and amphitheater. Employment impact is stated in a number of full-time equivalent jobs.

It may also be helpful in obtaining final funding grants and ongoing operating support by



communicating how the projects can help drive demand to the area, how much employment will occur and how much tax revenue will be generated.



TASK 12 - FUNDING STRATEGIES

Johnson Consulting has extensive municipal, not-for-profit finance experience and private sector development experience in Wisconsin and throughout the US. We will use our collective experience to judge what the market and financial models indicate, to help consider how to execute the project. Previously, we have identified multiple private sector funding sources, created operating districts, and helped authorities create Tax Increment, Special Assessment and Tourism Development Zones and many other forms of governance. We also have created special park districts and not-for- profit entities to help fund and operate sports complexes, hotels, conference centers, arenas, and real estate development districts.

Drawing on our experiences in markets across the country, and discussions with the Client and other stakeholders, Johnson Consulting will recommend potential funding sources for the proposed multi-purpose building and amphitheater. We will review public initiatives such as tax increment financing, the market's capacity in lodging or meals taxes, etc. In addition, we will explore opportunities for public-private participation and identify potential joint partnerships whereby the Client and another entity would both contribute to financing cost for shared usage. We will draw upon examples of communities that have taken these various approaches. The report will set the stage for developing funding applications and deliberations regarding phasing, planning, and subsequent implementation and will list potential restaurant operators.



OPTIONAL TASK 13 – FACILITY MANAGEMENT/OPERATOR COMPANY RFP DEVELOPMENT, SOLICITATION & EVALUATION

A core service our team offers is helping communities solicit, select and negotiate operators and managers of venues proposed for the site. Our typical scope is as follows:

RFP Drafting – Johnson Consulting will draft an RFP document to solicit bids from potential managers/ operators of the multi-purpose event venue, restaurant and amphitheater, to be reviewed and accepted by City of Fond du Lac staff. Johnson Consulting will discuss the proposal process with potential respondents and represent the City of Fond du Lac's best interest when doing so. We will also set a pre-proposal meeting in order to provide a forum for underscoring the City's intentions. Johnson Consulting has conducted numerous pre-proposal meetings and is viewed with respect by the operator and management services community because of its fairness and integrity in this process. The pre-proposal conference will allow respondents the opportunity to show their commitment to the project, inform them about issues important to Fond du Lac, and allow respondents to ask questions. We will assist client representatives in preparing an opening statement, answers to potential questions, generally organizing the meeting, and issuing any addenda.

RFP Response Review – Johnson Consulting will collect the responses to the RFP and develop a summary document that puts the qualifications in a side-by-side comparison. Each category of response will be evaluated and a conclusion drawn. We will also conduct reference checks and undertake procedures to verify information contained in the submittals. We suggest ranking, and not designating, a one-and-only respondent. In order for the City of Fond du Lac to retain flexibility in negotiations, the respondents must know that if discussions with the first group are not successful, then the City has the option to proceed to the second-ranked firm.

Prior to determination of a final ranking, it is our experience that interviews and presentations should be conducted with the top-ranked respondents. While much knowledge can be gained from responses on paper, City staff will make its most well-informed decision after combining response information with presentation and question-and-answer clarifications with the top-ranked respondents. It is then that the character of each organization (or team) can be more accurately observed. After this step, the City of Fond du Lac will be ready to make final rankings of operators. Johnson Consulting will then notify the respondents and prepare both the City of Fond du Lac and the operator for the next steps.

OPTIONAL TASK 14 - NEGOTIATION OF A FACILITY MANAGEMENT AGREEMENT

Johnson Consulting will provide advice and consultation to the City of Fond du Lac during negotiations with the selected operator on a final management/ operating agreement. We will provide a national perspective and be able to provide best practices learned in other similar projects around the country to ensure that the final agreement achieves Fond du Lac's goals for the success of the project, while minimizing the City's financial exposure.



We will continually be your resource for this task and make recommendations regarding the negotiations. In addition, as requested, we will serve as your Owner's Representative, organizing conference calls, meetings, and moderating discussions between client representatives, the management company, attorneys, and other parties.

MEETINGS, DELIVERABLES & REPORTS

We have budgeted for a minimum of three formal meetings – a project orientation, mid-point workshop with the City of Fond du Lac – dates pre-determined during the project orientation workshop, and a final meeting to present our findings and recommendations. Team Members will be available for meetings and workshops during the study process, and via conference call throughout the duration of the study. We will work closely with the City of Fond du Lac to ensure the timely delivery of a Final Report that accurately meets your needs and requirements and addresses all relevant questions and concerns that arise.

The following are deliverable products that we will provide to the City of Fond du Lac, designated review team, and key stakeholders:

- DRAFT REPORT: Will be provided to the City of Fond du Lac at the completion of the Tasks. The Draft Report will include an Executive Summary and fully documented findings and recommendations, and will be accompanied by appropriate graphics and presentation material.
- **FINAL REPORT:** Fully documented Final Report to be provided at the completion of the study, addressing all client comments and refinements received throughout the study period.
- PRESENTATION: A PowerPoint presentation detailing our findings and recommendations, to be provided following the issuance of our Final Report. We will also be available to explain the feasibility study's findings and recommendations to the community and other stakeholders, if requested.
- Very important to the City, the study and report will be finalized by October 14, 2020 for presentation to the City Council.

Johnson Consulting will exceed all of the City of Fond du Lac's requirements and expectations relating to this feasibility study. We will achieve this by working closely with the City and other key stakeholders, in person and through regular conference calls, to ensure the timely delivery of a study that accurately meets the needs and requirements of the City of Fond du Lac, and addresses all relevant questions and concerns that arise during the study period. We truly look forward to the opportunity of serving you.



PROJECT SCHEDULE*

WEEK	1	2	3	4	5	6	7	8	9	10	11	12
In-Person Meetings / Conference Calls	Μ	С		С			м		С		С	Μ
Task 1 – Study Kickoff, Project Planning, and Field Wor	k											
Task 2 – Market Analysis												
Task 3 – Industry Trends												
Task 4 – Comparable Case Studies												
Task 5 – Regional Facility Audit												
Task 6 – Facility Program Recommendations												
Task 7 – Site Analysis												
Task 8 – Cost Estimates												
Task 9 – Demand Projections												
Task 10 – Financial & Operating Analysis												
Task 11 – Economic & Fiscal Impact Analysis												
Task 12 – Funding Strategies											DP	FPA
Optional Task 13 – Facility Management/Operator Company RFP Development, Solicitation & Evaluation												TBD
Optional Task 14 – Negotiation of a Facility Management Agreement												TBD

C Conference Calls M Meeting/Workshop D Draft Report F Final Report Ρ Presentation Α

Acceptance of Final Report

* Schedule is tentative and subject to change

JOHNSON CONSULTING MISSION STATEMENT

Johnson Consulting is committed to providing governments, developers, and not-for-profits with real estate market and financial analysis and project implementation support for urban and destination-oriented projects.

We guide our clients through organizational advancement by way of best-practice advisory services.

We promote the following values through our work: objectivity, independence, economic pragmatism, and social responsibility.



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