



LAKESIDE PARK FEASIBILITY STUDY FOND DU LAC, WISCONSIN



SUBMITTED TO
City of Fond du Lac

SUBMITTED BY
Johnson Consulting

DATE
November 2020

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SECTION 1
TRANSMITTAL LETTER

November 2020

Re: Lakeside Park Market Analysis & Feasibility Study

Dear Mr. Joseph Moore, Mr. Jordan Skiff, and Mr. Joshua Musack:

C.H. Johnson Consulting, Inc. (Johnson Consulting) is pleased to submit this report to you regarding the market analysis and feasibility study for the proposed amphitheater and restaurant / multi-purpose building in Fond du Lac's Lakeside Park. Pursuant to our engagement, this report provides an analysis of the economic, demographic, and market characteristics of Fond du Lac, as well as the broader region; outlines current trends within the realms of arts, entertainment, and food and beverage operations within public parks; identifies and analyzes key characteristics of regional and comparable case studies; summarizes key observations from interviews with stakeholders; provides strategic project recommendations; and presents operating projections and an economic and fiscal impact analysis.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. As the scale of the global COVID-19 pandemic impact is still uncertain, our report outlines our assumptions based on experience from previous economic disruptions, but the actual impact will not be known for the foreseeable future. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between projected results and actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the Clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

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

Sincerely,

C.H. Johnson Consulting, Inc.

C.H. Johnson Consulting, Inc

SECTION 2

INTRODUCTION & EXECUTIVE SUMMARY

INTRODUCTION & EXECUTIVE SUMMARY

INTRODUCTION

Johnson Consulting was retained by the City of Fond du Lac to conduct a market analysis and feasibility study for the development of an amphitheater and restaurant / multi-purpose building in Fond du Lac's Lakeside Park. The study aims to foster the ability of the community to make informed decisions about the viability and sustainability of both the development and continuing operation of the proposed projects. The RFP that gave rise to the project outlines a scope of services for the study, within which Johnson Consulting developed a set of objectives as well as a methodology for addressing these objectives.

OBJECTIVES

The objective of this study is to provide observations, analysis, and conclusions that answer the following questions:

- **Market & Industry:**
 - What is the market potential for the Fond du Lac community to support a new facility of this type from an economic and demographic perspective?
 - How does Fond du Lac compare to other communities that have developed and supported similar facilities successfully?
 - What relevant venues and facilities already exist within Fond du Lac and the greater region that could potentially compete with or complement the proposed projects in Lakeside Park?
 - Which individuals and organizations in the Fond du Lac community have unmet needs that could be accommodated by the proposed projects, and what are their desires and expectations for the projects?
 - What are the recent trends in the arts, entertainment, and food and beverage industries, and how can they be integrated into existing public parks as a complementary, not competitive, amenity?
- **Development:**
 - What size should the projects be, and what physical and technical attributes should they have?
 - What is the optimal configuration of the proposed projects that will allow them to capitalize on market trends and ensure the flexibility and scalability of use?

- What supporting infrastructure is necessary to support the proposed projects, such as parking, connectivity, adjacent land uses, and other conveniences, amenities, and services?
 - Where should the projects be located, and should the various components of the project be co-located or independent structures?
 - What funding mechanisms are available to support the development of the proposed projects, and how has the development of other similar facilities been funded?
- **Operations:**
- How will the proposed projects operate from a demand perspective? What policies and procedures will be needed in order to regulate and balance the facilities utilization by different users?
 - How will the facility operate from a financial perspective? What will the facility's rental rate structure look like? What types of ancillary revenue generating opportunities are there for these types of projects?
 - What funding mechanisms are available to support the ongoing operation of the projects once they have been developed, and how have the operations of other similar facilities been funded?

METHODOLOGY

In order to answer the questions presented in the study's objectives, Johnson Consulting developed and executed a comprehensive methodology for the study, which will be presented throughout the remaining sections of this report:

- Section 3: Economic & Demographic Analysis
- Section 4: Market Trends
- Section 5: Community Engagement Overview
- Section 6: Strategic Recommendations
- Section 7: Projections & Impacts

The observations, analysis, and conclusions for each section of this report are summarized in the Executive Summary below.

EXECUTIVE SUMMARY

ECONOMIC, DEMOGRAPHIC, & MARKET ANALYSIS

In order to analyze the opportunities for the proposed developments in Fond du Lac's Lakeside Park, Johnson Consulting conducted a detailed analysis of the demographic and economic conditions in Fond du Lac County, as well as 15-, 30-, and 60-minute drive time radii from Lakeside Park, relative to state and national averages. While characteristics such as population, employment, education, and income are not the only predictors of performance for arts venues, event facilities, and eating and drinking establishments, they provide insight into the capacity of a market to provide sustainable support for such facilities and the activities that occur there. In addition, the size and role of a marketplace, its civic leadership, proximity to other metropolitan areas, transportation concentrations, and the location of competing and/or complementary attractions, directly influence the scale and quality of new, expanded, or renovated facilities that can be supported within that particular market.

Fond du Lac exhibits economic and demographic trends that are less than ideal in many regards in terms of evaluating the potential for the community's ability to support the proposed developments at Lakeside Park. There is a considerable but slowly growing population base in Fond du Lac and surrounding areas. Fond du Lac has a high concentration of older adults relative to state and national averages, indicating that it is losing its younger workforce to other communities both regionally and around the country, and failing to attract residents from other areas to replenish its community's vibrancy and workforce. The Fond du Lac area has a solid educational foundation but has failed to attract and retain individuals with advanced degrees and has lower than average household incomes as a result. There is a significant corporate presence in the Fond du Lac area especially among manufacturing and industrial enterprises, which has a history of supporting community development and philanthropic efforts like the proposed projects in Lakeside Park. The area is fortunate to have a robust economic backbone, but it will need to recruit additional employers in order to bolster a robust, resilient, and diverse local and regional economy. All of these factors are indicative of a market that is in need of additional amenities and resources to help retain its younger population, attract households from elsewhere, and foster future economic and demographic prosperity.

MARKET TRENDS

This section provides insight into the Fond du Lac market's trends as they relate to the proposed project, including the role that Lakeside Park could play in terms of hosting festivals and community events, showcasing attractive venues for arts and entertainment programming, and providing tasteful food and beverage offerings.

Community events and festivals are a key ingredient in providing things to do, fostering a sense of belonging in Fond du Lac, developing an identity of place, and establishing Fond du Lac as a destination for special event goers from around the region. They also play a crucial role in activating public park spaces like Lakeside Park. Fond du Lac's signature community event is Walleye Weekend, which takes place in Lakeside Park and features fishing tournaments, a host of live entertainment acts, and a variety of food and beverage vendors. The event began as the Mercury Marine National Walleye Tournament in 1978. Today, Walleye Weekend draws anywhere from 55,000 – 70,000 attendees to Fond du Lac each year, which provides an enormous economic ripple effect for the area's hotels, restaurants, and other local businesses. Beyond the area's signature event, there is a need to develop additional events and activities throughout the year. The Sturgeon Spectacular has gained popularity in recent years and is reflective of a growing trend toward embracing wintertime activity in the colder climate regions. It includes a fun run, 5K, cornhole tournament, curling, ice sculptures, and an ice-fishing competition over the course of 4 days. Downtown Fond du Lac hosts Fondue Fest, a play on both the city's name and the state's renowned cheese industry. The event, which began in 2007, features the world's largest fondue set and draws an estimated 20,000 people each year.

Arts and entertainment activities are another key component of enhancing the quality of life in Fond du Lac and could play larger role in programming the passive open spaces in Lakeside Park. There are a few notable shortcomings in the arts and entertainment venue inventory in Fond du Lac. The lack of a permanent, commercially viable venue larger than the Performing Arts Center at Fond du Lac High School limits the ability of the community to attract higher caliber events that can draw larger audiences. Many of the venues are constrained by their calendars, which are booked in a way that rightfully gives priority to use by their respective educational institutions, leaving many dates unavailable for other activity. There is also a lack of permanent arts and entertainment infrastructure within Lakeside Park itself, which requires constructing temporary infrastructure whenever arts and entertainment events are occurring. This is time-consuming, labor-intensive, and not financially sustainable in the long-term, especially if the goal is to increase the volume of arts and entertainment activity in the park.

The proposed restaurant in Lakeside Park is imagined to offer additional food and beverage options for patrons already in the park, as well as to attract people from the broader area into the park. There are 220 registered food and beverage establishments in the county, equating to nearly \$114 million in annual sales volume. According to a number of assumptions about income and spending per capita, the estimated sales potential for the county approaches \$133 million, meaning that nearly \$19 million per year in food and beverage spending is either leaked to surrounding counties or not spent at all. This is just from the current demand base and does not reflect induced demand that would occur if an "attraction" restaurant were added. From a market perspective, an attractive concept has a healthy potential for success in Lakeside Park.

Fond du Lac is well-positioned to capitalize on the potential community and economic benefits that can emanate from attractive amenities and robust programming for Lakeside Park by making strategic investments in facilities to host these activities within the park. This will take work and leadership to conquer and turn the tide. These facilities would certainly provide a public amenity to the existing Fond du Lac community, and could also attract regional activity, generate economic and fiscal impacts, and catalyze future growth in the community.

COMMUNITY ENGAGEMENT OVERVIEW

The engagement of the community of Fond du Lac was emphasized as a priority of this study from the outset. As with any project of this importance, it is crucially important to engage with a wide variety of individuals and organizations throughout the community in order to foster a sense of buy-in and inform the study's observations, conclusions, and recommendations.

The community at large has been engaged many times throughout the past several years by the Lakeside Park Exploratory Committee, the Envision Initiative, and City of Fond du Lac, among other entities. The focus was on public input, but not analytics. This is the first independent analysis that has been conducted for this project. Johnson Consulting's outreach strategy involved conducting supplemental, targeted focus groups and interviews with key stakeholders in the proposed project at Lakeside Park, potential users of the facilities proposed in the project, and industry experts in the realm of public parks, arts and entertainment venues, multipurpose event facilities, and food and beverage establishments.

These focus groups and interviews began with virtual sessions in August 2020 and continued during Johnson Consulting's visit to Fond du Lac in September 2020 and throughout the remainder of the study. Johnson Consulting conducted interviews and focus groups with nearly 70 individuals representing 28 different organizations. These engagements helped us to understand the demand for these activities that exists in Fond du Lac, the facilities that currently serving that demand, and the market opportunities that exist for the facilities proposed for Lakeside Park.

The general sentiment in virtually all of the Consulting Team's interactions with the Fond du Lac community was an overarching desire to do what's best for the future of the park the local socioeconomic dynamics, although the vision on how to do so varied. Many believe that Fond du Lac lacks facilities that are attractive for hosting certain types of events and activities. Interviewees had varying perceptions of the market feasibility of supporting an amphitheater and/or additional restaurant as envisioned in the plan for Lakeside Park. Many emphasized a message of practicality – Fond du Lac is not a large market, and it is known for its blue-collar, hardworking roots and economic frugality. Any commercialized facilities that would be developed in Lakeside Park would need to be positioned correctly, with an emphasis on meeting the local market where it stands and helping to propel the community forward. Communities that allow themselves

to stagnate tend to find themselves in a spiral of decline. While many socioeconomic forces are beyond local control, this is a rare opportunity to make an intentional investment in future prosperity by leveraging both public and private dollars.

CASE STUDIES

As the proposed amphitheater, restaurant / multi-purpose building are further considered, it is informative to conduct case studies of markets similar to Fond du Lac with facilities that resemble what has been imagined for Lakeside Park. In order to understand the potential operating characteristics for the proposed projects, this section presents case study profiles of a set of regional and national comparable facilities, as well as the markets within which they operate. The key characteristics of these case studies are provided in the following profiles, and include:

- Location, size, character, and attributes of the market
- Location, size, character, and attributes of the facility
- Ownership, operations, and management structure of the facility
- A demand profile, including the number of events, type of events, and total attendance, as available
- A financial profile, including operating revenues and expenses as well as supplementary non-operating revenues such as public subsidy, grants, and private contributions, as available

This information provides insight into the scale of facility that could be realistically feasible in Fond du Lac, as well as some general parameters within which the proposed facility could reasonably expect to operate in terms of demand and financial performance. These facilities were selected for a variety of reasons such as the program of spaces, operation and management structure, market similarities, geographic proximity, and key lessons to be learned about how to optimize demand potential and financial sustainability.

The case study amphitheaters and restaurants provide examples of where these types of facilities have been developed in park-like or waterfront locales within similar markets and provide a window within which Fond du Lac's proposed projects could expect to operate. These projects have the potential to foster a sense of vibrancy and contribute to a "critical mass" that is necessary to funnel patrons into the park at all times of the day, days of the week, and seasons of the year. When developed in a strategic location within a limited footprint that employs appropriate building materials, these facilities can complement the natural beauty of the surrounding environment rather than compromise it.

STRATEGIC RECOMMENDATIONS

In this section, the Consulting Team details the rationale that supports the feasibility of the projects, makes refinements to each project's concept to ensure alignment with both the market and best practices, analyzes

considerations regarding the potential sites on which the projects could be located, and outlines a path forward for each element of the project. These recommendations are based on the observations, analysis, and conclusions in the preceding sections of this report, which will be summarized in order to provide a coherent rationale for the recommendations. These recommendations will also be used as the basis for the operational and financial projections, as well as the economic and fiscal impacts, that will be calculated later on in this report.

The Consulting Team concludes that an amphitheater venue is feasible in Lakeside Park. Like with any arts and entertainment venue, success is contingent upon thoughtful design and construction, market supportable programming and ticket prices, high caliber management, operational, and promotional practices, and a number of other factors.

The Consulting Team recommends that the amphitheater include a raised, covered stage equipped with a grid system for lighting, sound, and other technological capabilities. The audience seating area should have a concrete or other hard-surfaced pad in the area closest to the stage, allowing for approximately 1,000 temporary folding chairs to be brought in if desired, with a sloped or tiered grass lawn for general admission seating farther from the stage. In total, the amphitheater should be able to accommodate approximately 4,000 attendees at maximum capacity. Depending on the size and configuration of the amphitheater, the ice/synthetic ice rink could be incorporated into the design of the concrete pad near the stage. The venue should have adequate support spaces including concession stands, restrooms, dressing/green rooms, a hospitality area for artists and crews, and storage.

The City of Fond du Lac should retain ownership of the land on which the venue will sit as well as of the venue itself. This allows the City to retain control of the design and construction of the structure and potentially the selection of a contracted manager/operator for the venue, as well as leverage over the ongoing operations of the venue once a manager/operator has been selected and the venue becomes operational.

The venue should be designed and constructed in a way that minimizes consumption of existing green spaces, preserves viewsheds of Lake Winnebago, and mitigates sound and light pollution for adjacent parklands and neighborhoods. It should be located on a site that maximizes economic development potential and has adequate parking facilities within walking distance. The Oven Island site where the amphitheater is currently proposed is restricted from a size perspective, has accessibility challenges for parking and loading in and out, and would require the demolition of existing shelters and green space. Johnson Consulting suggests the consideration of two alternative sites – the site of the Walleye Weekend main stage along Frazier Drive in the northwest quadrant of the park, as well as the site of the former Saputo Cheese factory at the corner of East Scott Street and North Main Street.

Upon approval of the plans for proposed projects in Lakeside Park, the Consulting Team would recommend that the City of Fond du Lac issue an RFP for potential entities to operate, manage, and promote the amphitheater.

The Consulting Team concludes that a food and beverage establishment is feasible in Lakeside Park. Like with any restaurant or food and beverage operation, success is contingent upon thoughtful design and construction, market supportable menus and pricing, high caliber management, operational, and promotional practices, among other factors.

The restaurant should include an indoor dining room for year-round diners, an outdoor deck and/or patio for seasonal enjoyment of the park and lakeside environment, and at least one rentable banquet room for group functions which may also serve additional indoor dining capacity when not reserved.

The Consulting Team recommends that the City of Fond du Lac retain ownership of the land on which the establishment will sit as well as of the shell and permanent features of the structure within which the restaurant will operate. This allows the City to retain control of the design and construction of the structure and the selection of a food service operator for the establishment, as well as some leverage over the ongoing operations of the establishment once an operator has been selected and the establishment opens its doors.

The structure should be designed and constructed in a way that minimizes consumption of existing green spaces and preserves viewsheds of the Lighthouse and Lake Winnebago to the maximum extent possible. It should also be located on a site that maximizes visibility and access for customers originating from both land and water. As currently proposed, the restaurant / multi-purpose building would be located on the Lighthouse Peninsula. One alternative site is still on the Lighthouse Peninsula and accessible from the marina but farther west than the currently proposed site and less obstructive of Lighthouse and Lake Winnebago viewsheds. Another alternative would be incorporating the restaurant into the renovated and expanded Pavilion, which would offer some facility-related efficiencies (restrooms, kitchens, storage, event space, parking, etc.) but would be less accessible from the marina.

A two-story structure could accommodate more square footage within a smaller physical footprint and therefore minimize consumption of existing green space but could incur additional costs for accessibility and may impede viewsheds more than a single-story building from certain angles. Transparent and translucent building materials can also play a role in minimizing a building's impact on its natural surroundings for viewers outside of the building, as well as capitalize on lake views for those inside the building.

The capital investment analysis of the Lakeside Park Multi-Purpose Building was not within the Consulting Team's scope. The Consulting Team recommends that the owner of the Lakeside Park Multi-Purpose Building (presumably the City of Fond du Lac) will provide the capital investment need to develop the base building including exterior, roofs, ceiling, floors, utilities that are sufficient for restaurant usage, dividing walls, restrooms, parking facilities, base lighting, kitchen equipment including its final connection, and provision of all furniture, fixtures, and equipment including tables, chairs, floor and window treatments, decorative lighting, art work, and decor adequate to support the planned level of service and pricing. The food service operator will provide the capital investment for the POS system, pre-opening expenses, china, glass, silverware, service and kitchen ware, provision of permanent supplies and initial inventories and all marketing programs.

Upon approval of the Lakeside Park and multi-purpose site with detailed building plans, the Consulting Team would recommend issuing an RFP for potential food service operators for both the proposed restaurant / multi-purpose building and other food and beverage outlets elsewhere in the park, outside of the amphitheater.

PROJECTIONS & IMPACTS

This section provides demand and financial projections for the proposed amphitheater in Fond du Lac as well as an economic and fiscal impact analysis based on those projections. These tasks are not included for the restaurant / multi-purpose building, as these analyses are virtually impossible to conduct accurately until more information has been developed for that project, such as square footages, seating capacities, menus, check averages, and hours of operation, among others. These details will be sorted out during the recommended RFP process as described in Section 7 of this report.

The following subsections outline the demand and financial projections for the proposed amphitheater venue in Fond du Lac, as well as the underlying assumptions that were used in the model. It should be noted that this analysis is not intended to represent exact demand or financial outcomes for the proposed venue, but reasonable estimates of how this type of venue could be expected to operate within the Fond du Lac market.

The amphitheater is expected to host commercial events including concerts and festivals, as well as both ticketed and non-ticketed community events. As shown, in Year 1, the proposed amphitheater is projected to accommodate 6 concerts and 3 festivals, totaling 9 commercial events; as well as 5 ticketed and 7 non-ticketed community events, totaling 12 community events. Upon stabilization in Year 5, these numbers are expected to increase to 12 commercial events and 16 community events, equating to 28 events in total, which will likely increase slightly thereafter.

In Year 1, amphitheater events are projected to draw an average attendance of 2,000 for commercial concerts, 2,200 for festivals, 1,200 for ticketed community events, and 400 for non-ticketed community events. As Fond du Lac's amphitheater develops a reputation as an attractive venue for these types of events, it will become more successful at attracting larger events and larger attendance numbers, which is reflected by the slight increases in the average number of visitors per event each year. This trend will also be bolstered by gradual population growth in the region.

As a product of the projected event demand and average number of attendees per event, the total annual attendance can be calculated. The projected attendance in Year 1 of operation is 30,700, which can be expected to grow to 42,449 by Year 5 and 48,929 by Year 10.

In order to illustrate the potential of the proposed amphitheater in Fond du Lac, Johnson Consulting prepared projections of financial performance. The demand projections outlined above were used in conjunction with various financial assumptions to produce estimated financial operating projections for the facility. The assumptions are explained in detail in Section 8 of this report. In Year 1, the proposed venue is projected to generate approximately \$522,000 in operating revenues and \$627,000 in expenses, resulting in a net operating deficit of approximately \$105,000 after reserve for replacement. In Year 5, the proposed amphitheater is estimated to generate \$749,000 in operating revenues and \$789,000 in expenses, hence decreasing the net operating deficit to \$41,000 after reserve for replacement. The net operating deficit is projected to slowly decrease in the years that follow as operational efficiencies are achieved, Fond du Lac's reputation as a destination for arts and entertainment programming is solidified, and the community and greater region continue to grow. These financial projections represent a conservative "base" case, and could be improved with an experienced amphitheater operator.

Like the previously reported demand and financial assumptions, estimating the economic and fiscal impacts of these types of projects is an art as well as a science. While actual impacts are difficult to track and quantify accurately, there are a variety of assumptions that can come together to provide educated estimates. There are all kinds of economic, social, economic development, image, and social benefits that happen as the result of the presence and operation of the venue. This analysis quantifies the effect of the spending of visitors to this venue, which also represent lost benefits if the facility is not built. These impact numbers, along with underlying assumptions, are presented in more detail in Section 8 of this report.

Although amphitheaters do not generate as many hotel room nights as a convention or conference center facility typically would, the venue can be estimated to generate 820 hotel room nights per year in Year 1, 1,126 hotel room nights per year by Year 5, and 1,313 hotel room nights per year by Year 10. These numbers could be higher if additional multi-day festivals are developed that are anywhere close to the size and scale of Walleye Weekend.

Combined, on-site and off-site spending equate to total direct spending, which is estimated at over \$1.2 million in Year 1, over \$1.8 million by Year 5, and nearly \$2.4 million by Year 10. Indirect and Induced Spending are assumed at \$0.55 and \$0.35, respectively, per dollar of direct spending. Combined direct, indirect, and induced spending estimates total over \$2.3 million in Year 1, nearly \$3.5 million in Year 5, and over \$4.5 million in Year 10, representing the total amount of money that is estimated to be spent in the local economy as a result of the operation of the proposed amphitheater venue.

Direct spending estimates can also be used to estimate both increased earnings and increased employment as a result of the amphitheater's operation. Estimates of increased earnings from employment supported by the amphitheater and associated spending amount to \$680,000 in Year 1, over \$1.0 million in Year 5, and over \$1.3 million in Year 10. This translates to 15 full-time equivalent (FTE) jobs in Year 1, 20 jobs in Year 5, and 23 jobs in Year 10.

Fiscal impacts include both sales and hotel room taxes collected by the State of Wisconsin, Fond du Lac County, and the City of Fond du Lac at the rates charged within each jurisdiction. In total, these tax revenues can be estimated at \$74,000 in Year 1, \$111,000 in Year 5, and \$144,000 per year in Year 10. The presence of the proposed amphitheater would increase values of commercial establishments in areas surrounding the new venue and beyond, which result in increased property tax supported by the project as well.

It should be noted that this analysis includes only the economic and fiscal impacts stemming from the ongoing operations of the amphitheater but does not include the one-time impacts of the construction of the venue. The one-time construction impact cannot be accurately estimated until more detailed plans have been developed but would undoubtedly produce significant impact for the local economy and additional tax revenues for state and local governments.

Overall, the proposed amphitheater in Fond du Lac would generate more than enough economic and fiscal impacts to offset the projected net operating deficit in the venue's initial years of operation. Eventually, the amphitheater can be expected to break even on operations, and the continuing economic and fiscal impacts can essentially pay for the cost of designing and constructing the venue. There are a variety of non-quantifiable benefits that amphitheater venues, as well as the arts and cultural programming they host, provide for a community, including a sense of belonging, higher quality of life, retention and attraction of residents and business, and many others. These projects are an investment not only in the venues themselves, but in the future vitality of the communities that support them.

SECTION 3
ECONOMIC & DEMOGRAPHIC ANALYSIS

ECONOMIC, DEMOGRAPHIC, & MARKET ANALYSIS

In order to analyze the opportunities for the proposed developments in Fond du Lac's Lakeside Park, Johnson Consulting conducted a detailed analysis of the demographic and economic conditions in Fond du Lac County, as well as 15-, 30-, and 60-minute drive time radii from Lakeside Park, relative to state and national averages. While characteristics such as population, employment, education, and income are not the only predictors of performance for arts venues, event facilities, and eating and drinking establishments, they provide insight into the capacity of a market to provide sustainable support for such facilities and the activities that occur there. In addition, the size and role of a marketplace, its civic leadership, proximity to other metropolitan areas, transportation concentrations, and the location of competing and/or complementary attractions, directly influence the scale and quality of new, expanded, or renovated facilities that can be supported within that particular market.

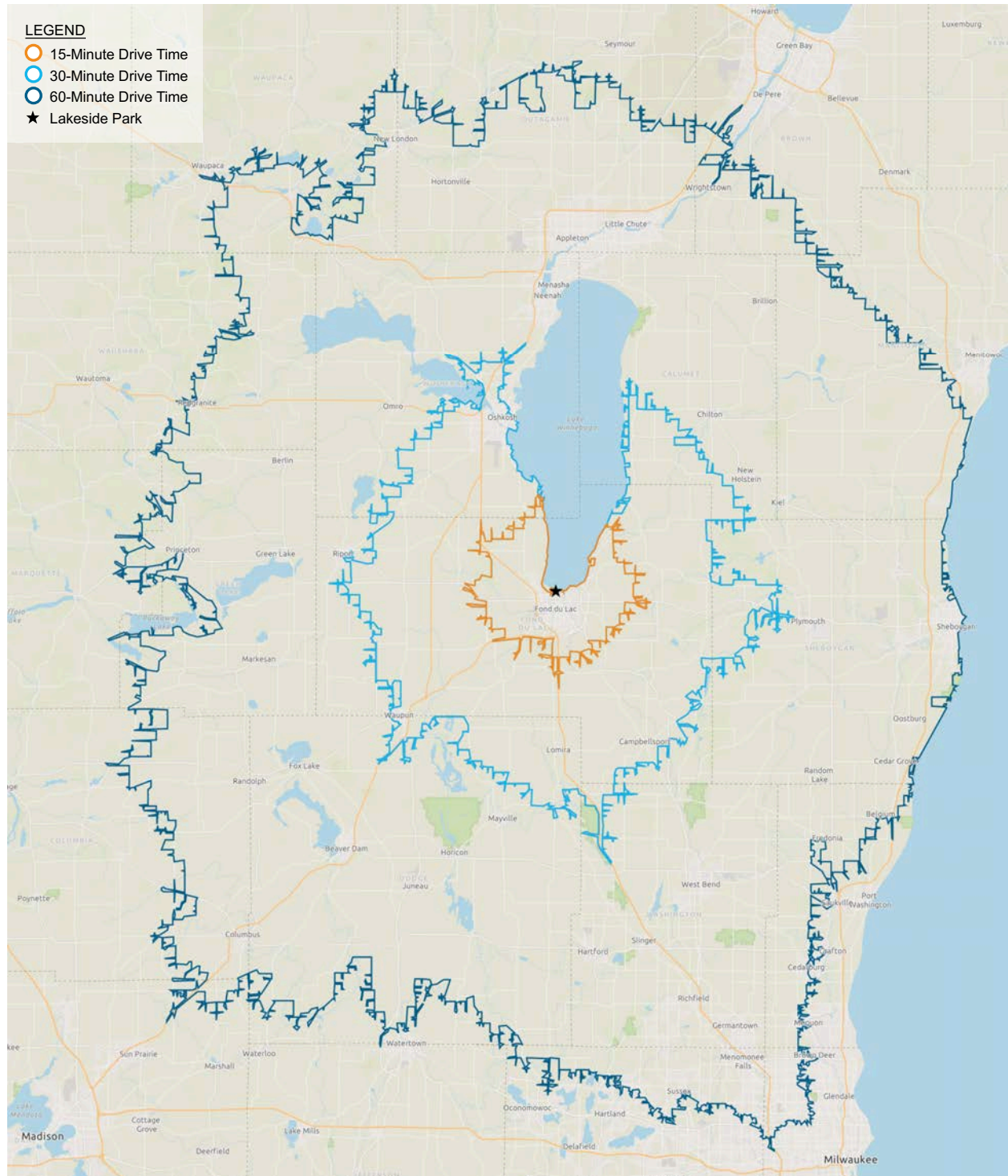
OVERVIEW

Fond du Lac, Wisconsin is situated on the southern shore of Lake Winnebago, the largest inland lake in Wisconsin and a significant recreational and tourism asset for the region. Interstate 41 and Highways 23, 45, and 151 converge in Fond du Lac, connecting the city to its regional neighbors of Oshkosh and the Fox Cities to the north, Green Bay to the northeast, Sheboygan to the east, Milwaukee to the southeast, and Madison to the southwest. Fond du Lac is the smallest urbanized city in the nation to offer fixed-route transit services, including 8 bus routes, although Lakeside Park is not transit serviced. The city of Fond du Lac is entirely contained within Fond du Lac County, which also constitutes the Fond du Lac Metropolitan Statistical Area (MSA).

The land that Fond du Lac occupies was originally settled by the Potawatomi, Kickapoo, and Mascouten Native American tribes. The establishment of Fond du Lac began to in the 1830s, followed by the opening of the first school in 1843, the incorporation as a village in 1847, the arrival of the railroad and incorporation as a city in 1852, and the first newspaper in 1856. Fond du Lac nearly became the state capital in 1836 but lost by 1 vote to Madison in the Wisconsin Territorial Legislature. The city's economy was originally propelled by logging and milling and was later bolstered by Lake Winnebago's attractiveness for manufacturing and other industrial enterprises. The city's name is derived from the French terms meaning "bottom" or "farthest point" of the lake.

Fond du Lac's major attractor is Lake Winnebago and the activities it facilitates, including fishing, windsurfing, snowmobiling, and ice fishing. It also offers golf courses, historic districts and buildings, an active arts scene, hunting, and supper clubs.

Figure 3-1 presents a map of Fond du Lac in relation to the surrounding region, as well as 15-, 30-, and 60-minute drive time radii.

Figure 3-1

POPULATION

In 2020, the population of Fond du Lac County is 105,265. The County's population is estimated to grow by an average rate of 0.38% per year between 2000 and 2025, which is lower than the annual growth rates for the state of Wisconsin (0.47%), and significantly lower than the national average (0.83%). There are population bases of nearly 63,000 within 15-minutes, nearly 177,000 within 30-minutes, and over 1.1 million within 60-minutes of Lakeside Park. Large population bases in various trade area measurements are crucial in supporting the types of facilities proposed at Lakeside Park, and healthy growth rates are beneficial for ensuring future success. Figure 3-2 presents population data for these geographies for 2000 – 2025. The question is, of the 20,000 plus people that will be added to the 60 mile drive time, what can Fond du Lac do to maximize capture of this new growth? What can be done for Fond du Lac to become more of a hub to the 1.1 million people?

Figure 3-2

| Population | | | | | |
|----------------------|-------------|-------------|-------------|-------------|-------|
| | 2000 | 2010 | 2020 | 2025 | CAGR |
| United States | 281,421,906 | 308,745,538 | 333,793,107 | 346,021,282 | 0.83% |
| Wisconsin | 5,363,675 | 5,686,986 | 5,902,099 | 6,026,514 | 0.47% |
| Fond du Lac County | 97,296 | 101,633 | 105,265 | 107,103 | 0.38% |
| 15-Minute Drive Time | 57,259 | 60,418 | 62,621 | 63,700 | 0.43% |
| 30-Minute Drive Time | 165,705 | 172,158 | 176,790 | 179,634 | 0.32% |
| 60-Minute Drive Time | 1,006,043 | 1,076,229 | 1,119,649 | 1,144,369 | 0.52% |

Sources: Esri, Johnson Consulting

AGE

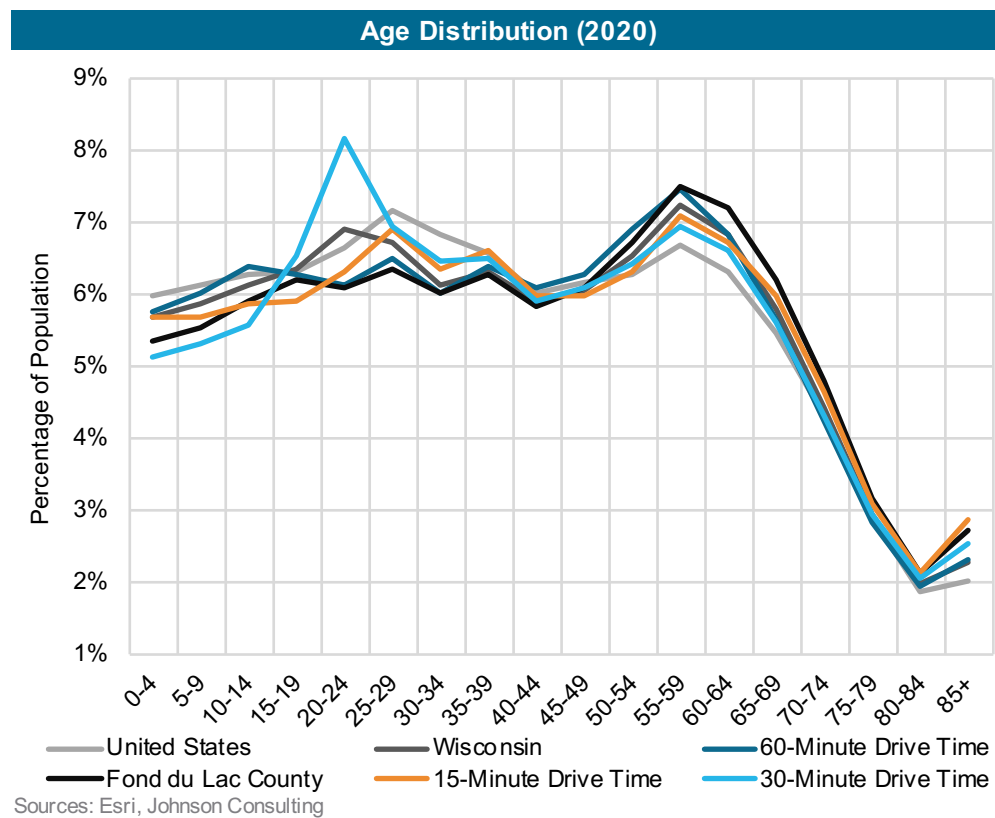
Fond du Lac County residents are older, on average, compared to the state of Wisconsin as a whole and the national average. The median age of Fond du Lac County residents is 42.0 in 2020, while that of the State of Wisconsin is 40.0 and that of the nation as a whole is 38.5. Between 2010 and 2025, the County's median age is projected to increase by an annual rate of 0.45%, which is faster than state and national averages. What can Fond du Lac do to attract younger visitors and residents?

Figure 3-3

| Median Age | | | | |
|----------------------|------|------|------|-------|
| | 2010 | 2020 | 2025 | CAGR |
| United States | 37.1 | 38.5 | 39.3 | 0.38% |
| Wisconsin | 38.4 | 40.0 | 40.8 | 0.40% |
| Fond du Lac County | 40.2 | 42.0 | 43.0 | 0.45% |
| 15-Minute Drive Time | 38.9 | 40.6 | 41.6 | 0.45% |
| 30-Minute Drive Time | 37.9 | 39.6 | 40.7 | 0.48% |
| 60-Minute Drive Time | 38.8 | 40.5 | 41.3 | 0.42% |

Sources: Esri, Johnson Consulting

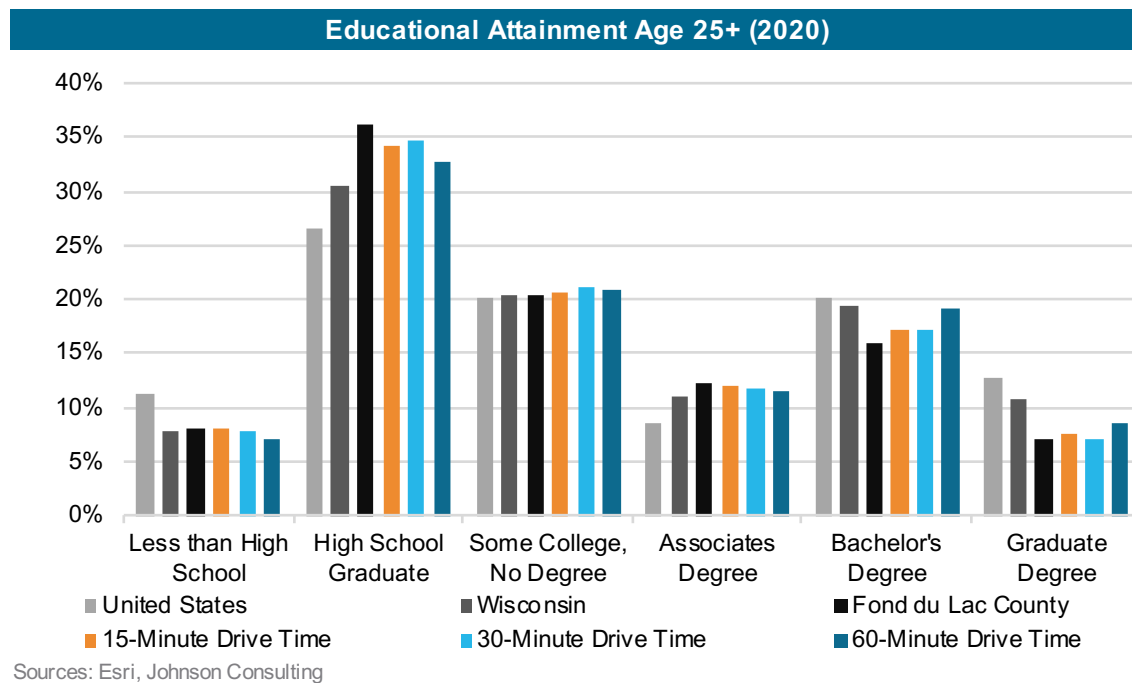
Figure 3-4 expands upon the insights on the age of Fond du Lac residents by analyzing its age distribution in five-year increments, relative to state and national averages. As shown, Fond du Lac County has a lower proportion of individuals aged 0-44. Fond du Lac has a higher proportion of older adults that likely have children that have grown and left the area, evidenced by higher percentages of individuals of ages 50+. The uptick in individuals aged 20-24 in the 30-minute drive time area is a result of capturing the University of Wisconsin – Oshkosh. While older adults can have more money and time to spend on recreation, entertainment, and dining out, the fact that Fond du Lac seems to be losing people that grew up there who are leaving for college or making a life for themselves elsewhere is troubling. Age is also an important consideration for the programming and advertising for the proposed amphitheater, restaurant, and multipurpose building.

Figure 3-4

EDUCATION

Fond du Lac has educational attainment patterns that are typical of blue-collar communities in the upper Midwest – it has healthy high school graduation rates and a large concentration of individuals with technical degrees, but lower concentrations of people with bachelor's degrees or higher. Figure 3-5 illustrates educational attainment among residents of Fond du Lac County aged 25+, relative to state and national averages. Well-educated communities tend to generate more demand for the types of facilities proposed at Lakeside Park and are statistically more likely to participate in the activities that could occur there.

Figure 3-5



INCOME

As shown in Figure 3-6, Fond du Lac County residents tend to have lower-than-average incomes. In 2020, the median household income in Fond du Lac County is \$56,964, which is lower than that of Wisconsin (\$60,185) and significantly lower than that of the U.S. as a whole (\$62,203). By 2025, the County's median household income is projected to increase to \$60,005, equating to an average annual growth rate of 1.05%, which again is lower than the state (1.49%) and national (1.60%) averages. Residents with higher incomes are more likely to attend events at the proposed facilities at Lakeside Park and will have more money to spend at these events. That being said, in a community like Fond du Lac, it is especially important to make programming affordable and accessible to residents of all income levels and to have a product that broadens the market rather than just focuses on Fond du Lac residents.

Figure 3-6

| Median Household Income | | | |
|---------------------------|-----------------|-----------------|--------------|
| | 2020 | 2025 | CAGR |
| United States | \$62,203 | \$67,325 | 1.60% |
| Wisconsin | \$60,185 | \$64,789 | 1.49% |
| Fond du Lac County | \$56,964 | \$60,005 | 1.05% |
| 15-Minute Drive Time | \$53,528 | \$55,731 | 0.81% |
| 30-Minute Drive Time | \$54,979 | \$57,746 | 0.99% |
| 60-Minute Drive Time | \$62,275 | \$66,937 | 1.45% |

Sources: Esri, Johnson Consulting

RACE & ETHNICITY

In 2020, 91.2% of Fond du Lac residents identify as White, 5.6% as Hispanic, 2.2% as Black / African American, 2.2% as Asian, 0.5% as American Indian / Alaska Native, 0.0% as Pacific Islander, 2.2% as Other Race, and 1.7% as Two or More Races. Compared to Wisconsin and the United States as a whole, the County has a much higher percentage of residents that identify as White, and a much lower percentage of residents that identify as any of the non-White groups. These identities are an important consideration for the types of programming that could be in demand in Fond du Lac, as well as for marketing strategies for the proposed facilities in Lakeside Park. Figure 3-7 presents race and ethnicity data for Fond du Lac and its comparative geographies.

Figure 3-7

| Race & Ethnicity (2020) | | | | | | | | |
|---------------------------|--------------|-------------|--------------------------------|-------------|--|---------------------|-------------|----------------------|
| | White | Hispanic | Black / African American | Asian | American Indian / Alaska Native | Pacific Islander | Other Race | Two or More Races |
| United States | 69.4% | 18.8% | 13.0% | 5.9% | 1.0% | 0.2% | 7.1% | 3.6% |
| Wisconsin | 83.9% | 7.3% | 6.5% | 3.1% | 1.1% | 0.0% | 2.9% | 2.4% |
| Fond du Lac County | 91.2% | 5.6% | 2.2% | 2.2% | 0.5% | 0.0% | 2.2% | 1.7% |
| 15-Minute Drive Time | 88.5% | 6.9% | 3.3% | 2.9% | 0.6% | 0.0% | 2.6% | 2.1% |
| 30-Minute Drive Time | 89.8% | 4.4% | 3.4% | 2.7% | 0.6% | 0.1% | 1.5% | 1.9% |
| 60-Minute Drive Time | 85.1% | 4.7% | 7.0% | 3.5% | 0.5% | 0.0% | 1.8% | 2.0% |

Sources: Esri, Johnson Consulting

ECONOMY

In 2020, 86,628 people are employed by employers in Fond du Lac County. The top 5 industries with the highest number of employees in the County include manufacturing, healthcare, retail, education, and accommodation & food services. Relative to the distribution of industries in the U.S. as a whole, Fond du Lac County has higher concentrations of the manufacturing and mining industries. The County has a lower relative concentration all other industries, most notably lacking in utilities; real estate; arts, entertainment, and recreation; information; and professional, scientific, & professional.

These findings are presented in Figure 3-8. Location quotients of 1 indicate a similar relative concentration of that industry in Fond du Lac County compared to the nation as a whole, while values higher than 1 indicate higher concentrations, and values lower than 1 indicate lower concentrations in the County.

Figure 3-8

| Industry Location Quotient (2020) | | | |
|---|--------------------------------------|---------------------------------|--------------------------|
| Sector | Employment | | Location Quotient |
| | Fond du Lac County Employment | United States Employment | |
| Manufacturing | 10,556 | 11,480,503 | 1.59 |
| Healthcare & Social Assistance | 9,983 | 21,843,026 | 0.79 |
| Retail | 6,962 | 19,266,352 | 0.63 |
| Education | 4,694 | 12,226,014 | 0.67 |
| Accommodation & Food Services | 4,091 | 13,810,415 | 0.51 |
| Other Services | 3,235 | 8,544,829 | 0.66 |
| Professional, Scientific, & Technical | 2,834 | 10,110,089 | 0.49 |
| Construction | 2,708 | 6,610,064 | 0.71 |
| Public Administration | 2,615 | 8,811,577 | 0.51 |
| Wholesale | 2,579 | 5,939,077 | 0.75 |
| Finance & Insurance | 1,735 | 5,855,576 | 0.51 |
| Transportation & Warehousing | 1,692 | 3,598,684 | 0.82 |
| Administrative & Support | 1,489 | 3,746,043 | 0.69 |
| Information | 944 | 3,676,325 | 0.45 |
| Arts, Entertainment, & Recreation | 933 | 3,901,139 | 0.41 |
| Real Estate, Rental, & Leasing | 713 | 3,940,337 | 0.31 |
| Mining | 571 | 352,254 | 2.81 |
| Agriculture, Forestry, Fishing, & Hunting | 302 | 659,267 | 0.79 |
| Management of Companies & Enterprises | 158 | 374,977 | 0.73 |
| Unclassified | 106 | 759,955 | 0.24 |
| Utilities | 3 | 614,321 | 0.01 |
| Total | 86,628 | 150,271,675 | |

Source: Esri, Johnson Consulting

Figure 3-9 presents a more specific snapshot of Fond du Lac's economy by listing the top employers in the area. This list includes many of the donors for the proposed Lakeside Park projects, as well as additional potential opportunities for partnerships, sponsorships, and advertising at the Park.

Figure 3-9

| Fond du Lac Major Employers | | |
|--------------------------------|---------------------------------|---------------------------------|
| Mercury Marine | Michels Corporation | Badger Liquor |
| Giddings & Lewis | Alliance Laundry Systems | Eden Stone |
| Brenner Tank | Quad/Graphics, Inc. | International Paper |
| Chicago Tube & Iron | CN Wisconsin Central | The Jor-Mac Company |
| J.F. Ahern Co. | Grande Cheese Company | Kondex Corporation |
| St. Agnes Hospital | City / County of Fond du Lac | Basic American Medical Products |
| Charter Communications | Mid-States Aluminum Corporation | Elkay Interior Systems, Inc. |
| Society Insurance | Wells Vehicle Electronics | Commonwealth Construction |
| Anthem | Seneca Foods Corp. | Marchant-Schmidt, Inc. |
| C.D. Smith Construction, Inc. | Baker Cheese Factory | Fond du Lac School District |
| Country Visions Cooperative | Sadoff Iron & Metal Co. | |

Source: Envision Greater Fond du Lac, Johnson Consulting

These industries and employers represent a healthy economic base in Fond du Lac County that can be somewhat susceptible to downturns in the greater economy. This is evidenced in Figure 3-10, which shows the average annual unemployment rate in Fond du Lac County relative to state and national averages. As shown, the County's unemployment rate tracked below that of Wisconsin and the U.S. as a whole every year for the past 12 years except at the height of the Great Recession in 2009. This is typical of a blue-collar economy that is heavy in manufacturing and industrial jobs. In 2019, the County's unemployment rate was 2.9%. High unemployment rates are indicative of economic and social distress, while communities with extremely low unemployment rates can have trouble filling jobs due to undersized or underqualified labor pools. Fond du Lac could be at risk of the latter issue if it continues to lose its younger workforce to other communities. Fond du Lac is a proven employment hub and it attracts workers to the City. What can Fond du Lac do to keep these employees closer to Fond du Lac to spend their money in the City?

Figure 3-10

| Unemployment Rate* (2008-2019) | | | |
|--------------------------------|---------------|-----------|--------------------|
| Year | United States | Wisconsin | Fond du Lac County |
| 2008 | 5.8% | 4.9% | 4.8% |
| 2009 | 9.3% | 8.6% | 9.0% |
| 2010 | 9.6% | 8.7% | 8.5% |
| 2011 | 8.9% | 7.8% | 7.3% |
| 2012 | 8.1% | 7.0% | 6.5% |
| 2013 | 7.4% | 6.7% | 6.1% |
| 2014 | 6.2% | 5.4% | 4.9% |
| 2015 | 5.3% | 4.5% | 4.1% |
| 2016 | 4.9% | 4.0% | 3.5% |
| 2017 | 4.4% | 3.3% | 2.8% |
| 2018 | 3.9% | 3.0% | 2.6% |
| 2019 | 3.7% | 3.3% | 2.9% |

**Average Annual Rate (seasonally unadjusted)*

Sources: US Bureau of Labor Statistics, Johnson Consulting

IMPLICATIONS

Fond du Lac exhibits economic and demographic trends that are less than ideal in many regards in terms of evaluating the potential for the community's ability to support the proposed developments at Lakeside Park. There is a considerable but slowly growing population base in Fond du Lac and surrounding areas. Fond du Lac has a high concentration of older adults relative to state and national averages, indicating that it is losing its younger workforce to other communities both regionally and around the country, and failing to attract residents from other areas to replenish its community's vibrancy and workforce. The Fond du Lac area has a solid educational foundation but has failed to attract and retain individuals with advanced degrees and has lower than average household incomes as a result. There is a significant corporate presence in the Fond du Lac area especially among manufacturing and industrial enterprises, which has a history of supporting community development and philanthropic efforts like the proposed projects in Lakeside Park. The area is fortunate to have a robust economic backbone, but it will need to recruit additional employers in order to bolster a robust, resilient, and diverse local and regional economy. All of these factors are indicative of a market that is in need of additional amenities and resources to help retain its younger population, attract households from elsewhere, and foster future economic and demographic prosperity.

SECTION 4
MARKET TRENDS

MARKET TRENDS

This section provides insight into the Fond du Lac market's trends as they relate to the proposed project, including the role that Lakeside Park could play in terms of hosting festivals and community events, showcasing attractive venues for arts and entertainment programming, and providing tasteful food and beverage offerings.

COMMUNITY EVENTS & FESTIVALS

Community events and festivals are a key ingredient in providing things to do, fostering a sense of belonging in Fond du Lac, developing an identity of place, and establishing Fond du Lac as a destination for special event goers from around the region. They also play a crucial role in activating public park spaces like Lakeside Park.

Fond du Lac's signature community event is Walleye Weekend, which takes place in Lakeside Park and features fishing tournaments, a host of live entertainment acts, and a variety of food and beverage vendors. The event began as the Mercury Marine National Walleye Tournament in 1978. Today, Walleye Weekend draws anywhere from 55,000 – 70,000 attendees to Fond du Lac each year, which provides an enormous economic ripple effect for the area's hotels, restaurants, and other local businesses. It is also the pride of the community. The festival draws participation from area businesses and non-profits that operate vendor booths, which have earned over \$2 million in net profit at the event since 2012. Walleye Weekend is supported by over 1,600 volunteers accounting for more than 13,000 hours of volunteerism. This event serves as proof that Fond du Lac is capable of developing and executing these important events, and it provides a strong foundation to build from.

Beyond the area's signature event, there is a need to develop additional events and activities throughout the year. The Sturgeon Spectacular has gained popularity in recent years and is reflective of a growing trend toward embracing wintertime activity in the colder climate regions. It includes a fun run, 5K, cornhole tournament, curling, ice sculptures, and an ice-fishing competition over the course of 4 days. Downtown Fond du Lac hosts Fondue Fest, a play on both the city's name and the state's renowned cheese industry. The event, which began in 2007, features the world's largest fondue set and draws an estimated 20,000 people each year.

While many larger community events embrace the area's affinity for the outdoors, many types of events (and components of these larger events) require permanent infrastructure and/or indoor facilities to accommodate them. As shown in Figure 4-1, Fond du Lac has a variety of these facilities to offer. The Pavilion is the only permanent event facility within Lakeside Park, and can accommodate up to 225 people. The largest facilities by far are the exhibition halls at the County Fairgrounds, which can accommodate events requiring large amounts of lower-quality, multipurpose space. Other important facilities that offer smaller amounts of higher-quality space include the Thelma Sadoff Center for the Arts, the Radisson Hotel & Conference Center, and the Hotel Retlaw.

Figure 4-1

| Event Facility Inventory | | | | |
|------------------------------------|---|-------------|-----------------------------|---------------------------|
| Facility | Drive Time from Lakeside Park (minutes) | Hotel Rooms | Largest Event Space (SF) | Total Event Space (SF) |
| Fond du Lac County Fairgrounds | 11 | - | 28,000 | 51,610 |
| Thelma Sadoff Center for the Arts | 7 | - | 2,862 | 11,233 |
| Radisson Hotel & Conference Center | 12 | 133 | 6,250 | 10,570 |
| Hotel Retlaw | 6 | 121 | 3,200 | 6,922 |
| Children's Museum of Fond du Lac | 3 | - | 5,250 | 6,720 |
| Lakeside Park Pavilion | 0 | - | 3,375 | 3,375 |
| Whispering Springs Golf Club | 12 | - | 3,278 | 3,278 |
| Fond du Lac Public Library | 8 | - | 1,410 | 1,950 |
| Galloway House & Village | 11 | - | 1,875 | 1,875 |
| Hampton Inn | 9 | 73 | 900 | 900 |
| Comfort Inn | 12 | 78 | 400 | 621 |
| Holiday Inn Express & Suites | 12 | 86 | 600 | 600 |
| Country Inn & Suites | 13 | 65 | 100 | 100 |
| TOTAL | | | | 99,754 |

** If exact square footages were not available, an assumption of 15 square feet per person at maximum capacity was used to calculate*

Source: Johnson Consulting

The Hotel Retlaw typically targets the business and meetings travel market and is also oriented toward social business. Its proximity to the Downtown district and its shopping, dining, and cultural offerings make it an attractive weekend getaway for couples. The Thelma hosts a variety of visual and performing arts programming and is also available for third party rentals for social and corporate events.

Multipurpose event space is a critical piece of the vision for Lakeside Park. This analysis supports the plan for the Pavilion to remain approximately the same size, so as to avoid competing with the larger event facilities in the market, while still offering an attractive event space for social events in the park with modernized aesthetics and amenities. An upgraded space would likely stimulate additional demand to rent the facility, which would bolster the park's vibrancy and generate additional rental revenue for the City to reinvest in park improvements. Figure 4-2 presents a historical look at the rental activity for the Pavilion.

Figure 4-2

| Lakeside Park Pavilion Rentals | | | |
|--------------------------------|------------------|-------------|----------------|
| Year | Number of Events | Rental Days | Rental Revenue |
| 2015 | 195 | 61.0 | \$18,425 |
| 2016 | 222 | 68.6 | \$19,979 |
| 2017 | 236 | 67.6 | \$21,585 |
| 2018 | 223 | 65.2 | \$22,568 |
| 2019 | 206 | 62.9 | \$21,575 |

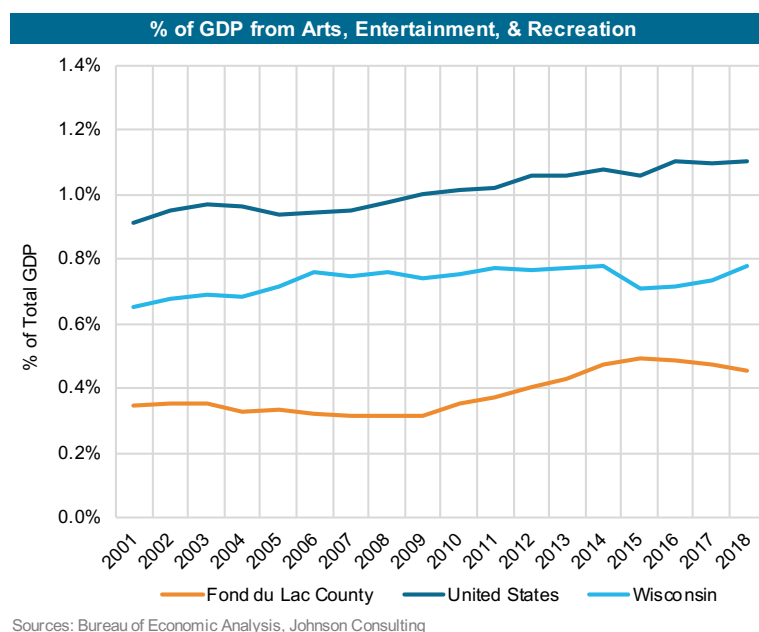
Source: City of Fond du Lac, Johnson Consulting

As shown, the Pavilion is typically rented for 195 – 236 event per year, equating to 61 – 68.6 total rental days and \$18,425 - \$22,568 in total rental revenue. Assuming 12 hours of potential utilization for the 365 days in a year, there are 182.5 total rental days available. This suggests that the Pavilion is operating at approximately 1/3 occupancy, leaving plenty of room in the calendar to accommodate the additional rental demand that could be induced by the proposed improvements, including new bathrooms on each side of the airwall that divides the Pavilion into two rentable halves, updated kitchen and concession areas, new outdoor patio areas, and general aesthetic enhancements. The Pavilion’s rental price is intentionally below market rates in order to make the facility more financially accessible to the community.

ARTS & ENTERTAINMENT

Arts and entertainment activities are another key component of enhancing the quality of life in Fond du Lac and could play larger role in programming the passive open spaces in Lakeside Park. Figure 4-3 illustrates the trend for the arts, entertainment, and recreation industry as a percentage of total gross domestic product (GDP) over the course of the past couple of decades in Fond du Lac County, relative to that of Wisconsin and the United States as a whole. As shown, in Fond du Lac County, this industry remained stable in the years before the financial crisis of 2008 and 2009, then experienced several years of slight growth until 2015, after which slight decline occurred. Also notable is the consistent gap between the relative size of the arts, entertainment, and recreation industry in Fond du Lac County compared to the state and national average – the industry accounts for less than half of the percentage of total GDP in Fond du Lac County that it does at the national level. This is indicative of room for significant growth in the industry locally. This also speaks to the fact the residents leave the market to spend entertainment dollars and the City does a poor job of attracting these dollars.

Figure 4-3



At the broadest level, there are two segments of demand that exist in the arts and entertainment market: civic demand and commercial demand. Civic demand originates from within the community, whether it be from local arts organizations like the Fond du Lac Community Theater, educational programs like the Fond du Lac School District, developmental programs like a recital for a local dance studio, local artist performances for a festival or community event, or other types of locally-driven demand that often prioritize community engagement and personal development over profit-making. Commercial demand largely involves bringing professional talent and touring acts from throughout the region, nation, or world. There is a large universe of these events and performances out there, ranging from musical concerts, instrumental bands, symphonies and orchestras, drum lines, comedy acts, dance groups, musicals and plays, speaker series and spoken word, and the list goes on. Commercial demand is often profit-driven, commanding higher ticket prices and offering more ancillary revenue opportunities, like concessions, alcohol, and merchandise sales.

Some arts and entertainment venues serve one of these two types of demand exclusively – most people would say venues like the Chicago Theater are almost exclusively commercial venues. But the majority of arts and entertainment venues succeed by weaving together a mix of both types of demand in a way that meets the wants and needs of the local community while also maintaining a responsible operating model in terms of revenue generation. Booking policies and deal-making processes are common ways of governing this programming mix. In the case of an amphitheater, these guidelines typically involve reserving certain Friday and Saturday nights during the summertime for commercial talent, which drives revenue for the venue, while still allowing affordable booking access to civic events outside of these windows, which could provide Fond du Lac's arts and entertainment scene a unique venue that allows for new types of programming.

A major factor affecting the level of arts and entertainment activity that occurs in a community is by looking at the inventory of venues that are able to host these events. Figure 4-4 provides a look at where this arts and entertainment demand is being currently being accommodated in Fond du Lac.

Figure 4-4

| Arts & Entertainment Facility Inventory | | |
|--|---|----------|
| Facility | Drive Time from Lakeside Park (minutes) | Capacity |
| Wifler Performance Center - Buttermilk Park | 9 | 2,200 |
| Fond du Lac High School Performing Arts Center | 7 | 1,032 |
| Goodrich Little Theater | 8 | 760 |
| Prairie Theater | 7 | 340 |
| Thelma Sadoff Center for the Arts | 7 | 250 |
| TOTAL | | |
| * If exact capacities were not available, an assumption of 18 square feet per person at maximum capacity was used to calculate | | |
| Source: Johnson Consulting | | |

As shown, the Wifler Performance Center in Buttermilk Creek Park is the only outdoor venue that exists in Fond du Lac, with an estimated capacity of about 2,200 people based on sightlines and the land area of the lawn that is available for attendees to bring blankets or chairs of their own. This venue would be considered more of a locally-oriented bandshell than an amphitheater for a few reasons, including the lack of sufficient technical infrastructure, back-of-house areas like dressing rooms and hospitality areas for artists, more robust concession offerings, and most importantly, the ability to restrict access in a way that allows for ticket sales to occur. This type of venue is suitable only for certain types of civic demand, including the free concerts that occur there on Monday and Wednesday nights during the summertime. The Monday night events, known as Music Under the Stars, are put on by Fond du Lac Area Musicians, Inc. The Wednesday night events, known as the Buttermilk Festival Concert Series, are organized by the Fond du Lac Symphonic Band. In total, 82 events have been recorded at the venue between 2017 and 2019, the majority of which being the aforementioned free concert series.

Fond du Lac also has a few venues that accommodate indoor arts and entertainment events, including the Performing Arts Center at Fond du Lac High School, the Goodrich Little Theater, the Prairie Theater at the University of Wisconsin – Oshkosh at Fond du Lac, and the Thelma Sadoff Center for the Arts. The first two venues are owned and operated by the Fond du Lac School District, and host between 120 and 140 “events” per year ranging from a few-hour staff meeting to three-week runs for theatrical productions. The activity occurring in these two venues is about 65% school district programming and 35% programming by external users. The school district’s venues are also the two largest indoor venues, with 1,032 and 760 seats, respectively. The Prairie Theater, with 340 seats, primarily serves demand generated by arts and entertainment programming at the university. The Thelma Sadoff Center for the Arts comprises a stylish and sophisticated 40,000 square feet of space including visual arts galleries and venues for both arts and social/corporate events. The facility hosts upwards of 400 events per year ranging from small meetings all the way up to their largest performances, which can be up to 250 people indoors and several hundred for their outdoor summertime concert series. The organization’s operating budget is approximately 60% revenue generated by the facility and 40% philanthropic, receiving support from many of the same benefactors that are funding the proposed projects in Lakeside Park.

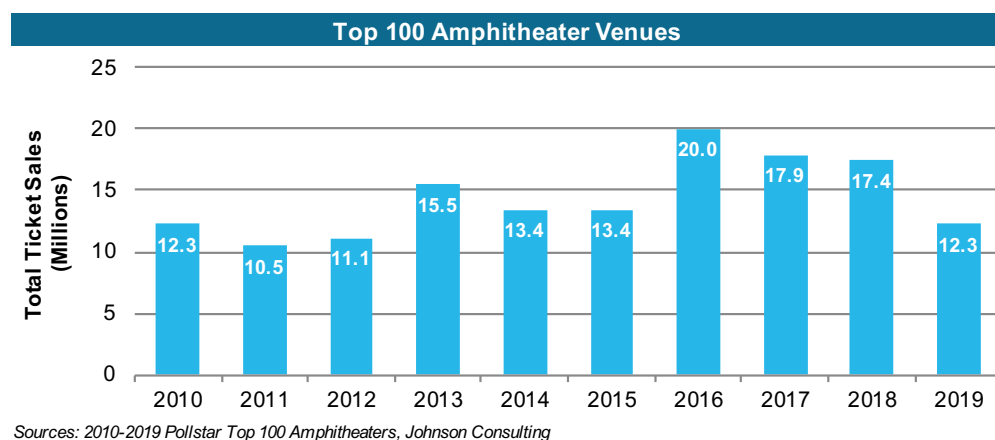
There are a few notable shortcomings in the arts and entertainment venue inventory in Fond du Lac. The lack of a permanent, commercially viable venue larger than the Performing Arts Center at Fond du Lac High School limits the ability of the community to attract higher caliber events that can draw larger audiences. Many of the venues are constrained by their calendars, which are booked in a way that rightfully gives priority to use by their respective educational institutions, leaving many dates unavailable for other activity. There is also a lack of permanent arts and entertainment infrastructure within Lakeside Park itself, which requires constructing temporary infrastructure whenever arts and entertainment events are occurring. This is time-consuming, labor-intensive, and not financially sustainable in the long-term, especially if the goal is to increase the volume of arts and entertainment activity in the park.

A new permanent, commercially viable venue in Lakeside Park could accommodate a mix of civic and commercial demand. Civic demand could include programming that is already occurring at other venues throughout the community, but that would consider moving to a new venue that better supports their needs. Civic demand could also include new events and programming that are developed as a result of having a suitable venue for these events to occur. Commercial demand could include any variety of programming that the community has sufficient desire for, including all of the aforementioned segments of the commercial arts and entertainment market.

In evaluating the potential for commercial demand at the proposed amphitheater in Lakeside Park, Pollstar can provide some insight. Pollstar is a well-respected researcher and aggregator of information in the live entertainment industry. It obtains data from agents, managers, promoters, and producers of artists and concerts, and provides insights including ticket sales, ticket prices, and gross revenue, which can be analyzed to evaluate the strength of the industry as a whole.

Pollstar publishes a list of the nationwide top 100 amphitheater venues on a quarterly basis. Figure 4-5 illustrates the trend for these top 100 venues over the course of the past few years. As shown, total ticket sales at these venues trended upward from 12.3 million in 2010 to a peak of 20.0 million in 2016, 17.9 million in 2017, and 17.4 million in 2018, respectively, before falling back to 12.3 million in 2019.

Figure 4-5








There are a number of factors that influence these numbers, including touring activity, rotation dates, reporting frequency, and inclement weather. Another factor that may have contributed to the decrease in 2019 is the development of additional amphitheater facilities, which may pull concerts and attendees that may otherwise have gone to larger venues. As smaller, more intimate venues continue to spring up around the country, the top 100 could account for a smaller share of the overall business as the activity gets spread among more venues. These smaller venues can attract touring commercial acts for a dozen or more weekends per year, while also providing facilities for existing community events and festivals that could make use of this type of space.

Beginning in 2019, Pollstar began publishing the total gross sales for each of the top 100 venues as well. Total gross sales for these venues exceeded \$146 million in 2019 alone. These figures are an important consideration when making projections for the proposed amphitheater in Fond du Lac, and they serve as proof that markets across the nation have a significant interest in attending entertainment and community events at these unique outdoor venues.

Another component of evaluating the potential demand for an amphitheater in Fond du Lac is to assess the regional supply of comparable venues, which could represent competition for the proposed amphitheater at Lakeside Park. These venues can also help to contextualize the proposed amphitheater project in Fond du Lac by comparing market characteristics, ownership and management structures, development costs, capacities, facilities, rental costs, and demand generators. Figure 4-6 profiles these venues.

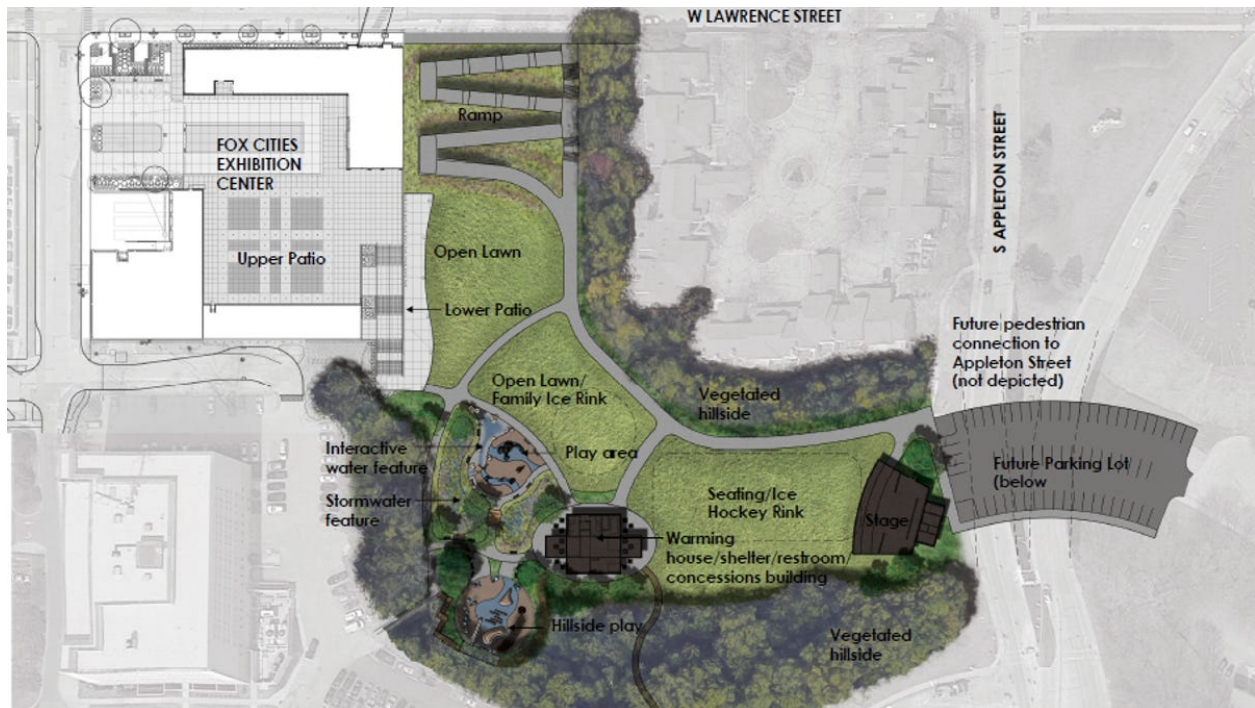
Figure 4-6

| Regional Amphitheaters | | | | | |
|---|---|--|---|--|---|
| | Proposed Lakeside Park | Leach Amphitheater | City Green | Jones Park Amphitheater | Billie Kress Amphitheater |
| |  |  |  |  |  |
| Market | | | | | |
| Location | Fond du Lac, WI | Oshkosh, WI | Sheboygan, WI | Appleton, WI | Green Bay, WI |
| Drive Time from Lakeside Park | - | 28 | 48 | 46 | 72 |
| 30-Minute Drive Time Statistics | | | | | |
| Population | 176,790 | 365,031 | 122,992 | 393,562 | 385,863 |
| Median Household Income | \$54,979 | \$57,735 | \$60,343 | \$62,441 | \$63,248 |
| Median Age | 39.6 | 39.1 | 42.1 | 38.5 | 38.5 |
| Arts & Entertainment as % of Total Employment | 1.5% | 1.7% | 3.2% | 2.0% | 3.0% |
| Arts & Entertainment as % of Total Sales | 0.7% | 0.6% | 0.9% | 0.6% | 1.0% |
| Facility | | | | | |
| Owner | City of Fond du Lac | City of Oshkosh | City of Sheboygan | City of Appleton | Green Bay Botanical Garden |
| Management & Operation | TBD | Oshkosh Parks Department | Visit Sheboygan | City of Appleton | Green Bay Botanical Garden |
| Year Built (Renovated) | TBD | 2005 | 2018 | 2019 | 2017 |
| Development Cost | TBD | - | \$650,000 | Part of larger \$4.2 million project | Part of larger \$4.5 million project |
| Amphitheater Capacity | 4,000 - 5,000 (lawn) | 7,000 (lawn) | 3,125 (lawn) | 1,591 (lawn) | 2,330 (lawn) |
| Footprint (SF) | 87,000 | 125,000 | 55,000 | 28,000 | 41,000 |
| Supporting Facilities | TBD | 2 Dressing Rooms Bathrooms Catering Area Concession Stands Storage Buildings | - | 2 Dressing Rooms 2 Ice Rinks Pavilion Playground Bathrooms Concession Stand | Concession Stands Catering Kitchen Classrooms Restrooms Pavilion |
| Rental Cost | TBD | Half Amphitheater: \$500 / Day Full Amphitheater: \$1,000 / Day Non-Profit Concert: \$1,500 / Day For Profit Concert: \$5,000 / Day | Free Public Events Only | Free Public Events Only | Social Events: \$500 - \$1,500 / Day |
| Demand | | | | | |
| Anchor Events | Walleye Weekend Sturgeon Spectacular | Waterfest Oshkosh Irish Fest | Levitt AMP Concert Series | Mile of Music Heid Summer Concert Series | Summer Concert Series |

Source: Relevant Facilities, Esri, Johnson Consulting

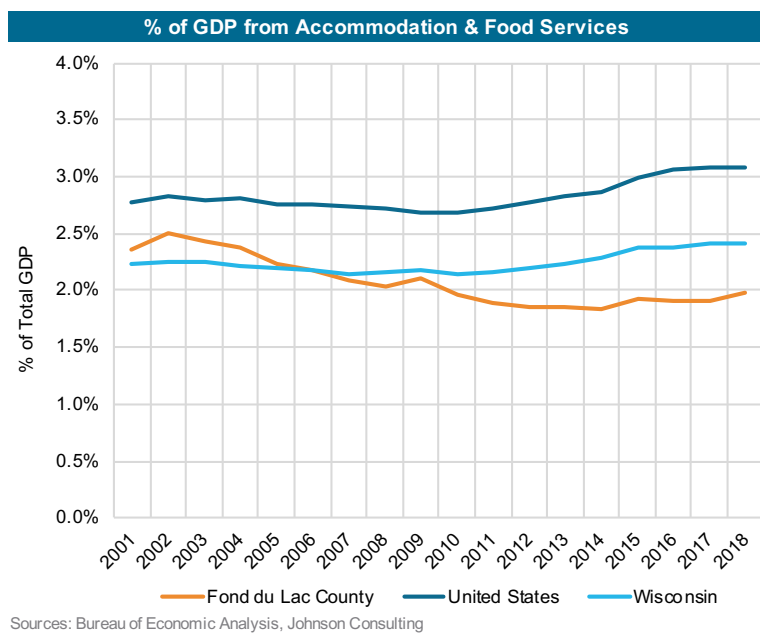
As shown, the regional venues that are comparable to the amphitheater envisioned at Lakeside Park include the Leach Amphitheater in Oshkosh, City Green in Sheboygan, the Jones Park Amphitheater in Appleton, and the Billie Kress Amphitheater in Green Bay. The 30-minute drive time statistics reveal that Fond du Lac has a smaller population base than most of the other venues, with the exception of City Green, and a lower relative median household income. All of the regional venues are publicly owned, and none of the venues are managed by an entity that specializes specifically in managing these types of venues. The venues in Sheboygan and Appleton are exclusively for free events that are open to the public, which is not surprising given their configuration that doesn't allow for the restricted access that would be needed for ticketed events. The venue in Green Bay is used primarily for their self-produced summer concert series, which consists of 12-15 concerts that occur between June and September, as well as social and corporate events. The venue in Oshkosh is the most robust potential competitor for the proposed venue in Lakeside Park, with a capacity of approximately 7,000 and the most substantial supporting facilities. The venue hosts anchor events Waterfest and Oshkosh Irish Fest as well as occasional stand-alone commercial touring acts. The venue in Oshkosh is not aggressively booked or promoted to the extent it could be, which is likely a result of its public ownership and operation. Regardless, a new amphitheater in Fond du Lac is wise to aim for the 4,000 – 5,000 range in terms of capacity to avoid mirroring the Oshkosh venue exactly, given the smaller market size and the desire to limit disruption of existing open spaces in Lakeside Park.

Appleton's Jones Park is a perfect example of an amphitheater venue that integrates an ice rink to allow for wintertime utilization. Community ice rinks are increasingly popular wintertime recreation amenities in colder-climate communities around the world. Skaters at these rinks can skate for free or for a modest entrance fee and can bring their own skates from home or oftentimes rent skates on site. The integration of ice rinks with amphitheaters provides opportunities for live music or DJ performances during public skate times, as well as synergies with concession areas for both food and beverage sales and skate rental. Heated indoor areas are another important consideration to offer skaters the opportunity to warm up before, after, and during skate times. Plans for the park, including the amphitheater and ice rink, are shown in Figure 4-7.

Figure 4-7

FOOD & BEVERAGE

The viability of an expanded food and beverage offerings in Lakeside Park will be partially dependent upon the broader economic conditions in the Fond du Lac area's market. Figure 4-8 illustrates the trend for the accommodation and food services industry as a percentage of total gross domestic product (GDP) since 2001 in Fond du Lac County, relative to that of Wisconsin and the United States as a whole. As shown, in Fond du Lac County, this industry declined between 2002 and 2014, but has since plateaued just below 2% of total GDP. This is especially relevant because the industry experienced slight but steady growth at the national level during the same time period. The industry now accounts for less than 2/3 of the percentage of total GDP in Fond du Lac County that it does at the national level. Again, this is indicative of room for demand recapture and future growth in the industry for Fond du Lac, which could be helped by a new restaurant in Lakeside Park.

Figure 4-8

The proposed restaurant in Lakeside Park is imagined to offer additional food and beverage options for patrons already in the park, as well as to attract people from the broader area into the park. Figure 4-9 presents data that suggests there is unmet demand in Fond du Lac County's food and beverage market, which could be accommodated by the proposed restaurant in Lakeside Park. There are 220 registered food and beverage establishments in the county, equating to nearly \$114 million in annual sales volume. According to a number of assumptions about income and spending per capita, the estimated sales potential for the county approaches \$133 million, meaning that nearly \$19 million per year in food and beverage spending is either leaked to surrounding counties or not spent at all. This is just from the current demand base and does not reflect induced demand that would occur if an "attraction" restaurant were added. From a market perspective, an attractive concept has a healthy potential for success in Lakeside Park.

Figure 4-9

| Food & Beverage Market Analysis | |
|---------------------------------|---------------|
| Fond du Lac County | |
| Number of Establishments | 220 |
| Sales | \$113,627,352 |
| Sales Potential | \$132,585,756 |
| Leakage/Surplus Factor | 7.7 |

Sources: Esri, Johnson Consulting

Figure 4-10 presents a list of selected food and beverage establishments that already exist in the market that are comparable to the concept envisioned at Lakeside Park as a result of geographic proximity, access

to Lake Winnebago, and/or size and scope of operations. The establishments range from 22 – 50 employees and \$1.1 million to \$2.6 million in estimated annual sales. These parameters create a relevant range of opportunity within which the proposed new restaurant in Lakeside Park could expect to operate.

Figure 4-10

| Comparable Food & Beverage Establishments in the Market | | | | |
|---|-------------|---|------------------------|----------------------------|
| Establishment | Location | Drive Time from Lakeside Park (minutes) | Number of Employees | Estimated Annual Sales* |
| Salty's Seafood & Spirits | Fond du Lac | 2 | 45 | \$2,319,494 |
| Schmitt's Bar & Grill | Fond du Lac | 5 | 22 | \$1,133,975 |
| Sunset on the Water | Fond du Lac | 8 | 39 | \$2,010,228 |
| Blanck's Lake Aire Supper Club | Fond du Lac | 10 | 50 | \$2,577,216 |
| Wendt's on the Lake | Van Dyne | 13 | 40 | \$2,061,773 |
| TJ's Harbor Restaurant | Oshkosh | 15 | 30 | \$1,546,330 |
| Jim and Linda's Lakeview Supper Club | Malone | 20 | 35 | \$1,804,051 |

*Calculated using an average sales assumptions generated at the market level. These are not exact numbers, but rough estimates that can be used to estimate potential sales volume at the proposed restaurant in Lakeside Park.

Source: Esri, Johnson Consulting

The first analytic element for a new food and beverage establishment is the composition of sales. Different points of sale have markedly different gross margins. The capacity of spaces, the potential markets, and operating restrictions covering hours or price points are critical in forecasting proportional sales and hence, gross margin.

The most profitable segment of any restaurant's sales profile is its bar. Bar sales enjoy the lowest product cost. A mix of wine, beer, and alcohol may generate a pouring cost as low as 20-23% depending upon price and portions. The bartenders derive most of their compensation from tips. Perishability of inventory is not an issue, and there is no preparation cost to speak of. A gross margin of 65% is not uncommon.

Catering is the next most profitable segment. Catering food cost is often in a 22-26% range because there is minimal waste. All menu items are pre-costed. All items ordered are invoiced. Perishability is not an issue. The production costs of banquet preparation which is batch cooking are much lower than the costs associated with a complex a la carte menu. A gross margin of 45-55% for banquet catering is common compared to a typical a la carte gross margin of 30-35%. The mix of catering is often pivotal to profitability.

Fast food for cafe dining is the third segment. Most ingredients are purchased in portion-controlled units. Waste tends to be lower than in the full-service restaurant segment. The labor component commands much lower wages. Productivity tends to be high at busy times. The only challenges to profitability are maintaining proper levels of staff and inventory in a seasonal environment. Check averages are much lower so while the gross margins of 50% are very attractive, the absolute dollars on a per square foot or per seat basis may be much smaller than those generated by a successful a la carte operation.

Table service dining is the final piece of the puzzle. While the excellence of an a la carte dining room may impact the success for a catering program, its gross margin cannot compare to catering. The labor element of an a la carte restaurant is for all practical purposes, a fixed cost. All of the skilled labor is in the kitchen. The number of staff required for production labor is dictated by the menu. None can be sent home early if business is slow. Typical labor costs can vary from 35% to more than 45% depending upon the complexity of the menu.

Food cost is variable based upon menu price and portions and adequacy of operating controls. A Mexican or Asian restaurant may enjoy food costs as low as 25% while a steak house may be over 40%. Traditional restaurant wisdom has always suggested that 33-35% is a goal under normal conditions. The result is that gross margin for typical a la carte operations rarely exceed 35% and tend to be closer to 30%.

IMPLICATIONS

Fond du Lac is well-positioned to capitalize on the potential community and economic benefits that can emanate from attractive amenities and robust programming for Lakeside Park by making strategic investments in facilities to host these activities within the park. This will take work and leadership to conquer and turn the tide. These facilities would certainly provide a public amenity to the existing Fond du Lac community, and could also attract regional activity, generate economic and fiscal impacts, and catalyze future growth in the community.

SECTION 5
COMMUNITY ENGAGEMENT OVERVIEW

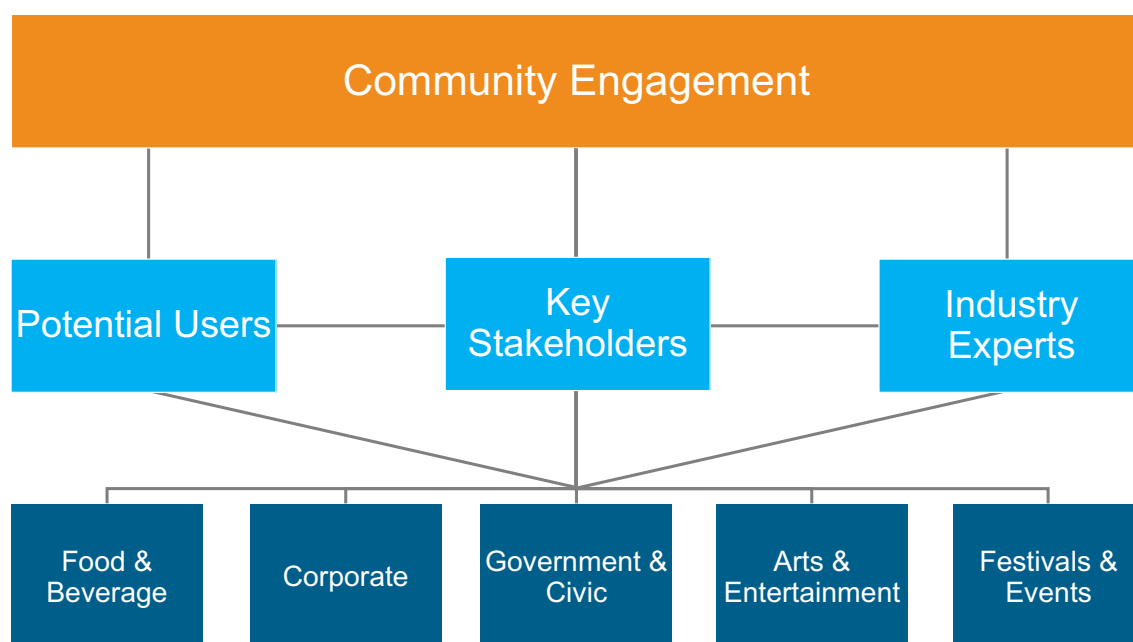
COMMUNITY ENGAGEMENT OVERVIEW

The engagement of the community of Fond du Lac was emphasized as a priority of this study from the outset. As with any project of this importance, it is crucially important to engage with a wide variety of individuals and organizations throughout the community in order to foster a sense of buy-in and inform the study's observations, conclusions, and recommendations.

The community at large has been engaged many times throughout the past several years by the Lakeside Park Exploratory Committee, the Envision Initiative, and City of Fond du Lac, among other entities. The focus was on public input, but not analytics. This is the first independent analysis that has been conducted for this project. Johnson Consulting's outreach strategy involved conducting supplemental, targeted focus groups and interviews with key stakeholders in the proposed project at Lakeside Park, potential users of the facilities proposed in the project, and industry experts in the realm of public parks, arts and entertainment venues, multipurpose event facilities, and food and beverage establishments.

These focus groups and interviews began with virtual sessions in August 2020 and continued during Johnson Consulting's visit to Fond du Lac in September 2020 and throughout the remainder of the study. Johnson Consulting conducted interviews and focus groups with nearly 70 individuals representing 28 different organizations. These engagements helped us to understand the demand for these activities that exists in Fond du Lac, the facilities that currently serving that demand, and the market opportunities that exist for the facilities proposed for Lakeside Park. Figure 5-1 outlines the scope of the community engagement effort, including the types of entities that were targeted. A complete list of the entities engaged in this process is presented on the next page.

Figure 5-1



| | |
|-----------------------------------|-----------------------------------|
| Brown Boots Interactive | Lakeside Forward |
| City of Fond du Lac | Marian University |
| Destination Lake Winnebago Region | Moraine Park Technical College |
| Downtown Fond du Lac Partnership | ParkWatch |
| Envision Greater Fond du Lac | Schreiner's Restaurant |
| Excel Engineering | Thelma Sadoff Center for the Arts |
| Fond du Lac Advisory Park Board | Theo's 24 |
| Fond du Lac City Council | United for Diversity |

The Consulting Team held interviews & focus groups with
nearly **70** individuals, representing **28** different organizations

| | |
|--------------------------------|---|
| Fond du Lac Festivals | Meeting & Event Planners |
| Fond du Lac Historical Society | Fond du Lac Festivals |
| Fond du Lac School District | Lakeside Park Concessionaire & Harbormaster |
| Fond du Lac Yacht Club | Fond du Lac School District |
| Friends of Lakeside Park | Talent Buyers & Entertainment Producers |
| Giddings & Lewis | Salty's Seafood & Spirits |
| Horicon Bank | Fond du Lac Community Theater |
| Hotel Retlaw | Bananas Entertainment |

FOND DU LAC...

...adopted the Envision Fond du Lac Initiative's final plan, completed in April 2016, which supports the execution of the Lakeside Park Exploratory Committee's final report and emphasizes additional recommendations regarding the proposed projects in Lakeside Park, including those summarized on the right.

THESE PROJECTS COULD...

...establish "Lakeside Park [as] the crown jewel of the Fox Cities and I-41 region, where families come to boat, grill, catch a summer concert, play baseball, bike, skateboard, and more" (Envision Fond du Lac, p. 40)

...leverage "charitable fund opportunities for Lakeside Park and pursue creative fundraising, donations, and grant funding to supplement government resources" (Envision Fond du Lac, p. 40)

...create "major visitor destinations on Lake Winnebago... these destinations can be permanent or temporary, including potential museums, entertainment venues, marinas, and flexible outdoor space that could host events like food trucks and art demonstrations" (Envision Fond du Lac, p. 40)

...modernize Lakeside Park "by investing in high-quality open space, marinas, water sports facilities, museums, and other amenities in a way that creates a memorable destination across the area's waterfront, drawing new visitors from throughout the Midwest" (Envision Fond du Lac, p. 50)

...alleviate the underutilization of Lakeside Park and Lake Winnebago "both from a programming and infrastructure perspective" (Envision Fond du Lac, p. 40).

...maximize "the value of green and blue spaces" by allowing residents and visitors "to connect with nature, spend time with family, exercise, touch the water, recreate, and more" (Envision Fond du lac, p. 40).

...feature "Lake Winnebago, Lakeside Park, and [Fond du Lac's] waterfront location to redefine how Wisconsin thinks about the city" (Envision Fond du Lac, p. 48).

...adopted the Lakeside Park Exploratory Committee's (LPEC) final report, completed in June of 2015, which outlines several recommendations that support the development of the proposed projects in Lakeside Park. A few of these recommendations are summarized on the right.

...“combine recreational opportunities with local amenities such as restaurants, rentals, lessons, festivals, and concerts to create a community that holds quality of life for residents and visitors now and well into the future” (LPEC, p. 5)

...fulfill Recommendation 11.4: “The addition of an amphitheater will promote additional uses for the park by providing space to incorporate festivals, concerts, bands, movies, plays, historical presentations, and other ceremonies that will promote the park as a critical civic space, leading to positive effects on economic development, as well. The committee recommends a facility with a main stage and no permanent seating, to preserve green space and the natural aesthetics of the park. Options could include a transparent backdrop to allow views of the water and from the water” (LPEC, p. 51)

...fulfill Recommendation 11.5: Food in the Park “increase the variety of food options available in Lakeside Park through the use of mobile food trucks and other vendors” (LPEC, p. 54)

...fulfill Recommendation 11.13: Restaurant: “pursue a public/private partnership to provide a full-service restaurant near the water. Many communities take advantage of water resources by providing full-service restaurants that allow diners to see, feel, and enjoy the natural beauty of a lake or river... The new facility would add to quality of life, stimulate local economic development, and add new revenues for the City. Land would remain publicly owned, and the business would be privately owned and operated” (LPEC, p. 72).

...fulfill Recommendation 11.22: “Refurbish or replace the existing Lakeside Park Pavilion to create a more inviting, modern, and attractive spot for weddings, family gatherings, and general civic space” (LPEC, p. 89).

...has a large amount of underutilized land in Lakeside Park West, which could serve as an alternative location for some of the projects proposed for Lakeside Park East.

...provide the critical mass of infrastructure and programming necessary to truly activate Lakeside Park West, while also preventing more open space from being consumed in Lakeside Park East, which is already more developed than Lakeside Park West.

...be inaccessible, undesirable, or impossible to develop if located in Lakeside Park West due to the lack of a bridge across the river, the questionable stability of the marsh-like ground, and the ability to achieve access for transient boaters on Lake Winnebago.

...has a need for permanent infrastructure to accommodate Walleye Weekend and other annual festivals, which currently relies on temporary infrastructure that is constructed and torn down year after year after year, which is labor-intensive, time-consuming, and expensive.

...provide permanent infrastructure to support Walleye Weekend, other festivals and activities that occur in Lakeside Park, and future events and programming that are developed as a result of having an appropriate venue to be held at.

...is a viable market to attract low and medium caliber commercial talent and touring acts for a new amphitheater venue. Its proximity to Green Bay, Milwaukee, and Madison make it unlikely to draw top-tier performances, but it certainly has potential to assemble a moderately robust calendar of concerts and events throughout the late spring, summer, and early fall.

...accommodate low and medium caliber commercial talent and touring acts that may not be able to be accommodated anywhere else in Fond du Lac due to the lack of an appropriately sized venue with sufficient technical capabilities. These events may be looking to add a show in between stops in Madison, Milwaukee, or Green Bay, or may be currently choosing to perform in other markets around the nation that are similar to Fond du Lac.

...already hosts outdoor concerts downtown that are put on by the Thelma Sadoff Center for the Arts. These concerts involve the closing of several city blocks, attract several hundred attendees, and are free and open to the public.

...allow outdoor events to restrict access, charge admission, and earn ancillary revenue streams like food and beverage, merchandise, advertising, and naming rights, among others. This could allow for additional events to occur that may not otherwise be feasible without ticket revenue.

...already has a healthy supply of multipurpose meeting and event space including the exhibition halls at the Fond du Lac County Fairgrounds and the ballrooms and meeting rooms at the Hotel Retlaw, the Radisson, and the Thelma Sadoff Center for the Arts. These facilities already struggle to fill their spaces and generate sufficient rental income, and they do not want additional facilities to compete with in the market.

...residents have expressed concern about the proposed ownership, management, and operational structure of both the amphitheater and the restaurant components of this project.

...has become embroiled in a debate between two opposing viewpoints – one centered in the belief that Lakeside Park should stay more or less as it is with minor upgrades and improvements wherever needed, and the other believing in the merits of a more robust development program that better activates the park.

...expand the supply of event facilities in the market that complement, rather than compete with, the existing venues in the area. The amphitheater would serve a unique demand segment that is not currently being tapped into in Fond du Lac. The renovated Pavilion would cater to the same type of demand that it already serves, including primarily small-scale social events, but with updated aesthetics and amenities. The restaurant and multi-purpose building would be primarily geared toward social and corporate events that desire a catered dinner service, as well as general restaurant service that is not event-based.

...likely be executed to its full extent while still allowing the City of Fond du Lac to retain ownership of the land. The City could then establish contracts with a professional manager for the amphitheater and/or a professional restaurant operator. These entities would likely be entitled to a management/operation fee and/or a share of the profits generated by operation of the facilities, or reinvest these profits back into the park. There is also potential for operator profits to be capped, with excess profits available for reinvestment in the park. The details of the division of roles and responsibilities and the entitlement of each entity to cash flows can be set forth in a legal agreement. Public-private partnership models have been successful in numerous instances throughout the nation, including within public parks.

...public parks are intended to be community-oriented spaces that provide open space, green space, and blue space for residents to passively relax, recreate, gather, and enjoy nature. In recent decades, public parks have seen a trend toward amenitization and more actively programmed facilities that provide parkgoers with more things to do. The key is to strike a balance between passive and active uses so as not to overwhelm the natural beauty of the park, but also to provide sufficient opportunities for quality, fun programs and activities that promote a continuing interest in visitation and utilization.

...already has a concession stand and small food carts that are operated in Lakeside Park by a contracted concessionaire. These outlets cater more to patrons looking for a snack or quick bite while they're already in the park for another reason.

...residents have a long-standing affinity for fried fish dinners and “burger and beers” types of fare. The current concessionaire in Lakeside Park has been hosting fish fries every Friday during the summer and occasionally during the offseason, which have attracted 120-160 patrons per evening. They typically charge \$14 for a Lake Perch dinner and occasionally have a cheaper option as well.

...has an existing marina that is managed by a contracted Harbormaster. The marina sells gasoline to boaters on Lake Winnebago in the summertime but does not currently remain open to serve ATVs or snowmobiles in the winter. The marina has 232 slips in total, 16 of which are available for daily rental by transient boaters while the rest are permanent rentals.

...currently suffers from sub-par tourism offerings. In order to develop a more robust tourism industry in Fond du Lac, it must first be a vibrant place that people want to come to visit and stay.

...likely represent an expansion of food and beverage offerings in the park that is sufficiently differentiated from what already exists, so as to not be in direct competition with the concession stand and food carts. The restaurant would primarily cater to patrons who are entering the park via land or by boat specifically to dine at the restaurant, rather than those who may already be in the park for another reason.

...tap into this evidence of the community's interest in regularly paying to engage in dining experiences in Lakeside Park and in close proximity to Lake Winnebago. This would be best achieved by creating a concept and menu that caters to local tastes, including fried fish, clam chowder soup, and “burger and fries” type selections. A formalized restaurant in the park would allow for the licensed sale of alcohol instead of only allowing folks to bring their own, which opens up a key revenue stream for this type of enterprise. The restaurant would need to have a limited footprint with comfortable outdoor dining areas, and would need to be on the nicer side of casual dining without approaching fine dining too closely, as the market for fine dining in Fond du Lac is slim.

...require the installation of additional boat slips for transient boaters coming off of Lake Winnebago and into the park to patronize the proposed restaurant and/or attend an event at the amphitheater. This could also alleviate the shortage of transient slips that is a regular issue during Walleye Weekend, when they typically have 60-70 boats on a waiting list for a transient slip, which can sometimes be accommodated by permanently rented slips that will be vacant on the desired date.

...doesn't immediately translate into many “heads in beds” or create a large tourism draw. It does, however, help to create another pocket of vibrancy in Lakeside Park, which can help Fond du Lac to assemble a more compelling package when combined with the historic downtown and other amenities and attractions in the area.

...is home to a historic and charming downtown district that is located about ½ mile from the nearest edge of Lakeside Park. The two are connected by Main Street. The Downtown district encompasses 217 buildings that house 280 businesses and about 700 permanent residents. There have been some questions about investment in Lakeside Park detracting from investment Downtown.

...is served by a well-equipped team at Envision Fond du Lac, an organization that serves as the community's chamber of commerce and economic development corporation.

...faces serious demographic challenges in the future if current trends continue. By 2030, 25% of Fond du Lac's population could be over the age of 65. This presents major concerns surrounding the community's ability to support its employers with a qualified workforce, which could result in employers electing to leave the community and further perpetuate this cycle of socioeconomic decline.

...the Downtown Fond du Lac Partnership's Board of Directors issued a letter of support for the proposed projects in Lakeside Park. They do not see it as a "this vs. that" type of situation, but instead as a "rising tides raise all boats" scenario. What's good for Lakeside Park is good for Fond du Lac is good for Downtown. This project could create another pocket of vibrancy within the community that is connected to the Downtown via Main Street, creating opportunities to spur additional development and create linear placemaking within the linkage area.

...generate a considerable impact on the local economy. Envision Fond du Lac conducted a market study and economic impact analysis for the proposed projects in Lakeside Park. The market study found that 75% of Fond du Lac County residents went to a family restaurant in the last 6 months, and 27% did so at least 4 times in the past month. It also found that, in total, Fond du Lac County residents spend over \$121 million annually at restaurants. The economic impact analysis concluded that this project has the potential to create 63 permanent jobs, \$1.2 million in annual labor income, \$2 million in annual restaurant revenue, \$125,000 in annual amphitheater revenue, \$20,000 in annual Pavilion rental revenue, and \$232,170 in annual tax revenue to the City and County of Fond du Lac.

...enhance the vibrancy of Lakeside Park and, in turn, the Fond du Lac community as a whole. By increasing the critical mass of activity-generating facilities in the park, more people will be drawn into the park to patronize such facilities, creating more opportunities for people to gather, socialize, and have fun. Humans are social creatures by nature, and are overwhelmingly choosing to live in places that provide interesting things to do. 96% of the park's green space is preserved by the proposed plan, leaving ample room for those who wish to enjoy nature's peace and quiet.

...residents have expressed the most concern about the proposed restaurant/multi-purpose building's location on the Lighthouse Peninsula.

...is home to the Fond du Lac Community Theater, the Fond du Lac Historical Society, United for Diversity, and a host of other non-profit organizations that have arts and cultural roots.

...like everywhere else in the world, is struggling with the impacts of the COVID-19 pandemic. Many people are reluctant to attend community events at all, especially in crowded indoor venues. The result of this is the cancellation of many events and activities, resulting in decreased vitality and increased social isolation in the community.

...has a need to develop additional community events and festivals outside of Walleye Weekend to create things for residents to do and to attract visitors from throughout the region and beyond. The Sturgeon Spectacular and Downtown's Fondue Fest are a start. Fond du Lac Festivals leads the charge in these efforts and has plans to expand in the future.

...reduce the amount of green, open space on the Lighthouse Peninsula and potentially block the view of the lighthouse and Lake Winnebago from certain angles. The lighthouse is an iconic symbol of Fond du Lac, and the peninsula is richly vegetated. The restaurant/multi-purpose building should be designed and located in a way that minimizes the obstruction of views of both the lighthouse and the lake, that minimizes the consumption of existing green space, and that avoids creating any other negative externalities in the park.

...present opportunities for arts and cultural organizations to expand their programming and hold existing or newly created events in the renovated Pavilion or the proposed amphitheater. The amphitheater in particular would allow these events to serve alcohol, which isn't allowed in the Fond du Lac's School District's facilities, which can be a considerable additional revenue stream for these non-profit organizations.

...provide a more COVID-friendly venue to hold events that may otherwise have limited options. People are more comfortable attending outdoor events in venues that allow attendees to spread out while still being able to actively engage with the program of the event. An amphitheater allows this to occur, albeit only during appropriate weather, but the stage and amplification capabilities coupled with the lawn for socially-distanced attendees creates an opportunity for larger events that may not be possible otherwise.

...foster the ability of event planners to expand their programming with attractive new venues to host them. Fond du Lac Festivals feels confident in their abilities to expand their programming given their history of planning successful events, large volunteer base, and relationships with other entities throughout the community. They also have a large incentive to expand, given that they operate entirely on earned revenue.

...has a strong affinity for both ice skating and hockey, which are growing in popularity in the context of competitive sports and recreational activities nationwide.

...potentially feature an ice rink within the footprint of the amphitheater facility, which would extend the utilization potential of the venue through the winter months and provide another activity hub in the park. There are two options for the ice rink that involve either traditional ice, which is traditional in the industry but more weather-dependent and requires infrastructure-intensive, or synthetic ice, which is a more economical alternative to traditional ice that can extend the seasonality of the rink.

...is both fortunate and unfortunate to be located within an hour of larger regional markets such as Milwaukee, Madison, and Green Bay, as well as places that are just slightly larger like the Oshkosh and Appleton areas. Close proximity to these larger markets makes it more attractive than other places that may be more geographically isolated. But it also allows people to choose to live, work, or play in these other areas instead of in Fond du Lac, and it creates a competitive dynamic between markets that are competing for new residents, businesses, and tourists.

...potentially replicate things that already exist in other places throughout the region, such as venues, facilities, events, or activities. Given the region's colder climate, many things are already packed into the summer months, including a variety of music festivals such as Rock and Country USA, Waterfest, and Mile of Music within the Lake Winnebago region itself, and numerous other things in the larger metro areas. There is also a larger critical mass of waterfront dining options in Oshkosh and Appleton that may make it hard to shift the center of gravity toward Fond du Lac as it competes for transient boat traffic. That being said, there is a large universe of potential activity out there that may present opportunities to "grow the pie" rather than "divide the pie," especially in an under-served market like Fond du Lac.

IMPLICATIONS

The general sentiment in virtually all of the Consulting Team's interactions with the Fond du Lac community was an overarching desire to do what's best for the future of the park the local socioeconomic dynamics, although the vision on how to do so varied. Many believe that Fond du Lac lacks facilities that are attractive for hosting certain types of events and activities. Interviewees had varying perceptions of the market feasibility of supporting an amphitheater and/or additional restaurant as envisioned in the plan for Lakeside Park. Many emphasized a message of practicality – Fond du Lac is not a large market, and it is known for its blue-collar, hardworking roots and economic frugality. Any commercialized facilities that would be developed in Lakeside Park would need to be positioned correctly, with an emphasis on meeting the local market where it stands and helping to propel the community forward. Communities that allow themselves to stagnate tend to find themselves in a spiral of decline. While many socioeconomic forces are beyond local control, this is a rare opportunity to make an intentional investment in future prosperity by leveraging both public and private dollars.

SECTION 6
CASE STUDIES

CASE STUDIES

As the proposed amphitheater, restaurant / multi-purpose building are further considered, it is informative to conduct case studies of markets similar to Fond du Lac with facilities that resemble what has been imagined for Lakeside Park. In order to understand the potential operating characteristics for the proposed projects, this section presents case study profiles of a set of regional and national comparable facilities, as well as the markets within which they operate. The key characteristics of these case studies are provided in the following profiles, and include:

- Location, size, character, and attributes of the market
- Location, size, character, and attributes of the facility
- Ownership, operations, and management structure of the facility
- A demand profile, including the number of events, type of events, and total attendance, as available
- A financial profile, including operating revenues and expenses as well as supplementary non-operating revenues such as public subsidy, grants, and private contributions, as available

This information provides insight into the scale of facility that could be realistically feasible in Fond du Lac, as well as some general parameters within which the proposed facility could reasonably expect to operate in terms of demand and financial performance. These facilities were selected for a variety of reasons such as the program of spaces, operation and management structure, market similarities, geographic proximity, and key lessons to be learned about how to optimize demand potential and financial sustainability.







AMPHITHEATER

The following table summarizes the key attributes of the facilities identified as part of this analysis:

- Vetter Stone Amphitheater – Mankato, MN
- McGrath Amphitheater – Cedar Rapids, IA
- Bluestem Amphitheater – Moorhead, MN
- Beaver Dam Amphitheater – Beaver Dam, KY
- Thompson's Point – Portland, ME

Figure 6-1 summarizes the key insights from each of the case studies, which will be expanded upon in the following subsections.

Figure 6-1

| Case Studies | | | | | | |
|---|---|---|---|--|--|--|
| | Proposed Lakeside Park Amphitheater | Vetter Stone Amphitheater | McGrath Amphitheater | Bluestem Amphitheater | Beaver Dam Amphitheater | Thompson's Point |
| |  |  |  |  |  |  |
| Market | | | | | | |
| Location | Fond du Lac, WI | Mankato, MN | Cedar Rapids, IA | Moorhead, MN | Beaver Dam, KY | Portland, ME |
| 30-Minute Drive Time Statistics | | | | | | |
| Population | 176,790 | 115,870 | 342,780 | 239,049 | 52,568 | 277,331 |
| Median Household Income | \$54,979 | \$60,507 | \$66,778 | \$64,085 | \$44,139 | \$70,463 |
| Median Age | 39.6 | 34.3 | 35.7 | 33.4 | 41.6 | 42.6 |
| Arts & Entertainment as % of Total Employment | 1.5% | 1.4% | 1.7% | 2.0% | 0.7% | 2.1% |
| Arts & Entertainment as % of Total Sales | 0.7% | 0.6% | 0.8% | 0.6% | 0.2% | 0.7% |
| Venue | | | | | | |
| Owner | City of Fond du Lac | City of Mankato | City of Cedar Rapids | Fargo School District | City of Beaver Dam | Privately Owned |
| Management & Promotion | TBD | Exclusive Promoter | VenuWorks | Trollwood Performing Arts School / Jade Presents | Beaver Dam Tourism Commission / The Eric Group | Northern Hospitality |
| Year Built (Renovated) | TBD | 2010 | 2014 | 2009 | 2014 | 2018 |
| Development Cost | TBD | - | \$8 million | \$15 million | \$2 million | - |
| Amphitheater Capacity | 4,000 - 5,000 (lawn) | 3,000 (tiered / lawn) | 5,178 (tiered lawn) | 3,000 (fixed / lawn) | 5,000 (lawn) | 7,500 (lawn) |
| Footprint (SF) | 87,000 | 176,000 | 81,000 | 145,000 | 101,000 | 110,000 |
| Supporting Facilities | TBD | No Permanent Backstage - Tents and other temporary infrastructure available | Tour Buses / Trailers Available Storage / Office Building Under Construction | Under-stage area Storage Scene shop Dressing Rooms Bathrooms Arts & Event Center | Green Rooms with Bathrooms Concession Stand 2 Dressing Rooms Offices & Storage | 25,000 SF Event Hall 6,400 SF Event Hall Bathrooms Catering Kitchen |
| Demand | | | | | | |
| Average Tickets Sold per Commercial Event | TBD | 1,714 | 2,053 | 2,796 | 2,188 | 4,206 |
| Commercial Tickets Sold per Year | TBD | 13,712 | 20,530 | 36,348 | 15,316 | 58,884 |
| Average Number of Commercial Events per Year | TBD | 8 | 10 | 13 | 7 | 14 |
| Anchor Events | Walleye Weekend Sturgeon Spectacular | Mankato Ribfest Fourth of July Fireworks | - | - | - | On the Ocean Festival Vinfest |
| Past Events | TBD | Kenny Wayne Shepard Buddy Guy Kidz Bop Live Hairball Dwight Yoakam Kip Moore Death Cab for Cutie Sublime with Rome Brothers Osborne Gov't Mule | Granger Smith Brothers Osborne Buddy Guy Peter Frampton Billy Currington Sublime with Rome Cody Jinks Chicago The Temptations Jason Mraz | Dropkick Murphys Granger Smith Robert Plant Crowder Violent Femmes In This Moment Incubus The Avett Brothers Chicago Jason Mraz | Casting Crowns Tanya Tucker The Temptations Band of Heathens Old Crow Medicine Show Bret Michaels Tumpike Troubadours Lee Brice Tyler Childers Skid Row | Ben Harper & the Innocent Criminals Guster Maggie Rogers Dispatch Lord Huron Sublime with Rome Third Eye Blind Death Cab for Cutie Old Dominion |
| Financials | | | | | | |
| Rental Cost | TBD | - | \$8,500 / 10% capped at \$12,500 | \$7,000 - \$10,000 | - | - |
| Management / Promoter Fee | TBD | Exclusive Promoter keeps revenue and pays owners rental cost | \$72,000 + 5% of Revenue | Exclusive Promoter keeps revenue and pays owners rental cost | - | - |
| Average Gross Ticket Revenue per Commercial Event | TBD | \$80,095 | \$96,778 | \$144,833 | \$129,026 | \$183,886 |
| Annual Gross Ticket Revenue for Commercial Events | TBD | \$640,760 | \$967,780 | \$1,882,829 | \$903,182 | \$2,506,143 |
| Operating Revenue | TBD | - | \$980,248 | \$850,000 | - | - |
| Operating Expenses | TBD | - | \$1,013,057 | \$400,000 | - | - |
| Net Operating Income | TBD | - | (\$32,809) | \$450,000 | - | - |

Source: Relevant Facilities, Esri, Johnson Consulting

MARKET

The case study profiles utilize 30-minute drive time radii statistics to represent the primary market being served by each of the amphitheaters. Market characteristics are a key decision-making factor in choosing case study venues, as they can play a large role in determining the venue's ability to attract commercial talent, charge certain ticket prices, and generate healthy ticket sales. Fond du Lac is the fourth largest of the six markets, with a population of 176,790 people living within a 30-minute drive of Lakeside Park – larger than the Mankato and Beaver Dam markets but smaller than the Cedar Rapids, Portland, and Moorhead markets. An amphitheater in Fond du Lac could have potential to draw attendees from beyond that 30-minute radius for higher caliber acts, representing a secondary market that extends into larger markets like Madison, Milwaukee, and Green Bay. Fond du Lac's market characteristics also fall near the middle of the pack in terms of median household income, median age, and the local economy's share of the arts and entertainment industry in terms of employment and sales. These numbers all justify Fond du Lac's ability to support a venue of a similar size with a similar volume of activity as the case study markets.

VENUE

With the exception of the venue in Portland, all of the case study venues are owned by public entities. These public entities are primarily municipalities, with the exception of the venue in Moorhead which is owned by a school district. Conversely, all of the venues are managed and promoted by a specialized private entity that contracts with the public entity that owns the venue. This model typically yields more successful demand and financial performance for these types of venues and can also reduce the risk to the public entity when booking commercial talent. This model does not exist in the regional marketplace. The case study venues all opened between 2009 and 2018, which is evidence of the growing popularity of amphitheaters as attractive entertainment venues, even in regions with colder climates. Venue capacities range from 3,000 to 7,500, which are estimated given that many of the venues incorporate lawn-style, general admission seating. Development costs are influenced by a number of factors, including style of seating, sophistication of technical infrastructure, and amount of supporting facilities. Flat lawn-style seating is obviously the most affordable to construct, followed by tiered lawns, followed by tiered concrete that allows for portable seating, while stadium-style fixed seats are the most expensive. Likewise, as the amount of support facilities increases, so too does the development cost. Supporting facilities are important factors in making the venues attractive for commercial talent and include dressing rooms, green rooms, hospitality areas for the artist and crews, storage, scene shops, concession stands, bathrooms, multi-purpose event space, kitchens, and other similar types of amenities. These facilities can be scrapped in order to reduce development costs and replaced with tents, busses, or trailers that can be brought in when needed, but this can reduce the facility's desirability for some artist and/or the venue's success in generating operating revenue. This also affects the footprint required to accommodate the venue, which ranges from approximately 81,000 to 176,000 square feet for the case study venues.

DEMAND

As previously mentioned in Section 4, arts and entertainment venues often serve a blend of civic and commercial demand. The same is true for the case study amphitheaters. Using data from Pollstar, Johnson Consulting has estimated the volume of commercial activity that occurs at the case study amphitheaters on an annual basis. The venues averaged between 7 and 14 commercial events over the course of the past few years. These commercial events drew an average of ticketed attendees that ranged between 1,714 and 4,206 per event. These two data points can be used to estimate that the venues draw between 13,712 and 58,884 ticketed attendees for commercial events in a given year. The proposed amphitheater in Fond du Lac could be reasonably expected to perform within these ranges in terms of commercial events – likely toward the lower end of these ranges, especially in its initial years of operation as it builds momentum. The summary table also lists 10 of the most recent commercial acts that have occurred at each venue. Because many events that fall under the category of civic demand are free, not ticketed, or not formally tracked otherwise, it is difficult to estimate the total volume of this demand that is being served by these venues. The volume of this activity is also heavily dependent on the presence of entities looking to host these events, including non-profits, corporations, and other community groups. Even though this activity may not generate ticket prices that are similar to commercial events, they can still produce rental revenue and ancillary streams like food and beverage revenue. Many of the case study venues host “anchor events” in their respective communities, similar to Walleye Weekend or Sturgeon Spectacular in Fond du Lac. These events can consist of a mix between both commercial and civic events. The Mankato venue hosts Mankato’s Ribfest and Fourth of July Fireworks, and the Portland venue hosts the On the Ocean Festival and Vinfest.

FINANCIALS

Financial information is the most difficult to access for these types of venues. There are varying levels of tracking and reporting for this information, and privately-owned or managed venues may view it as proprietary information and protect it as such. That being said, Johnson Consulting was able to obtain some financial information from Pollstar, local government budget documents, and reaching out to the case study venues directly. Amphitheater venues often charge direct rental costs for civic or commercial users. The schedule of rental costs varies depending on the type of user, ticket sales, ticket prices, and a variety of other factors. Two case study venues provided rental cost information: the Cedar Rapids venue charges the greater of \$8,500 or 10% of ticket sales capped at \$12,500, and the venue in Moorhead charges between \$7,000 and \$10,000 depending on the event. These rental rates are for commercial, ticketed events. Rental rates for civic and non-profit users, as well as for events that don’t charge admission, are often much lower. The publicly owned amphitheaters contract with private firms that specialize in the management and promotion of these venues. The venues in Mankato and Moorhead utilize an exclusive promoter system in which the contracted promoters have exclusive booking rights for commercial events at the venues. The promoters are entitled to all profit from these events except a rental fee that is paid to the owner of the venue and that is determined on an event-by-event basis. This shifts the risk from the owners to the promoter in the event that an event doesn’t meet ticket sale projections. Another model is

exemplified at the Cedar Rapids venue, which contracts with VenuWorks. The City of Cedar Rapids pays VenuWorks a management fee of \$72,000 per year plus 5% of earned revenue at the venue. Oftentimes, these fees are tied to economic indices to account for inflation, such as the Consumer Price Index. Pollstar provides data for gross ticket revenue for commercial events, showing that ticket revenue averaged between \$80,095 and \$183,886 per event at the case study venues, equating to between \$640,760 and \$2,506,143 in annual gross ticket revenue depending on the number of commercial events at each venue. Beyond revenue from commercial events, a bigger picture can be obtained by looking at the venues' annual operating budgets. The venues in Cedar Rapids and Moorhead provided annual operating revenue and expense figures, showing \$850,000 and \$980,248 in annual operating revenue and \$1,013,057 and \$400,000 in annual operating expenses, respectively. This equates to a net operating income (deficit) of (\$32,809) for the Cedar Rapids venue and a profit of \$450,000 for the Moorhead venue. This is consistent with Johnson Consulting's expertise in the amphitheater industry – these types of venues can expect to operate within the range of small operating surpluses, breaking even, or small operating deficits.

The following subsections show enlarged photos of the case study amphitheaters.

VETTER STONE AMPHITHEATER – MANKATO, MINNESOTA



MCGRATH AMPHITHEATER – CEDAR RAPIDS, IOWA



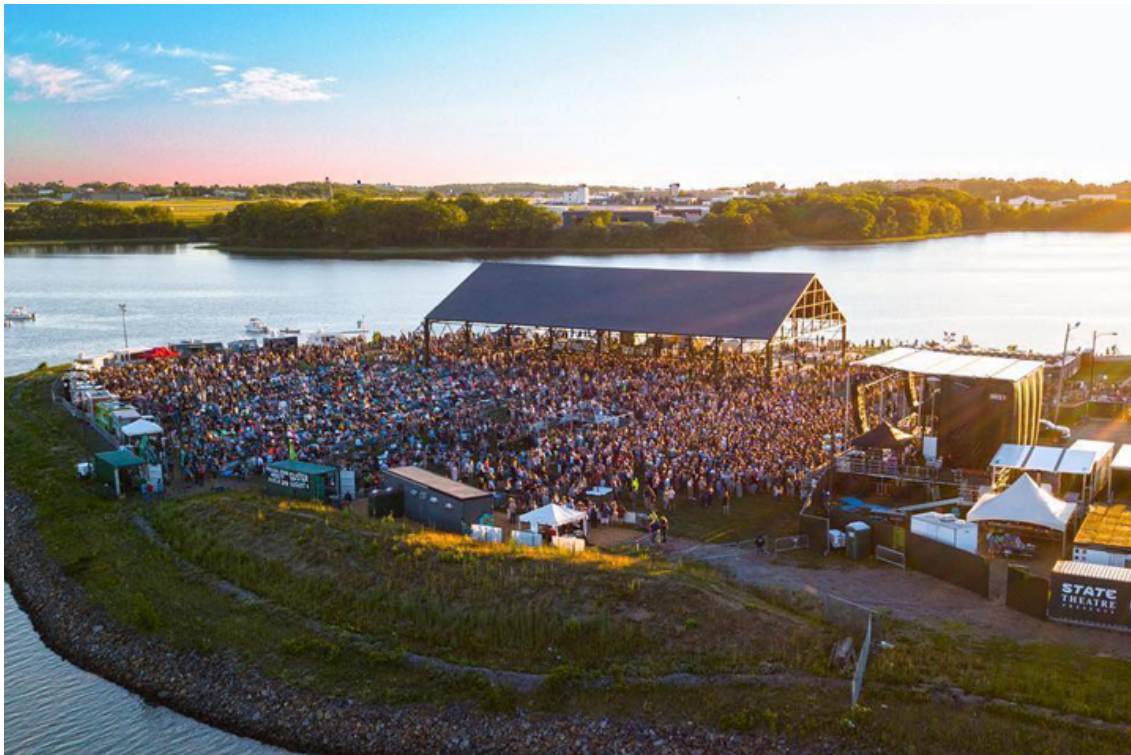
BLUESTEM AMPHITHEATER – MOORHEAD, MINNESOTA



BEAVER DAM AMPHITHEATER – BEAVER DAM, KENTUCKY



THOMPSON'S POINT – PORTLAND, MAINE

















FOOD & BEVERAGE

The following table summarizes the key attributes of the facilities identified as part of this analysis:

- Bartolotta's Lake Park Bistro – Milwaukee, WI
- Park Grill – Chicago, IL
- Boat House Bar & Grill – Lake Geneva, WI
- Norton's of Green Lake – Green Lake, WI
- Board Walk Café – Wantagh, NY
- The Boathouse – Madison, WI

Figure 6-2 summarizes the key insights from each of the case studies, which will be expanded upon in the following paragraphs.

Figure 6-2

| Case Studies | | | | | | | |
|----------------------------------|---|--|---|---|---|---|--|
| | Proposed Restaurant | Bartolotta's Lake Park Bistro | Park Grill | Boat House Bar & Grill | Norton's of Green Lake | Boardwalk Café | The Boathouse |
| |  |  |  |  |  |  |  |
| |  |  |  |  |  |  |  |
| City | Fond du Lac, WI | Milwaukee, WI | Chicago, IL | Lake Geneva, WI | Green Lake, WI | Wantagh, NY | Madison, WI |
| Location | Lakeside Park | Lake Park | Millennium Park | Big Foot Beach State Park | Big Green Lake | Jones Beach State Park | Lake Mendota |
| Cuisine | TBD | French | American | American | American | Variety | American |
| Year Opened | TBD | 1995 | 2003 | 2017 | 1948 | 2018 | 2015 |
| Hours of Operation | TBD | Mon - Fri: 11:30 AM - 2:00 PM Mon - Thurs: 5:30 PM - 8:00 PM Fri: 5:30 PM - 9:00 PM Sat: 5:00 PM - 9:00 PM Sun: 10:00 AM - 2:00 PM Sun: 5:00 PM - 8:00 PM | Mon - Thurs: 11:00 AM - 10:00 PM Fri & Sat: 11:00 AM - 10:30 PM Sun: 11:00 AM - 9:30 PM | Mon - Thurs: 4:00 PM - 9:00 PM Fri - Sun: 12:00 PM - 9:00 PM | Mon - Sun: 4:00 PM - 9:00 PM | Mon - Thurs: 11:00 AM - 7:00 PM Sat & Sun: 11:00 AM - 4:00 PM | Mon - Sun: 11:00 AM - 11:00 PM |
| Total Weekly Hours of Operation | TBD | 37.0 | 77.5 | 47.0 | 35.0 | 42.0 | 84.0 |
| Building Footprint (Square Feet) | TBD | 11,750 | Underground | 7,300 | 7,250 | 14,850 | Within Larger Building |
| Check Average | TBD | \$29 - \$50 | \$21 - \$49 | \$15 - \$28 | \$15 - \$25 | \$17 - \$20 | \$17 - \$35 |
| Total Seating Capacity | TBD | 180 | 300 | 166 | 182 | Concession-Style | 291 |
| Rentable Banquet Rooms | TBD | North Lake Room (seats 48) South Lake Room (seats 68) The Pavilion (seats 90) Restaurant Buyout (seats 180) | Founder's Room (seats 32) The Plaza (seats 700) Restaurant Buyout (seats 300) | Private Room (seats 56) Restaurant Buyout (seats 166) | Restaurant Buyout (seats 182) | - | First Level (seats 131) Second Level (seats 112) Restaurant Buyout (seats 291) |
| Amenities | TBD | Dining Room Bar Banquet Facilities Outdoor Seating | Dining Room Bar Banquet Facilities Outdoor Seating | Dining Room Bar Banquet Facilities Boat Access Outdoor Seating | Dining Room Bar Banquet Facilities Boat Access Outdoor Seating | Dining Room Outdoor Seating | Dining Room Bar Banquet Facilities Boat Access Outdoor Seating |

Source: Relevant Facilities, Esri, Johnson Consulting

The food and beverage case studies demonstrate the tendency for communities to capitalize on their natural features and man-made open spaces by allowing restaurants and other establishments to strategically locate near the shoreline of a body of water or within a public park. This not only provides an attractive setting for the establishment but can also activate the surrounding areas by increasing the level of activity and patronage in the area. The case study restaurants are all located in colder-weather climates that are similar to that of Fond du Lac. The oldest case study opened in 1948, while some of the newer establishments opened within the past few years. All of the case study establishments offer both lunch and dinner services on certain days, with the exception of the Green Lake establishment which operates only for dinner service. The Milwaukee venue operates during peak lunch and dinner times but closes during the afternoon lull that occurs between peak times. The total hours of operation for the set of restaurants ranges from 35 to 84 hours per week, and the buildings' physical footprint ranges from approximately 7,250 to 14,850 square feet. Check averages range from \$15 per person at the more affordable establishments to \$50 per person at the establishments that are more targeted to fine dining experiences. Total seating capacity ranges from 166 to 300, including both indoor and outdoor seating. The Wantagh establishment offers a concession-style business model where boardwalk patrons can come in, select and purchase from a cafeteria counter, and can then either enjoy limited indoor or outdoor seating areas or continue along the boardwalk with their refreshments. This model offers an alternative to the traditional seated and served restaurant model but would then compete more directly with the concession stand that already exists within the Lakeside Park Pavilion. This venue is also the only venue that does not offer rental banquet rooms – the other case study establishments offer rooms for private parties ranging in size from 32 people all the way up to restaurant buyouts, in which the private event utilizes the entire capacity of the restaurant. Banquet functions could be a key component of the business model and a robust revenue-generator for a new restaurant in Lakeside Park, offering a more sophisticated alternative to the existing Pavilion for functions that desire table service, alcohol sales, or food selections that require higher quality kitchen facilities. Overall, these case studies offer insight into the art and science of running a restaurant within a park or along a water's edge, and show how boat access, proximity to open green space and the recreational activities therein, and waterfront views can accompany a well-positioned restaurant concept to create an attractive and successful dining experience.

The following subsections show enlarged photos of the case study restaurants.

BARTOLOTTA'S LAKE PARK BISTRO – MILWAUKEE, WISCONSIN



PARK GRILL – CHICAGO, ILLINOIS



BOAT HOUSE BAR & GRILL – LAKE GENEVA, WISCONSIN



NORTON'S OF GREEN LAKE – GREEN LAKE, WISCONSIN



BOARD WALK CAFÉ – WANTAGH, NEW YORK



THE BOATHOUSE – MADISON, WISCONSIN



IMPLICATIONS

The case study amphitheaters and restaurants provide examples of where these types of facilities have been developed in park-like or waterfront locales within similar markets and provide a window within which Fond du Lac's proposed projects could expect to operate. These projects have the potential to foster a sense of vibrancy and contribute to a "critical mass" that is necessary to funnel patrons into the park at all times of the day, days of the week, and seasons of the year. When developed in a strategic location within a limited footprint that employs appropriate building materials, these facilities can complement the natural beauty of the surrounding environment rather than compromise it.

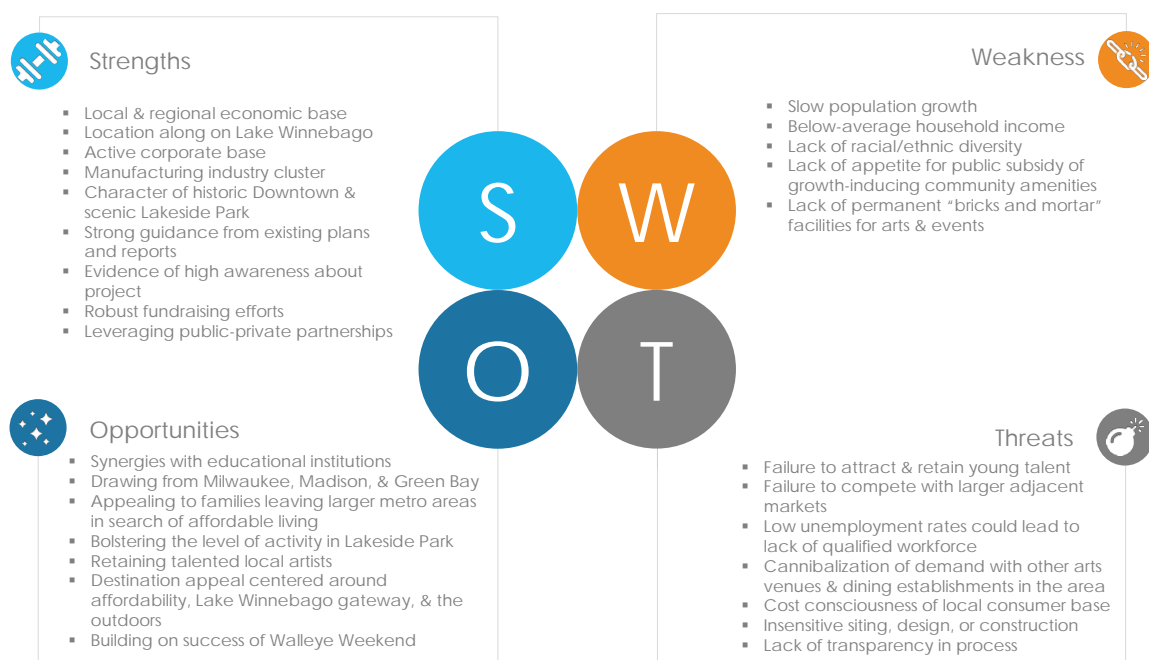
SECTION 7
STRATEGIC RECOMMENDATIONS

STRATEGIC RECOMMENDATIONS

In this section, the Consulting Team details the rationale that supports the feasibility of the projects, makes refinements to each project's concept to ensure alignment with both the market and best practices, analyzes considerations regarding the potential sites on which the projects could be located, and outlines a path forward for each element of the project. These recommendations are based on the observations, analysis, and conclusions in the preceding sections of this report, which will be summarized in order to provide a coherent rationale for the recommendations. These recommendations will also be used as the basis for the operational and financial projections, as well as the economic and fiscal impacts, that will be calculated later on in this report.

The rationale that supports the feasibility of the proposed projects in Lakeside Park can be summarized by Figure 7-1, which pulls from the most salient observations and conclusions in the preceding sections of this report. The graphic sorts these points into a "SWOT" analysis, which outlines the market's strengths, weaknesses, opportunities, and threats in the context of the proposed development of an amphitheater and restaurant in Fond du Lac. As shown, there are a number of existing strengths that support the project's market viability, as well as several opportunities which could come to fruition if the project is executed properly. There are also a few threats to market viability if the project is not properly executed, as well as some existing weaknesses in the market. Some of these considerations, like hotel supply and demand, facility supply and demand, and community interest, are heavily intertwined with the development of the project, while others rely more on other independent, overarching economic factors. Overall, the project's feasibility from a market-driven perspective is favorable in the opinion of the Consulting Team.

Figure 7-1



AMPHITHEATER

The Consulting Team concludes that an amphitheater venue is feasible in Lakeside Park. Like with any arts and entertainment venue, success is contingent upon thoughtful design and construction, market supportable programming and ticket prices, high caliber management, operational, and promotional practices, and a number of other factors.

The Consulting Team recommends that the amphitheater include a raised, covered stage equipped with a grid system for lighting, sound, and other technological capabilities. The audience seating area should have a concrete or other hard-surfaced pad in the area closest to the stage, allowing for approximately 1,000 temporary folding chairs to be brought in if desired, with a sloped or tiered grass lawn for general admission seating farther from the stage. In total, the amphitheater should be able to accommodate approximately 4,000 attendees at maximum capacity. Depending on the size and configuration of the amphitheater, the ice/synthetic ice rink could be incorporated into the design of the concrete pad near the stage. The venue should have adequate support spaces including concession stands, restrooms, dressing/green rooms, a hospitality area for artists and crews, and storage.

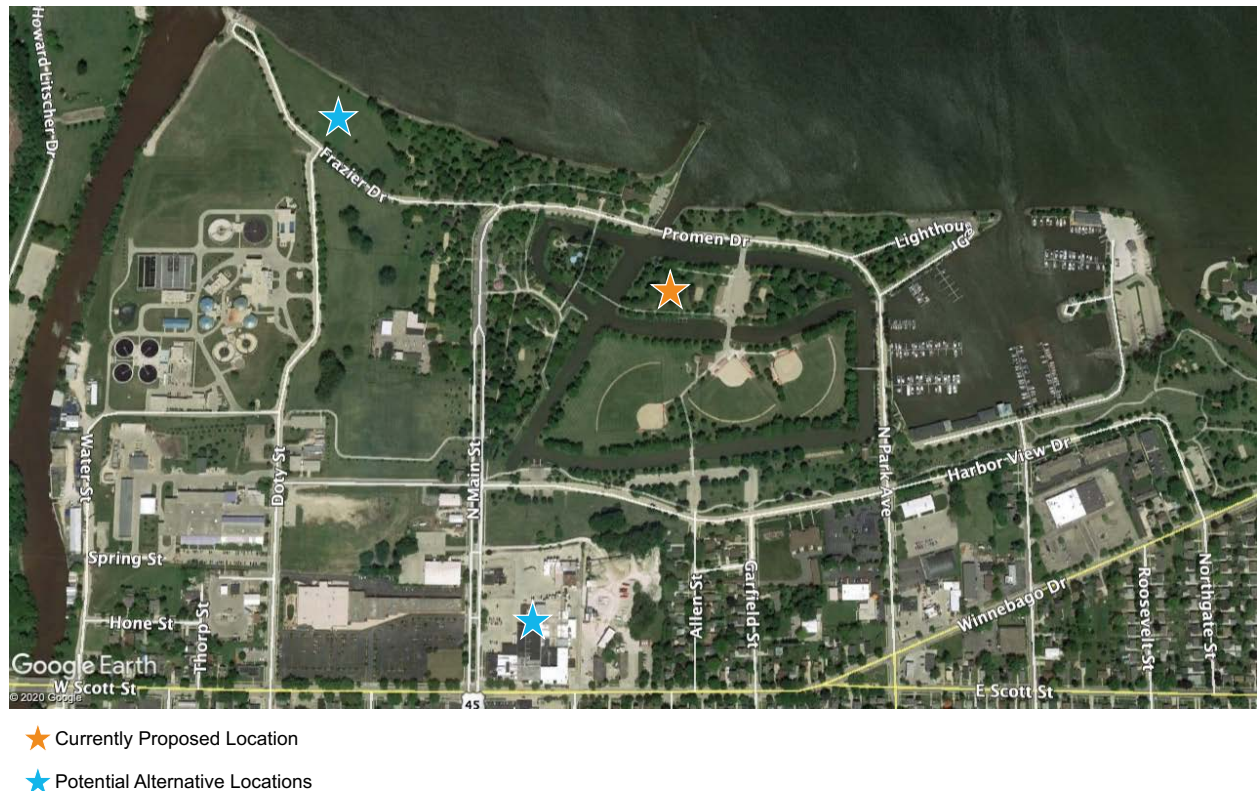
The City of Fond du Lac should retain ownership of the land on which the venue will sit as well as of the venue itself. This allows the City to retain control of the design and construction of the structure and potentially the selection of a contracted manager/operator for the venue, as well as leverage over the ongoing operations of the venue once a manager/operator has been selected and the venue becomes operational.

The venue should be designed and constructed in a way that minimizes consumption of existing green spaces, preserves viewsheds of Lake Winnebago, and mitigates sound and light pollution for adjacent parklands and neighborhoods. It should be located on a site that maximizes economic development potential and has adequate parking facilities within walking distance. As shown in Figure 7-2, the amphitheater is currently proposed to be located on Oven Island (represented by the orange star). Potential alternative locations include the location of Walleye Weekend's main stage along Frazier Drive in the northwest quadrant of the park, as well as the site of the former Saputo Cheese factory at the corner of East Scott Street and North Main Street.

The Oven Island site is restricted from a size perspective, has accessibility challenges for parking and loading in and out, and would require the demolition of existing shelters and green space. The site of the Walleye Weekend main stage would offer concert-goers appealing views of Lake Winnebago but has limited accessibility from existing parking areas. The Saputo site represents a location outside the park itself with close proximity to large existing parking lots and high economic development potential in terms of anchoring the redevelopment the site and helping to form a link Lakeside Park to Downtown Fond du Lac. The Saputo site would likely require demolition of most of the existing structure, but pieces could be preserved and incorporated into the redevelopment plan as historic nods to the site's industrial past. An example of this is the SteelStacks campus, which includes an amphitheater, in Bethlehem, Pennsylvania.

The Saputo Site also offers the opportunity to strengthen the linkage between Lakeside Park and Downtown Fond du Lac along Main Street.

Figure 7-2



Upon approval of the plans for proposed projects in Lakeside Park, the Consulting Team would recommend that the City of Fond du Lac issue an RFP for potential entities to operate, manage, and promote the amphitheater, which could include:

- Local Entities, including corporate and civic leaders
- Regional Promoters & Venue Managers
- National Promoters & Venue Managers

Immediately following is a list of entities who could potentially submit bids to fulfill the amphitheater management and/or promotion role in Fond du Lac:

- | | |
|----------------------------|-------------------------|
| ▪ Spectra Venue Management | ▪ Fond du Lac Festivals |
| ▪ ASM Global | ▪ Bananas Entertainment |
| ▪ VenuWorks | ▪ LiveNation |

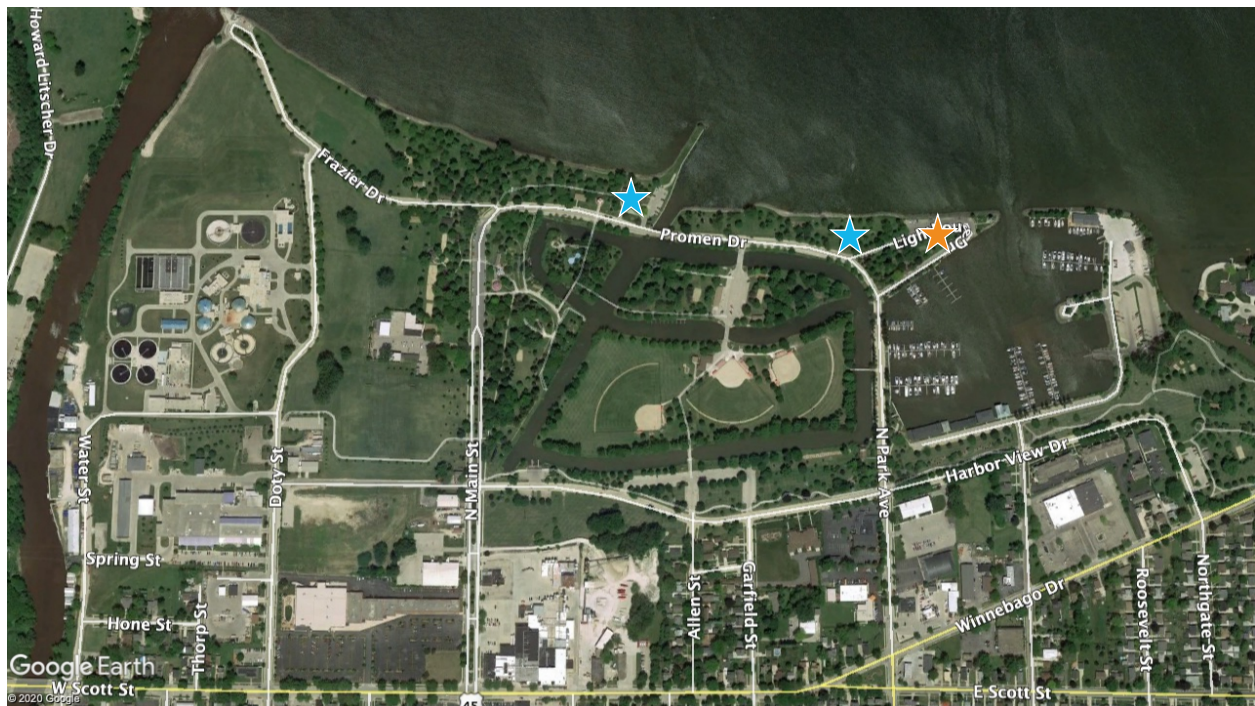
RESTAURANT & MULTI-PURPOSE BUILDING

The Consulting Team concludes that a food and beverage establishment is feasible in Lakeside Park. Like with any restaurant or multi-purpose event space, success is contingent upon thoughtful design and construction, market supportable menus and pricing, high caliber management, operational, and promotional practices, among other factors.

The restaurant should include an indoor dining room for year-round diners, an outdoor deck and/or patio for seasonal enjoyment of the park and lakeside environment, and at least one rentable banquet area for group functions which may also serve additional indoor dining capacity when not reserved. The outdoor patio and rentable banquet area are amenities that make the establishment more appealing for general restaurant service, as well as assets that provide additional revenue streams in the form of catering for special events. The combination of a restaurant with a special event venue maximizes market potential by tapping into two unique segments of the larger food and beverage and event venue markets, which is more compelling for prospecting restaurant operators. The restaurant could also be promoted as a preferred caterer for events occurring in the Lakeside Park Pavilion.

The Consulting Team recommends that the City of Fond du Lac retain ownership of the land on which the establishment will sit as well as of the shell and permanent features of the structure within which the restaurant will operate. This allows the City to retain control of the design and construction of the structure and the selection of a food service operator for the establishment, as well as some leverage over the ongoing operations of the establishment once an operator has been selected and the establishment opens its doors.

The structure should be designed and constructed in a way that minimizes consumption of existing green spaces and preserves viewsheds of the Lighthouse and Lake Winnebago to the maximum extent possible. It should also be located on a site that maximizes visibility and access for customers originating from both land and water. This could be accomplished by moving the currently planned structure farther to the West to be closer to the existing Pavilion, but still within walking distance of the marina for transient boater access, or by considering other sites for the restaurant altogether. Figure 7-3 illustrates the location of the restaurant as currently proposed in relation to potential alternative sites. One alternative is still on the Lighthouse Peninsula and accessible from the marina but farther and less obstructive of the Lighthouse and Lake Winnebago viewsheds. Another alternative would be incorporating the restaurant into the renovated and expanded Pavilion, which would offer some facility-related efficiencies (restrooms, kitchens, storage, event space, parking, etc.) but would be less accessible from the marina.

Figure 7-3

- ★ Currently Proposed Location
- ★ Potential Alternative Locations

A two-story structure could accommodate more square footage within a smaller physical footprint and therefore minimize consumption of existing green space but could incur additional costs for accessibility and may impede viewsheds more than a single-story building from certain angles. Transparent and translucent building materials can also play a role in minimizing a building's impact on its natural surroundings for viewers outside of the building, as well as capitalize on lake views for those inside the building.

The capital investment analysis of the Lakeside Park Multi-Purpose Building was not within the Consulting Team's scope. The Consulting Team recommends that the owner of the Lakeside Park Multi-Purpose Building (presumably the City of Fond du Lac) will provide the capital investment need to develop the base building including exterior, roofs, ceiling, floors, utilities that are sufficient for restaurant usage, dividing walls, restrooms, parking facilities, base lighting, kitchen equipment including its final connection, and provision of all furniture, fixtures, and equipment including tables, chairs, floor and window treatments, decorative lighting, art work, and decor adequate to support the planned level of service and pricing. The food service operator will provide the capital investment for the POS system, pre-opening expenses, china, glass, silverware, service and kitchen ware, provision of permanent supplies and initial inventories and all marketing programs.

Upon approval of the Lakeside Park and multi-purpose site with detailed building plans, the Consulting Team would recommend issuing an RFP for potential food service operators, which could include:

- Fond du Lac Restaurateurs
- Regional Restaurateurs
- National Food Service Companies

Immediately following is a list of the potential bidders for the food service operation at the Lakeside Park Multi-Purpose Building:

- Aramark
- Bartolotta Restaurant Group
- Centerplate
- Local Fond du Lac Restaurateurs
- Kelber Catering
- Simple Food Group
- Service Systems Associates

From an operator's perspective, there are four major elements to occupancy costs for any tenancy or concession rights.

- **Rent** – Rent is a critical component and most operators prefer fixed rent because it is a given. In a long-term contract, periodic increases are common. Operators prefer fixed rents in cases where the site dynamics favor sales increases or where inflationary increases may be reliably anticipated.
- **Initial investment** – for a leasehold or concession contract, any initial investment is really a pre-payment of rents, since the lessee does not accrue any equity. Its amortization and the amortization of service ware, non-affixed decor, POS systems, marketing expenses are occupancy costs.
- **Maintenance** – typically maintenance accruals of the concession operation is collected as a percentage of sales to be re-invested in the operation of the concession facilities and or operation.
- **Utility costs** – unless utility costs are capped, this is another source of uncertainty.

In the final analysis, any given foodservice operation can support only a certain level of occupancy cost. Most commercial restaurant leases are targeted to be between 6-8% of revenue. Destination restaurants, particularly those with a substantial catering opportunity, can support a higher occupancy cost, sometimes up to 10%.

Whether the occupancy cost is fixed rent, percentage rent, investment, maintenance, or utilities is somewhat tangential to the operators' analysis. The critical element is that in the longest run, these costs are predictable for the duration of the lease or operating agreement.

In any bid process potential operators will assess the opportunity based on top line sales which are driven by the types of spaces, volume, and projected check averages. Each bidder will then independently determine food and beverage cost, labor cost, and other operating expenses. Finally, they will factor in the anticipated term to arrive at rent expense and investment warranted by the opportunity. Figure 7-4 is a top line sales template typically used during an RFP process, where applicants will include estimates for both general restaurant service and catering and banquet sales for special events.

Figure 7-4

| Restaurant Request for Proposals Template for Top Line Sales | | | | | |
|--|-------------|------------|---------------------|------------------|-------------|
| General Restaurant Service | Days | Capacity | Covers | Check Average | Total Sales |
| Lunch - Main Room | 360 | TBD | TBD | TBD | TBD |
| Dinner - Main Room | 360 | TBD | TBD | TBD | TBD |
| Lunch - Outdoor | 120 | TBD | TBD | TBD | TBD |
| Dinner - Outdoor | 120 | TBD | TBD | TBD | TBD |
| Banquet - Catering | TBD | TBD | TBD | TBD | TBD |
| Total | TBD | TBD | TBD | TBD | TBD |
| Catering & Banquet Sales | # of Events | Capacity | Average # of Guests | Sales Per Person | Total Sales |
| Main Room - Wedding | TBD | TBD | TBD | TBD | TBD |
| Main Room - Corporate | TBD | TBD | TBD | TBD | TBD |
| Pre-Function Room - Dinner | TBD | TBD | TBD | TBD | TBD |
| Pre-Function Room - Lunch | TBD | TBD | TBD | TBD | TBD |
| Outdoor Reception | TBD | TBD | TBD | TBD | TBD |
| Assumptions: | TBD | TBD | TBD | TBD | TBD |
| Total | TBD | TBD | TBD | TBD | TBD |

Open for lunch and dinner 360 days per year, with seasonal modifications

Assume 10% inclement weather days - no programmed sales

Source: Consulting Team

PARKING

Another important component of the proposed projects in Lakeside Park is parking. Parking for the restaurant will be relatively straightforward – the parking should be located at the site of the restaurant regardless of where the restaurant is located and should have sufficient capacity to accommodate parking at the restaurant's maximum capacity assuming approximately 2 people per car. If the restaurant is located on the Lighthouse Peninsula, parking should be sufficient to also accommodate leisurely observers of the Lake, who currently park in the existing Lighthouse Lot.

Parking for the amphitheater is more complex. Although most events will not draw maximum-capacity crowds, there is potential for certain special events (especially those occurring during Walleye Weekend, which draws 55,000 – 70,000 attendees annually) to reach the venue's proposed capacity of 4,000. A typical assumption is that attendees will travel to the venue with an average of approximately 2 people per car, equating to about 2,000 parking spots being required for a sold-out event. Given that the vast majority of arts and entertainment programming will occur during the spring, summer, and fall seasons when the weather is comfortable, many attendees will be prepared to walk a short distance from where they park to the venue itself and some attendees that live nearby may walk the entire distance rather than drive. Generally, acceptable "walking distance" is 0.25 miles or less for most patrons, which could be extended up to 0.5 miles for some patrons. However, because the amphitheater is largely general admission lawn seating, many attendees will want to bring chairs to sit in – shortening the distance they will want to walk while carrying the chair. Current plans envision adding a parking lot on Oven Island across from the proposed amphitheater location, but this would only accommodate a net of 64 parking spaces more than what currently exists on Oven Island.

Figure 7-5 and Figure 7-6 demonstrate that there is not currently adequate parking capacity in the Lakeside Park area that is within an acceptable walking distance from any of the proposed amphitheater sites. Figure 7-5 maps the proposed sites along with 0.25-mile radii around the venues, although this method is not perfect considering the degree to which the canals obstruct pedestrian connectivity in the park. Based on this map, Figure 7-6 estimates the number of parking spaces within an acceptable walking distance from each of the sites, showing that the Saputo site has the best proximity to existing parking with about 1,051 spaces within walking distance. The large parking lot directly across the street from the Saputo site is extremely underutilized, and a good portion of its 682 total spaces could be used as amphitheater parking.

Figure 7-5



- ★ Currently Proposed Location
- ★ Potential Alternative Locations
- 0.25 Mile Radius

Figure 7-6

| Existing Parking Near Potential Amphitheater Sites | | |
|--|---------------------------|--------------------------|
| | Street Curb Length (feet) | Number of Parking Spaces |
| Accessible from Oven Island Site | | |
| A Pavilion Lot | N/A | 30 |
| B Oven Island Lot (Including Proposed Additional Lot) | N/A | 124 |
| C Softball Lot | N/A | 156 |
| E Lighthouse Lot | N/A | 37 |
| F Harborview Dr Lot | N/A | 20 |
| K Lighthouse Dr | 744 | 33 |
| H N Main St (North of Harborview Dr) | 2,724 | 123 |
| I Promen Dr | 3,490 | 157 |
| J N Park Ave (North of Harborview Dr) | 1,742 | 78 |
| M Harborview Dr (Between N Main & N Park) | 2,940 | 132 |
| Total | | 891 |
| Accessible from Northwest Site | | |
| H N Main St (North of Harborview Dr) | 1,362 | 61 |
| I Promen Dr | 1,152 | 52 |
| O Frazier (Between N Main & Doty) | 1,828 | 82 |
| P Frazier (West of Doty) | 1,034 | 55 |
| Q Doty | 2,010 | 90 |
| Total | | 340 |
| Accessible from Saputo Site | | |
| C Softball Lot | N/A | 156 |
| F Harborview Dr Lot | N/A | 20 |
| G Children's Museum / Strip Mall Lot | N/A | 682 |
| L Harborview Dr (Between Doty & N Main) | 1,340 | 60 |
| M Harborview Dr (Between N Main & N Park) | 2,940 | 132 |
| Total | | 1,051 |
| Assumptions: | | |
| Where allowed, parallel street parking can accommodate 1 car for every 20 feet of curb length | | |
| 10% reduction to above assumption for parallel street parking to account for driveways, fire hydrants, parking error, etc. | | |
| Source: Consulting Team | | |

It is noted that this parking analysis does not include other smaller lots in the vicinity that are privately-owned, which represent additional potential shared parking opportunities. The City of Fond du Lac should consider adding some dedicated amphitheater parking regardless of which site is chosen.

Overall, existing street parking is advantageous in Lakeside Park because it is the most efficient way to accommodate parking capacity without constructing large lots which consume valuable green space in the park. Parking lots are advantageous because they allow the venue to charge for parking, which can be a considerable additional revenue stream. Typical parking charges for this type of venue could be approximately \$5 per car. Charging parking fees also incentivizes attendees to carpool, walk, or bike to the venue, which can reduce the needed parking capacity overall.

SECTION 8
PROJECTIONS & IMPACTS

PROJECTIONS & IMPACTS

This section provides demand and financial projections as well as an economic and fiscal impact analysis for the proposed amphitheater in Fond du Lac. These tasks are not included for the restaurant / multi-purpose building, as these analyses are virtually impossible to conduct accurately until more information has been developed for that project. As shown in Figure 4-10, comparable establishments in the market have between 22 and 50 employees and between \$1.1 million and \$2.6 million in estimated annual sales. These details will be addressed in detail during the RFP process recommended in Section 7 of this report.

PROJECTIONS

The following subsections outline the demand and financial projections for the proposed amphitheater venue in Fond du Lac, as well as the underlying assumptions that were used in the model. It should be noted that this analysis is not intended to represent exact demand or financial outcomes for the proposed venue, but reasonable estimates of how this type of venue could be expected to operate within the Fond du Lac market.

EVENT DEMAND

Figure 8-1 shows an estimate of demand, expressed in terms of the number of events by event type, for the proposed amphitheater in Fond du Lac. The amphitheater is expected to host commercial events including concerts and festivals, as well as both ticketed and non-ticketed community events. As shown, in Year 1, the proposed amphitheater is projected to accommodate 6 concerts and 3 festivals, totaling 9 commercial events; as well as 5 ticketed and 7 non-ticketed community events, totaling 12 community events. Upon stabilization in Year 5, these numbers are expected to increase to 12 commercial events and 16 community events, equating to 28 events in total, which will likely increase slightly thereafter.

Figure 8-1

| Fond du Lac Amphitheater Projected Demand (# Events) | | | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| Commercial Events | | | | | | | | | | |
| Concerts | 6 | 7 | 7 | 8 | 8 | 9 | 9 | 9 | 9 | 9 |
| Festivals | 3 | 3 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Subtotal | 9 | 10 | 11 | 12 | 12 | 13 | 13 | 13 | 14 | 14 |
| Community Events | | | | | | | | | | |
| Ticketed Events | 5 | 5 | 6 | 6 | 7 | 7 | 8 | 8 | 8 | 8 |
| Non-Ticketed Events | 7 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Subtotal | 12 | 13 | 14 | 15 | 16 | 16 | 17 | 17 | 17 | 17 |
| TOTAL | 21 | 23 | 25 | 27 | 28 | 29 | 30 | 30 | 30 | 31 |

Ticketed Events include events for local arts and cultural organizations, educational institutions, etc.

Non-Ticketed Events include corporate events, social events, etc.

Source: Johnson Consulting

AVERAGE ATTENDANCE PER EVENT

Figure 8-2 shows the projected average number of attendees per event for the proposed amphitheater in Fond du Lac. As shown, in Year 1, amphitheater events are projected to draw an average attendance of 2,000 for commercial concerts, 2,200 for festivals, 1,200 for ticketed community events, and 400 for non-ticketed community events. As Fond du Lac's amphitheater develops a reputation as an attractive venue for these types of events, it will become more successful at attracting larger events and larger attendance numbers, which is reflected by the slight increases in the average number of visitors per event each year. This trend will also be bolstered by gradual population growth in the region.

Figure 8-2

| Fond du Lac Amphitheater Projected Average Attendance | | | | | | | | | | | |
|--|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | Year 1 % of Capacity | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| Commercial Events | | | | | | | | | | | |
| Concerts | 50% | 2,000 | 2,020 | 2,040 | 2,050 | 2,061 | 2,066 | 2,071 | 2,076 | 2,081 | 2,087 |
| Festivals | 55% | 2,200 | 2,222 | 2,244 | 2,255 | 2,267 | 2,272 | 2,278 | 2,284 | 2,289 | 2,295 |
| Community Events | | | | | | | | | | | |
| Ticketed Events | 30% | 1,200 | 1,212 | 1,224 | 1,230 | 1,236 | 1,239 | 1,243 | 1,246 | 1,249 | 1,252 |
| Non-Ticketed Events | 10% | 400 | 404 | 408 | 410 | 412 | 413 | 414 | 415 | 416 | 417 |
| Annual Growth | | | 1.00% | 1.00% | 0.50% | 0.50% | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% |

Source: Johnson Consulting

TOTAL ATTENDANCE

As a product of the projected event demand and average number of attendees per event, Figure 8-3 shows the total attendance projected for the venue. As shown, the projected attendance in Year 1 of operation is 30,700, which can be expected to grow to 42,449 by Year 5 and 48,929 by Year 10.

Figure 8-3

| Fond du Lac Amphitheater Projected Total Attendance | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| Commercial Events | | | | | | | | | | |
| Concerts | 12,000 | 14,140 | 14,281 | 16,403 | 16,485 | 17,559 | 18,121 | 18,374 | 18,628 | 18,883 |
| Festivals | 9,900 | 9,999 | 13,465 | 13,533 | 13,600 | 14,486 | 15,377 | 15,758 | 16,141 | 16,525 |
| Subtotal | 21,900 | 24,139 | 27,747 | 29,936 | 30,086 | 32,046 | 33,498 | 34,132 | 34,769 | 35,409 |
| Community Events | | | | | | | | | | |
| Ticketed Events | 6,000 | 6,060 | 7,345 | 7,381 | 8,655 | 8,986 | 9,319 | 9,467 | 9,616 | 9,765 |
| Non-Ticketed Events | 2,800 | 3,232 | 3,264 | 3,691 | 3,709 | 3,718 | 3,728 | 3,737 | 3,746 | 3,756 |
| Subtotal | 8,800 | 9,292 | 10,609 | 11,072 | 12,364 | 12,705 | 13,047 | 13,204 | 13,362 | 13,521 |
| TOTAL | 30,700 | 33,431 | 38,356 | 41,008 | 42,449 | 44,750 | 46,545 | 47,336 | 48,131 | 48,929 |
| Source: Johnson Consulting | | | | | | | | | | |

Source: Johnson Consulting

OPERATING REVENUE & EXPENSES

In order to illustrate the potential of the proposed amphitheater in Fond du Lac, Johnson Consulting prepared projections of financial performance. The demand projections outlined above were used in conjunction with various financial assumptions to produce estimated financial operating projections for the facility. The assumptions will be explained in detail later in this section. Figure 8-4 shows the projected financial pro forma of the proposed venue. As shown, in Year 1, the proposed venue is projected to generate approximately \$522,000 in operating revenues and \$627,000 in expenses, resulting in a net operating deficit of approximately \$105,000 after reserve for replacement. In Year 5, the proposed amphitheater is estimated to generate \$749,000 in operating revenues and \$789,000 in expenses, hence decreasing the net operating deficit to \$41,000 after reserve for replacement. The net operating deficit is projected to slowly decrease in the years that follow as operational efficiencies are achieved, Fond du Lac's reputation as a destination for arts and entertainment programming is solidified, and the community and greater region continue to grow. These financial projections represent a conservative "base" case, and could be improved with an experienced amphitheater operator.

Figure 8-4

| Fond du Lac Amphitheater Projected Operating Revenues and Expenses (\$000) | | | | | | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| Revenues | | | | | | | | | | |
| 1 Ticket Revenue & Venue Rental | \$123 | \$138 | \$160 | \$176 | \$182 | \$198 | \$210 | \$219 | \$228 | \$237 |
| 2 Ticket Fees | 56 | 62 | 74 | 80 | 86 | 93 | 99 | 104 | 108 | 113 |
| 3 Net Food & Beverage and Merchandise | 122 | 137 | 161 | 177 | 186 | 202 | 216 | 225 | 235 | 245 |
| 4 Reimbursed Event Labor | 135 | 152 | 176 | 194 | 201 | 217 | 231 | 241 | 251 | 261 |
| 5 Donations / Memberships / Grants | 15 | 15 | 16 | 16 | 17 | 17 | 17 | 18 | 18 | 19 |
| 6 Advertising / Sponsorships | 25 | 26 | 26 | 27 | 28 | 28 | 29 | 30 | 30 | 31 |
| 7 Naming Rights | 45 | 46 | 47 | 48 | 50 | 51 | 52 | 53 | 55 | 56 |
| 8 Total | \$522 | \$577 | \$660 | \$720 | \$749 | \$806 | \$855 | \$890 | \$925 | \$962 |
| Expenses | | | | | | | | | | |
| 9 Salaries and Wages | \$195 | \$202 | \$209 | \$216 | \$224 | \$232 | \$240 | \$248 | \$257 | \$266 |
| 10 Benefits | 65 | 67 | 70 | 72 | 75 | 77 | 80 | 83 | 86 | 89 |
| 11 Administrative, General, & Marketing | 60 | 62 | 63 | 65 | 66 | 68 | 70 | 71 | 73 | 75 |
| 12 Event Labor & Expenses | 169 | 190 | 220 | 242 | 251 | 272 | 289 | 301 | 313 | 326 |
| 13 Maintenance, Repairs, & Landscaping | 8 | 9 | 10 | 12 | 12 | 13 | 14 | 14 | 15 | 15 |
| 14 Management Fee | 65 | 67 | 68 | 70 | 72 | 74 | 75 | 77 | 79 | 81 |
| 15 Operation / Occupancy / Utilities | 33 | 37 | 42 | 46 | 49 | 52 | 55 | 57 | 59 | 61 |
| 16 Other | 18 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 17 Reserve for Replacement | 16 | 17 | 20 | 22 | 22 | 24 | 26 | 27 | 28 | 29 |
| 18 Total | \$630 | \$670 | \$723 | \$767 | \$794 | \$836 | \$874 | \$905 | \$937 | \$970 |
| 19 Net Operating Income (Deficit) | (\$108) | (\$94) | (\$63) | (\$47) | (\$45) | (\$30) | (\$18) | (\$15) | (\$12) | (\$9) |

Notes

Line 5 - Donations/ Memberships may be higher based upon marketing efforts of the facility management and community support for the facility.

Line 15 - Includes insurance, license, equipment leases, energy costs, etc.

Source: Johnson Consulting

It should be noted that the net operating income figures include reserve for replacement, a financially responsible practice that prioritizes long-term savings. Before reserve for replacement, the venue is projected to surpass the "break-even" point by Year 7, when the projected reserve of \$26,000 exceeds the projected net operating deficit of \$18,000. It should also be noted that this analysis does not include any

parking revenue that could possibly be captured by the venue, which could represent a significant additional revenue stream. A typical parking fee would be in the range of \$5 per car. These fees can disincentivize driving and incentivize carpooling, biking, and walking, but can also reduce what attendees are willing to pay in terms of ticket prices.

The following subsections detail the revenue and expense assumptions used in the financial pro forma for the proposed amphitheater.

REVENUE ASSUMPTIONS

Johnson Consulting has generated estimated revenues for the proposed facility, based upon comparable facilities and industry expertise. These assumptions are summarized in Figure 8-5 and expanded upon below.

Figure 8-5

| Fond du Lac Amphitheater Revenue Assumptions | | |
|---|-------------|----------------------------------|
| | Assumptions | |
| 1 Ticket Revenue & Venue Rental | | |
| Commercial Events | \$7,500 | / event + 5% of Ticket Revenue |
| Community Events | | |
| Ticketed Events | \$1,000 | / event + 2.5% of Ticket Revenue |
| Non-Ticketed Events | \$1,500 | / event |
| 2 Ticket Fees | \$2.00 | / ticketed attendees |
| 3 Food & Beverage and Merchandise | | |
| Commercial Events | \$10.00 | / attendee |
| Community Events | \$6.00 | / attendee |
| Net-to-Gross Ratio | 45.0% | of gross |
| 4 Reimbursed Event Labor | 110.0% | of rents |
| 5 Donations / Memberships / Grants | \$15,000 | / year |
| 6 Advertising / Sponsorships | \$25,000 | / year |
| 7 Naming Rights | \$45,000 | / year |

Source: Johnson Consulting

- **Ticket Revenue & Venue Rental** – includes revenue from ticket sales and charges for the leasing of the venue for events, based on rental rates and receipts at both similar regional facilities as well as the case studies presented in section 6 of this report. Average ticket prices are assumed at \$25 for commercial events and \$10 for ticketed community events. Rates are inflated at three percent annually.
- **Ticket Fees** – reflect those associated with the sale of tickets for ticketed events and with running the box office for ticketed events at the proposed amphitheater. The venue is expected to receive

a \$2.00 per ticket fee for all ticketed events at the facility, a typical charge at arts and entertainment venues nationally.

- **Net Food & Beverage and Merchandise Sales** – consist of the net revenues from the sale of various food, beverage, and merchandise items at the amphitheater. Gross revenue assumptions are based on estimated event and attendance levels and estimated per capita spending for various event types. Gross revenue for food and beverage sales are assumed for events within the amphitheater at per attendee rate shown in Figure 8-5. Food and beverage expenses are estimated at 55% of gross food and beverage revenue. The resulting net-to-gross ratio (45%) is the amount of revenue that is netted after factoring in the cost of goods.
- **Reimbursed Event Labor** – consist of charges to show management for event production-related services, such as providing electrical hook-ups and other utilities, leasing of equipment, providing security and cleaning services, advertising and similar others. Estimated Reimbursed Event Labor revenue is based on comparable facility financial operations. This revenue line item represents event service charges that is charged to customers and assumed to be comparable to 110% of rental revenue.
- **Donations / Memberships / Grants** – Donations consist of contributions made by supporters of the proposed amphitheater, while Membership revenue is obtained through the sale of membership-based passes for performances and events held at the venue. Grants can be pursued from a number of sources that assist venues that host arts and cultural programming. Donations, memberships, and grants are conservatively estimated to be \$15,000 per year in Year 1. This amount can be influenced significantly by the marketing efforts of the facility management and also by community reception/support for the amphitheater.
- **Advertising / Sponsorships** – consists of revenue obtained through the sale of advertising space throughout the facility. Advertising and sponsorships are conservatively estimated to be \$25,000 per year in Year 1. This amount can also be influenced significantly by the marketing efforts of venue management.
- **Naming Rights** – includes revenue that could be generated by a naming rights deal with a local, regional, or national corporation or other organization that would agree to pay the venue a fee each year to have the venue named after the entity. These deals are increasingly common for amphitheater venues and other types of public assembly facilities looking to boost revenues and/or offset operating deficits. This potential naming rights deal is estimated at \$45,000 in Year 1.

EXPENSE ASSUMPTIONS

Johnson Consulting has generated estimated expenditures for the proposed facility, based upon comparable facilities and industry expertise. These assumptions are summarized in Figure 8-6.

Figure 8-6

| Fond du Lac Amphitheater Expenses Assumptions | | |
|--|-----------|---------------------------|
| Assumptions | | |
| 9 Salaries and Wages | \$195,000 | / year (see Staff table) |
| 10 Benefits | 33.3% | of Salaries and Wages |
| 11 Administrative, General, & Marketing | \$60,000 | / year |
| 12 Event Labor & Expenses | 125.0% | of Reimbursed Event Labor |
| 13 Maintenance, Repairs, & Landscaping | \$150 | / use days |
| 14 Management Fee | \$65,000 | / year |
| 15 Operation / Occupancy / Utilities | \$600 | / use days |
| 16 Other | 3.0% | of Total Expenses |
| 17 Reserve for Replacement | 3.0% | of Gross Revenue |

Source: Johnson Consulting

- **Salaries and Wages** – accounts for the salaries and wages of the staff employed by the amphitheater venue directly, as presented in Figure 8-7. Sufficient staffing and expertise are critical in ensuring a venue's financial success. Johnson Consulting has conservatively estimated that the venue will require 3 FTE employees equating to a combined annual salary of \$195,000.

Figure 8-7

| Fond du Lac Amphitheater Estimated Staff Structure | | | |
|---|------------|----------|------------------|
| Position | FTEs | Salary | Total |
| Executive Director | 1.0 | \$85,000 | \$85,000 |
| Sales/Talent/Rental Manager | 1.0 | \$65,000 | 65,000 |
| Engineering/Technical/Maintenance | 1.0 | \$45,000 | 45,000 |
| Total | 3.0 | - | \$195,000 |

Source: Johnson Consulting

- **Benefits** – includes other payroll-related expenses associated with the 3 dedicated staff members for the venue, including health insurance, retirement contributions, and other benefits typically associated with full-time employment. This line item is estimated at 1/3 of salaries and wages.
- **Administrative, General, & Marketing** – includes various day-to-day costs such as subscriptions, staff training, dues, staff travel, staff tuition reimbursement, licenses and permits, bad debt charges, and other such items, as well as the marketing for the venue. This category also includes costs related to administrative business-related expenses such as postage, administrative supplies, administrative furniture and fixtures, auto allowances, administrative travel, memberships and

maintenance of the administrative space. It is estimated at \$60,000 per year in Year 1, adjusted for inflation for the years after.

- **Event Labor & Expenses** – includes the cost of temporary labor hired on a per-event basis for ticket scanning and sales, security, set-up and tear-down, cleaning and janitorial, and other similar tasks, as well as miscellaneous event-related expenses, such as materials and supplies, incurred on a per-event basis. This line item is estimated at 125% of the Reimbursed Event Labor revenue line item.
- **Repairs, Maintenance, & Landscaping** – includes general venue operations, maintenance, repair, and landscaping expenditures for the amphitheater. This line item is estimated to amount to \$150 per use-day in Year 1, adjusted for inflation thereafter.
- **Management Fee** – includes the fee paid by the owner of the venue (presumably the City of Fond du Lac) to the contracted venue manager/operator as recommended in section 7 of this report. These fees typically consist of a base fee plus an incentive fee that is based on customer satisfaction, revenue, or expense targets. This line item includes both components of the fee and is estimated at \$65,000 per year in Year 1.
- **Operation / Occupancy / Utilities** – includes costs for property and liability insurance, licensing, equipment leases, and utilities such as electricity, water, gas, waste management, and telephone. These expenditures are estimated at \$600 per use day capacity in Year 1, adjusted for inflation for the years after.
- **Other** – this includes any additional expenses not accounted for in the above categories and is estimated to amount to 3% of total expenses annually.
- **Reserve for Replacement** – reserve for replacement for future capital needs is typically based upon the age of the building and construction costs using standards for public buildings. For the proposed amphitheater, such expenses are estimated at 3% of gross revenue.

IMPACTS

This project is an economic development project. The City needs to take bold steps to link the main downtown to the waterfront, and the park has seen little investment over the past 30 years. However, there will be spending impacts that will help the community become an attractor versus demand leaker to other communities. Like the previously reported demand and financial assumptions, estimating the economic and fiscal impacts of these types of projects is an art as well as a science. While actual impacts are difficult to track and quantify accurately, there are a variety of assumptions that can come together to provide educated estimates. There are all kinds of economic, social, economic development, image, and social benefits that happen as the result of the presence and operation of the venue. This analysis quantifies the effect of the spending of visitors to this venue, which also represent lost benefits if the facility is not built. Additionally, Johnson Consulting's prior development of economic analyses for other performing arts

facilities and specific knowledge of the marketplace of Fond du Lac, Fond du Lac County, and the State of Wisconsin contributed to the analysis.

DEFINITIONS

ECONOMIC IMPACT is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events. For the purpose of this analysis, impact totals are discussed in terms of the Fond du Lac and Fond du Lac County economy. The levels of impacts are described as follows:

- **Direct Spending** – is an expression of the spending that occurs as a direct result of the events that occur in the venue. For example, an event attendee'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 in the amphitheater. For example, an event attendee'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 attendee's visit. The amount of the increased income the waiter spends in the local economy is called an 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 expressed 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 amphitheater. Employment impact is stated in a number of full-time equivalent jobs.

FISCAL IMPACT reflects tax revenues that result from the spending and income related to the activities at the proposed amphitheater. This analysis estimates fiscal impacts for the governmental units that levy taxes in the jurisdiction.

The fiscal impact is the public sector's return on investment and an incentive to develop and operate the proposed amphitheater. The overall impacts, including the fiscal impacts, provide a rationale for public participation in this type of project. Based on the spending estimates, Johnson Consulting projected the fiscal impacts from major categories of tax revenues that are directly affected by a visitor's activity: Sales Tax at 5.5% and Hotel Room Tax at 8.0%.

ECONOMIC & FISCAL IMPACTS

Figure 8-8 outlines the estimated economic and fiscal impacts of the proposed amphitheater in Fond du Lac. As shown, including both event attendees and other visitors (such as artists, crews, etc.), the venue is estimated to draw 31,360 total visitors in Year 1, 43,329 visitors in Year 5, and 49,921 visitors in Year 10.

Although amphitheaters do not generate as many hotel room nights as a convention or conference center facility typically would, the venue can be estimated to generate 820 hotel room nights per year in Year 1, 1,126 hotel room nights per year by Year 5, and 1,313 hotel room nights per year by Year 10. These numbers are derived from an assumption that 3% of commercial event attendees, 1% of community event attendees, 15% of commercial event participants and other visitors, and 5% of community event participants and other visitors will need overnight hotel accommodations on the day(s) of the event. These numbers could be higher if additional multi-day festivals are developed that are anywhere close to the size and scale of Walleye Weekend.

Spending that will occur as a result of the venue's operation can be divided into two categories: spending on-site and spending off-site. On-site spending is the total revenue generated by the venue, including rents, food and beverage, reimbursed labor expenses, and other revenues as described in the previous subsection of this report. Off-site spending can be estimated using attendance projections coupled with per-attendee spending rates, and include assumptions of \$96 per hotel room night, \$19 per attendee, participant, or other visitor to the venue on food and incidentals, and \$46 per hotel room night on car rental. These spending assumptions are informed by per diem rates published by the United States General Services Administration for Fond du Lac County. Total off-site spending is estimated at approximately \$714,000 in Year 1, nearly \$1.1 million by Year 5, and over \$1.4 million by Year 10.

Combined, on-site and off-site spending equate to total direct spending, which is estimated at over \$1.2 million in Year 1, over \$1.8 million by Year 5, and nearly \$2.4 million by Year 10. Indirect and Induced Spending are assumed at \$0.55 and \$0.35, respectively, per dollar of direct spending. These multipliers are informed by IMPLAN, a well-respected firm that specializes in developing assumptions for these types of economic impact models, as well as Johnson Consulting's experience and expertise in the field. Combined direct, indirect, and induced spending estimates total over \$2.3 million in Year 1, nearly \$3.5 million in Year 5, and over \$4.5 million in Year 10, representing the total amount of money that is estimated to be spent in the local economy as a result of the operation of the proposed amphitheater venue.

Direct spending estimates can also be used to estimate both increased earnings and increased employment as a result of the amphitheater's operation. Estimates of increased earnings from employment supported by the amphitheater and associated spending amount to \$680,000 in Year 1, over \$1.0 million in Year 5, and over \$1.3 million in Year 10. This translates to 15 full-time equivalent (FTE) jobs in Year 1, 20 jobs in Year 5, and 23 jobs in Year 10.

Fiscal impacts include both sales and hotel room taxes collected by the State of Wisconsin, Fond du Lac County, and the City of Fond du Lac at the rates charged within each jurisdiction. In total, these tax revenues can be estimated at \$74,000 in Year 1, \$111,000 in Year 5, and \$144,000 per year in Year 10. The presence of the proposed amphitheater would increase values of commercial establishments in areas surrounding the new venue and beyond, which result in increased property tax supported by the project as well.

It should be noted that this analysis includes only the economic and fiscal impacts stemming from the ongoing operations of the amphitheater but does not include the one-time impacts of the construction of the venue. The one-time construction impact cannot be accurately estimated until more detailed plans have been developed but would undoubtedly produce significant impact for the local economy and additional tax revenues for state and local governments.

Figure 8-8

| Fond du Lac Amphitheater Estimated Spending and Impact (\$000) | | | | | | | | | | | |
|---|------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Activity Volume | Rate / Assumption | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| 1 Attendance | | | | | | | | | | | |
| 2 Attendees | | 30,700 | 33,431 | 38,356 | 41,008 | 42,449 | 44,750 | 46,545 | 47,336 | 48,131 | 48,929 |
| 3 Participants and Other Visitors | | 660 | 710 | 810 | 860 | 880 | 920 | 953 | 966 | 979 | 992 |
| 4 Total | | 31,360 | 34,141 | 39,166 | 41,868 | 43,329 | 45,670 | 47,498 | 48,302 | 49,109 | 49,921 |
| 5 Room Nights | | 820 | 898 | 1,032 | 1,108 | 1,126 | 1,194 | 1,245 | 1,268 | 1,290 | 1,313 |
| Sales Volume (\$000) | | | | | | | | | | | |
| 6 Spending on FDL Amphitheater | | \$522 | \$577 | \$660 | \$720 | \$749 | \$806 | \$855 | \$890 | \$925 | \$962 |
| Spending Off Site | <i>Avg. Spending</i> | | | | | | | | | | |
| 7 On Lodging | \$96 / RN | \$79 | \$88 | \$104 | \$115 | \$119 | \$130 | \$139 | \$145 | \$151 | \$157 |
| On Food and Incidentals | | | | | | | | | | | |
| 8 Attendees | \$19 / PD | \$585 | \$653 | \$768 | \$842 | \$893 | \$965 | \$1,029 | \$1,073 | \$1,118 | \$1,165 |
| 9 Participants and Other Visitors | \$19 / PD | 13 | 14 | 16 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 10 On Car Rental | \$46 / RN | 38 | 42 | 50 | 55 | 57 | 62 | 66 | 69 | 72 | 75 |
| 11 Subtotal | | \$714 | \$798 | \$938 | \$1,029 | \$1,088 | \$1,177 | \$1,255 | \$1,309 | \$1,364 | \$1,421 |
| 12 Total | | \$1,236 | \$1,374 | \$1,598 | \$1,749 | \$1,837 | \$1,983 | \$2,111 | \$2,198 | \$2,289 | \$2,383 |
| Economic Impact (\$000) | | | | | | | | | | | |
| 13 Direct Spending | <i>Multiplier Rate</i> | \$1,236 | \$1,374 | \$1,598 | \$1,749 | \$1,837 | \$1,983 | \$2,111 | \$2,198 | \$2,289 | \$2,383 |
| 14 Indirect Spending | 0.55 | 680 | 756 | 879 | 962 | 1,010 | 1,091 | 1,161 | 1,209 | 1,259 | 1,311 |
| 15 Induced Spending | 0.35 | 433 | 481 | 559 | 612 | 643 | 694 | 739 | 769 | 801 | 834 |
| 16 Total Spending | | \$2,348 | \$2,611 | \$3,037 | \$3,322 | \$3,490 | \$3,767 | \$4,010 | \$4,177 | \$4,349 | \$4,528 |
| 17 Increased Earnings | 0.55 | \$680 | \$756 | \$879 | \$962 | \$1,010 | \$1,091 | \$1,161 | \$1,209 | \$1,259 | \$1,311 |
| 18 Increased Employment | 12.00 | 15 | 16 | 18 | 19 | 20 | 21 | 22 | 22 | 23 | 23 |
| Fiscal Impact (\$000) | | | | | | | | | | | |
| | <i>Tax Rate</i> | | | | | | | | | | |
| 19 State Sales Tax | 5.0% | \$62 | \$69 | \$80 | \$87 | \$92 | \$99 | \$106 | \$110 | \$114 | \$119 |
| 20 County Sales Tax | 0.5% | 6 | 7 | 8 | 9 | 9 | 10 | 11 | 11 | 11 | 12 |
| 21 City Sales Tax | 0.0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 22 City Hotel Room Tax | 8.0% | 6 | 7 | 8 | 9 | 10 | 10 | 11 | 12 | 12 | 13 |
| 23 Total Sales Tax | | \$74 | \$83 | \$96 | \$105 | \$111 | \$119 | \$127 | \$132 | \$138 | \$144 |

Source: IMPLAN, Johnson Consulting

Overall, the proposed amphitheater in Fond du Lac would generate more than enough economic and fiscal impacts to offset the projected net operating deficit in the venue's initial years of operation. Eventually, the amphitheater can be expected to break even on operations, and the continuing economic and fiscal impacts can essentially pay for the cost of designing and constructing the venue. There are a variety of non-quantifiable benefits provided by this arts and cultural programming, including a sense of belonging, higher quality of life, retention and attraction of residents and business, and many others. These projects are an investment not only in the venues themselves, but in the future vitality of the communities that support them.