

UPDATED ANALYSIS OF CAPITAL & OPERATING COSTS FOR AN EXPANDED/IMPROVED FIVE FLAGS CIVIC CENTER

In Dubuque, Iowa

April 14, 2022





April 14, 2022

Ms. Marie L. Ware
Leisure Services Manager
City of Dubuque Leisure Services Department
2200 Bunker Hill Road
Dubuque, Iowa 52001

Dear Ms. Ware:

Conventions, Sports & Leisure International (CSL) and BetschAssociates have completed an updated analysis of key estimated capital cost and operating estimates developed as part of the Phases 2 and 2A Planning work in 2018/2019 associated with an expanded/improved Five Flags Civic Center (FFCC).

The information concerning within this document and related supporting documents presents a summary of our work and is intended to assist the City and other related project stakeholders with the information necessary to make informed decisions regarding a potential major FFCC renovation/improvement project.

The information presented in this report are based on estimates, assumptions and other information developed from industry research, data provided by the City and other local project stakeholders, outreach with existing and potential facility users, discussions with industry participants, and analysis of competitive/comparable facilities and communities. The sources of information, the methods employed, and the basis of significant estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material.

The findings presented herein are based on analysis of present and near-term conditions in the Dubuque area as well as existing interest levels by the potential base of users for an enhanced FFCC product. Any significant future changes in the characteristics of the local community, such as growth in population, corporate inventory, competitive inventory and visitor amenities/attractions, could materially impact the key market conclusions developed as a part of this study. As in all studies of this type, the estimated results are based on competent and efficient management of the FFCC and assume that no significant changes in the event markets or assumed immediate and local area market conditions will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct.

This report has been prepared for the internal use of the City and should not be relied upon by any other party. The report has been structured to provide the City with a foundation of research and analysis to provide decision makers with the information necessary to advance planning on a potential FFCC project and should not be used for any other purpose.

We sincerely appreciate the assistance and cooperation we have been provided in the compilation of this report and would be pleased to be of further assistance in the interpretation and application of our findings.

Very truly yours,

CSL International

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1. Introduction

The purpose of this summary report is to outline key findings associated with an updated analysis of estimated construction costs and operating projections developed as part of the Phases 2 and 2A Planning completed in 2018/2019 for an expanded/improved Five Flags Civic Center (FFCC).

Given the unprecedented impacts associated with the COVID-19 pandemic and the duration since the development of the previous projections, the City elected to commission this updated analysis in order to appropriately plan for an anticipated public referendum for the project later in 2022. At the City's direction, the focus of this update involves Scenario 4 Hybrid, as previously outlined in the Phase 2A Planning effort.

To avoid redundancy, the information contained within this report is intended to complement and build off of the work and information provided in the Phase 2A Planning work, as well as previous evaluation and planning efforts (including Phase 1, Phase 2 and Phase 2A).

2. Summary of Previous FFCC Planning

An extensive amount of study, evaluation and planning work has been completed since 2017 concerning FFCC and its future in Dubuque. Past FFCC Study and Planning information and documents can be found on the City's website at: www.cityofdubuque.org/fiveflagsstudy.

A summary of key timing milestones and primary conclusions reached under the previous work efforts is presented below.

PHASE 1 STUDY (2017/2018)

1. In 2017, following a competitive bid process, the team of CSL, BetschAssociates and FEH Design was hired by the City to conduct an Assessment and Study Regarding the Future of the FFCC (Phase 1 Study). The purpose of the Phase 1 Study was to assess the FFCC's current physical state and programmatic orientation, and study market demand, supportable program, financial, economic, naming rights/sponsorship and feasible development scenarios relating to the future of the FFCC.
2. In the decades since the last major investment in the FFCC, significant changes have occurred within the event facility industry nationwide. At the same time, additional new event, sports and entertainment facilities have been developed elsewhere in Dubuque and in the region.
3. Market support was determined to exist for both improved Arena and Theater facility products.
 - a) The FFCC has long-served as an important community asset for Dubuque and its residents.
 - b) Local quality of life and economic activity would be negatively impacted without a venue serving these roles.
 - c) The FFCC Theater is an historic asset that should be protected.
 - d) The FFCC's current location is ideal for an entertainment/sports/arts complex.
 - e) The FFCC Arena has exceeded its practical life.
 - f) The FFCC Arena physical product and functionality are below industry standards.
 - g) Significant upgrades to the FFCC Arena product are needed to better compete for and serve spectator and entertainment event segments.
 - h) Investment in FFCC enhancements or redevelopment would be expected to drive new activity and positive impacts.
 - i) The highest-and-best-use of the FFCC asset (building and land) is a multipurpose civic/entertainment/arts complex.

4. The Phase 1 Study identified the following as market supportable for the FFCC Project:
 - a) Arena:
 - i. State-of-the-industry, spectator arena.
 - ii. Seating capacity of between 6,000 and 8,000.
 - iii. Some flexible seating to retain access to flat floor space.
 - iv. Premium seating and other hospitality areas.
 - v. Enhance patron experience – ingress/egress, WiFi, food & beverage, ADA, etc.
 - vi. Upgraded back-of-house, load-in/out and other support facilities.
 - b) Theater:
 - i. Retention of historic Theater.
 - ii. Refurbish seating and make 2nd Balcony seating functional..
 - iii. Modest expansion of Bijou Black Box Theater.
 - iv. Address capital improvement project items.
 - v. Enhance patron experience – lobby, WiFi, food and beverage options, etc.
 - vi. Upgraded back-of-house facilities.
5. Four facility scenarios were identified for further high-level analysis for comparison purposes, including preliminary site configuration and layout drawings:
 - Scenario 1: Effectively represents a minimum, status quo scenario, recognizing that a certain level of expenditures will be required in the near term and in the foreseeable future on deferred maintenance and future capital repair/replacement items to keep the FFCC safe and operational by current standards.
 - Scenario 2: Involves a limited FFCC renovation (no expansion of facility footprint).
 - Scenario 3: Represents a renovated complex with an expanded Arena.
 - Scenario 4: Involves a demolition of the existing FFCC Arena, improvements to FFCC Theater, and the development of a new, state-of-the-industry Arena via a northward expansion of the FFCC's footprint.
6. Order-of-magnitude estimates were generated associated capital costs, financial operating implications, and economic impacts for the four scenarios.
7. A detailed written report was developed for the Phase 1 Study and presented to the City in the spring of 2018. CSL presented findings to City Council in May 2018. A revised report was delivered to the City in June 2018. The City Council formally accepted the report in July 2018.

PHASE 2 PLANNING (Late 2018)

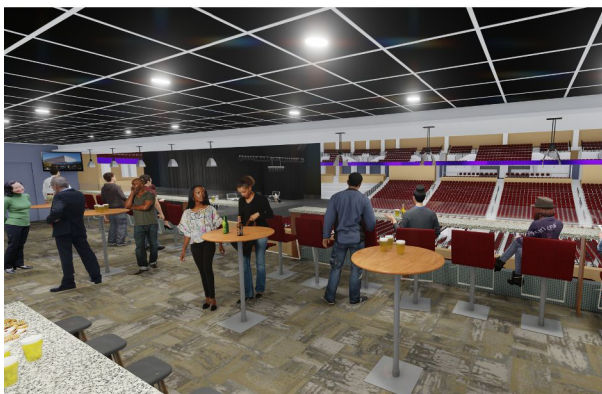
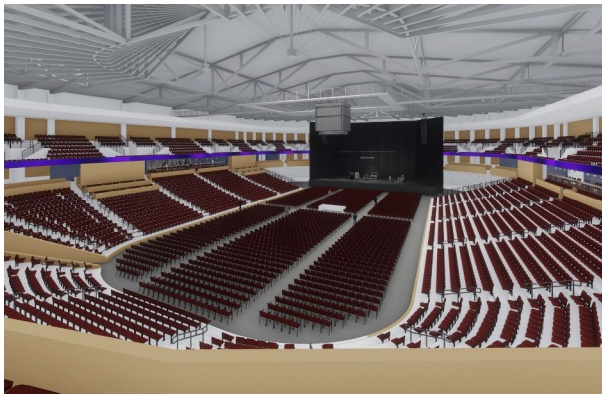
1. After discussion among City leadership and project stakeholders, in November 2018, the City contracted with the CSL and BetschAssociates team to study FFCC Scenario 4 (as conceptualized in the Phase 1 Study) in greater detail. Specifically, the effort was designed to complete additional work necessary to better define project costs, site impacts, physical product characteristics, cost/benefit, and funding issues related to the preferred development scenario.
2. Over the course of the four-week engagement, including a multi-day site visit, outreach and collaboration with a variety of local stakeholders/participants and national industry professionals, refined layout, design, programming, and construction cost estimates were developed by BetschAssociates.
3. The Scenario 4 design included total seating capacity of 6,398 for a hypothetical end-stage concert event and 6,000 for a hypothetical floor event (i.e., no portable floor seats). The seating count included six (6) private suites, two (2) party suites, 32 loge boxes, 360 club seats, and general admission seats (through fixed, telescopic and floor seats).

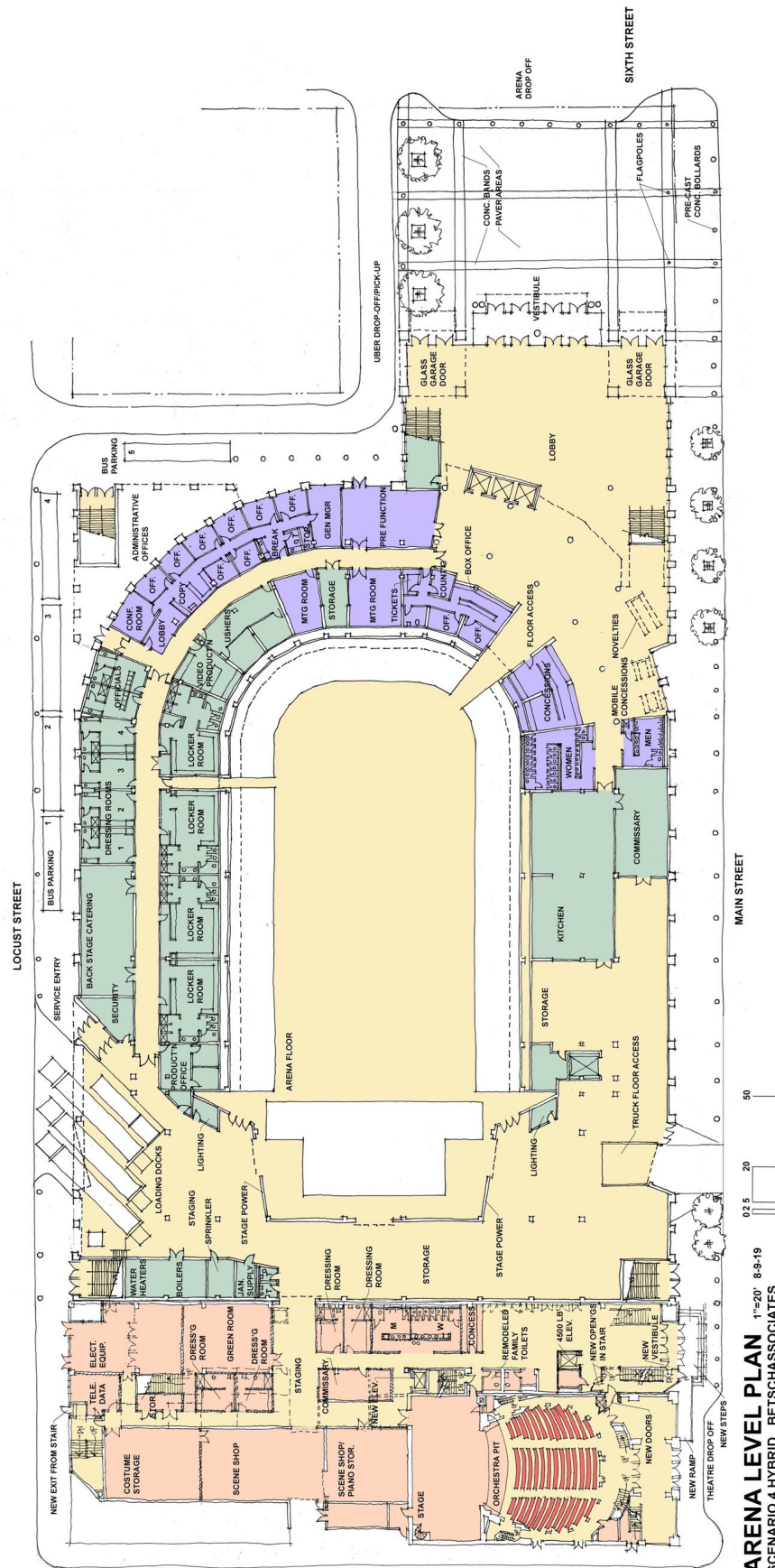
4. Based on industry standards and a review of parking supply in downtown Dubuque, it was not believed that the development of additional parking structures or lots would be necessary for a Scenario 4 FFCC. Conversely, downtown Dubuque's volume, availability and pricing of parking supply nearby the FFCC is considered a product strength relative to other comparable venues located throughout the region and country.
5. Key performance and cost estimates relative to Scenario 4 included the following (with approximate dollar figures presented in terms of 2018 dollars and operating estimates representing a stabilized year of operation):
 - Number of Events = 233
 - Event Days = 335
 - Utilization Days = 540
 - Attendee Days = 410,000
 - Operating Revenues = \$1.9 million
 - Operating Expenses = \$2.2 million
 - Net Operating Deficit = (\$300,000)
 - Total Project Costs = \$84.8 million
6. The analysis suggested that planning for a Scenario 4 FFCC project funding structure could have a reasonable target of 80 percent provided by City of Dubuque sources and 20 percent provided by private sector or other sources.
7. A written report was developed and presented to the City on December 12, 2018. CSL presented findings to City Council on December 17, 2018 and the City Council accepted the report.

PHASE 2A PLANNING (Late 2019)

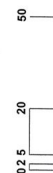
1. Phase 2A Planning focuses on the evaluation of two alternative concepts/scenarios expected to involve a lower construction cost than the concept investigated under the previous planning effort (Phase 2 Planning). Specifically, the services performed included the evaluation of two alternatives (Scenario 3 and Scenario 4 Hybrid), development of programming and layout, along with estimation of development and operating costs, economic impacts, and funding issues. The work builds on the assessment and findings reached in the Phase 1 Study and the Phase 2 Planning for the an Expanded FFCC.
2. Scenario 3 represents a renovated FFCC with an expanded FFCC Arena. This Scenario keeps the wall between the promenade and the current FFCC Arena, removes the roof and raises the roof as well as expanding the arena across 5th Street. The FFCC Arena would remain in its current east/west configuration and be a U-shape arena.
3. Scenario 4 Hybrid was conceptualized as a lower cost alternate to Scenario 4, involving the demolition of the existing FFCC Arena, improvements to FFCC Theater, and the development of a new, state-of-the-industry Arena via a northward expansion of the FFCC's footprint. Scenario 4 Hybrid is similar to Scenario 4, with a noteworthy difference being the utilization of a U-shaped seating bowl, along with other strategic adjustments aimed at cost reduction.
4. After careful review of Scenario 3, a number of concerns and limitations were identified that would hinder Scenario 3 as a viable concept for major investment to create an appropriate, long-term solution for the FFCC. While no single issue seems to constitute a "fatal flaw", the cumulative effect of all of these conditions will result in a large expenditure for construction of a new building that will be only marginally larger in seating capacity and still have many of the same operational issues and limitations of the existing FFCC. These operational inefficiencies will also result in higher operating cost for the life of the project than necessary for a new building.
5. Since the revenue driver for the FFCC is, and will be expected to continue to be, concerts, the proposed solution for Scenario 4 Hybrid was to provide a horseshoe arrangement for the fixed seating with a stage at the south end of the arena and eliminate the fixed seating behind the stage. This arrangement preserves the proposed building's seating capacity for concerts at approximately 6,468 and still provides 5,001 seats for arena floor events.

8. Key performance and cost estimates relative to Scenario 4 Hybrid included the following (with approximate dollar figures presented in terms of 2019 dollars and operating estimates representing a stabilized year of operation):
- Number of Events = 227
 - Event Days = 328
 - Utilization Days = 532
 - Attendee Days = 390,400
 - Operating Revenues = \$1.8 million
 - Operating Expenses = \$2.1 million
 - Net Operating Deficit = (\$346,000)
 - Total Project Costs = \$75.1 million
6. Conceptual renderings developed by BetschAssociates for an expanded/improved FFCC under Scenario 4 Hybrid are shown below. Layouts by elevation are shown on the subsequent pages.

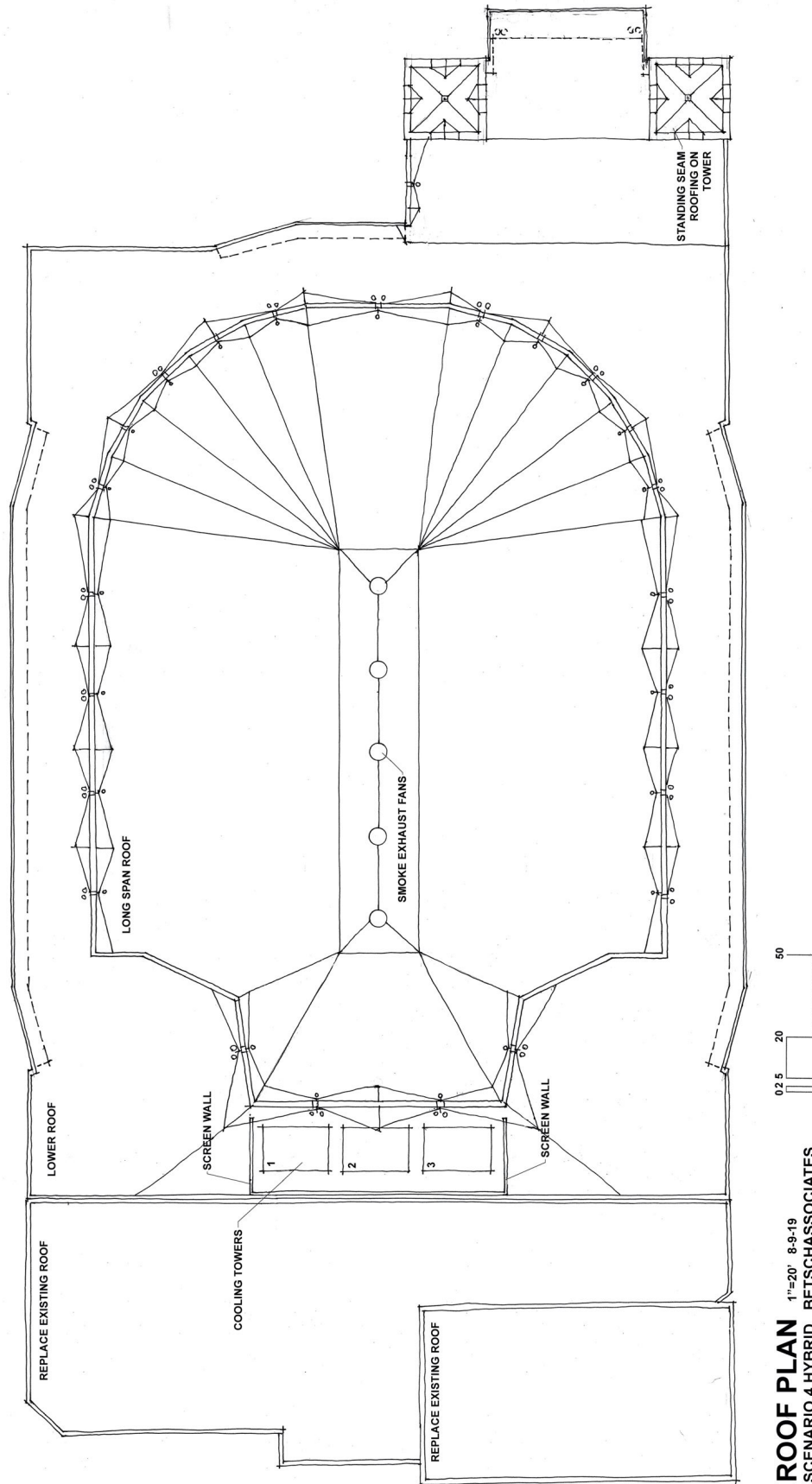


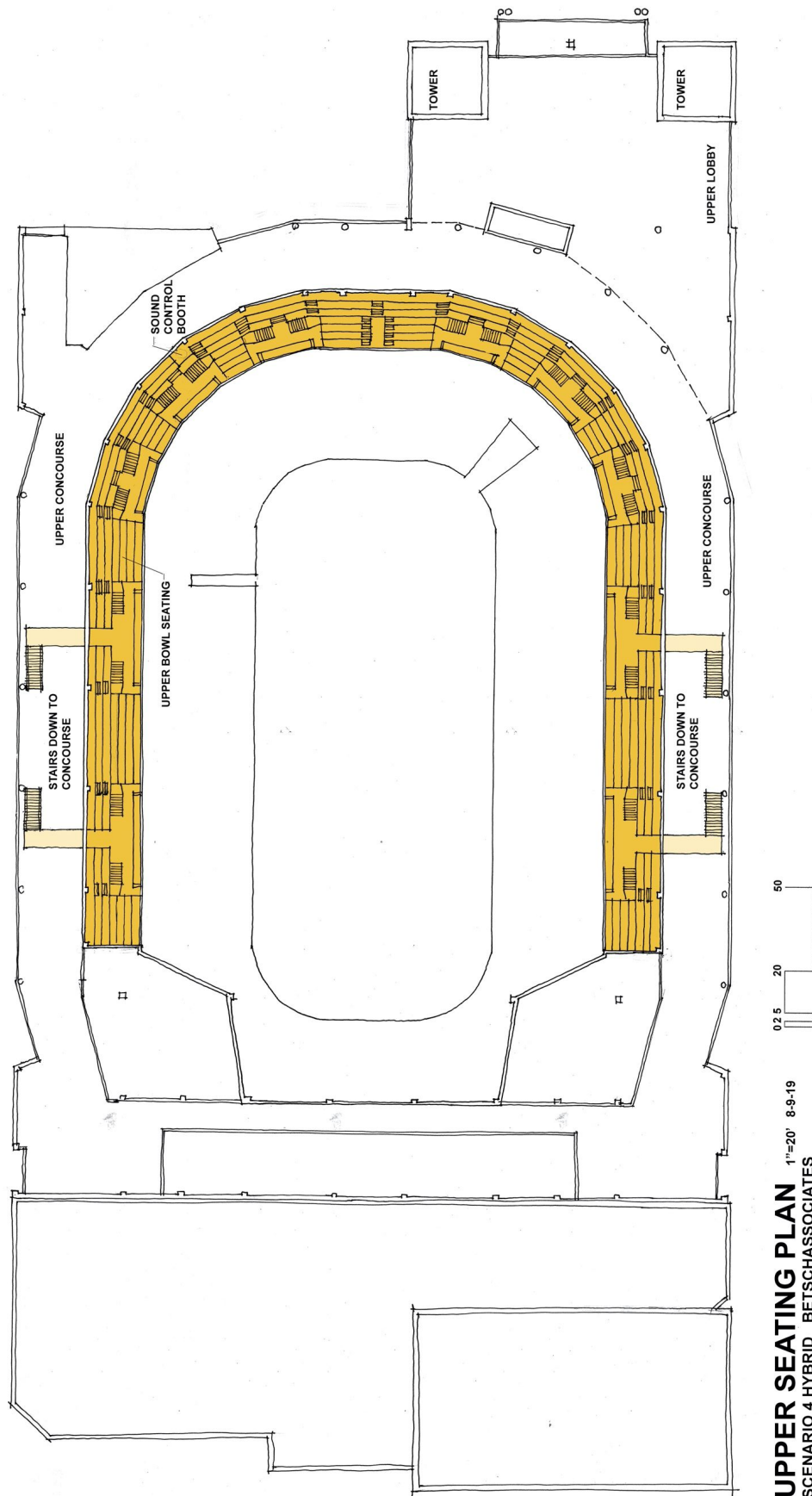


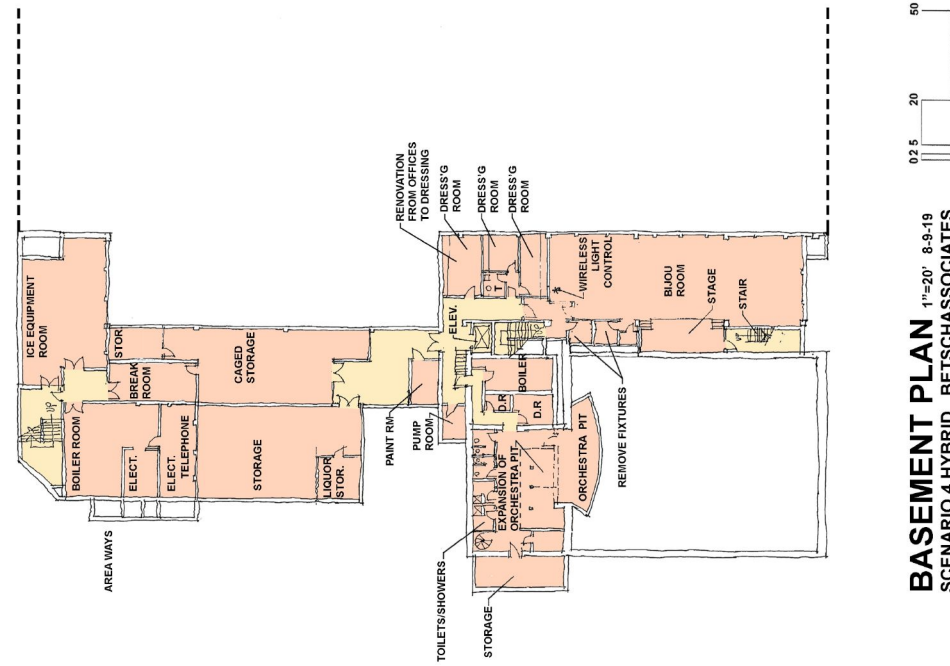
ARENA LEVEL PLAN 1"=20' 8-9-19
SCENARIO 4 HYBRID BETSCHASSOCIATES



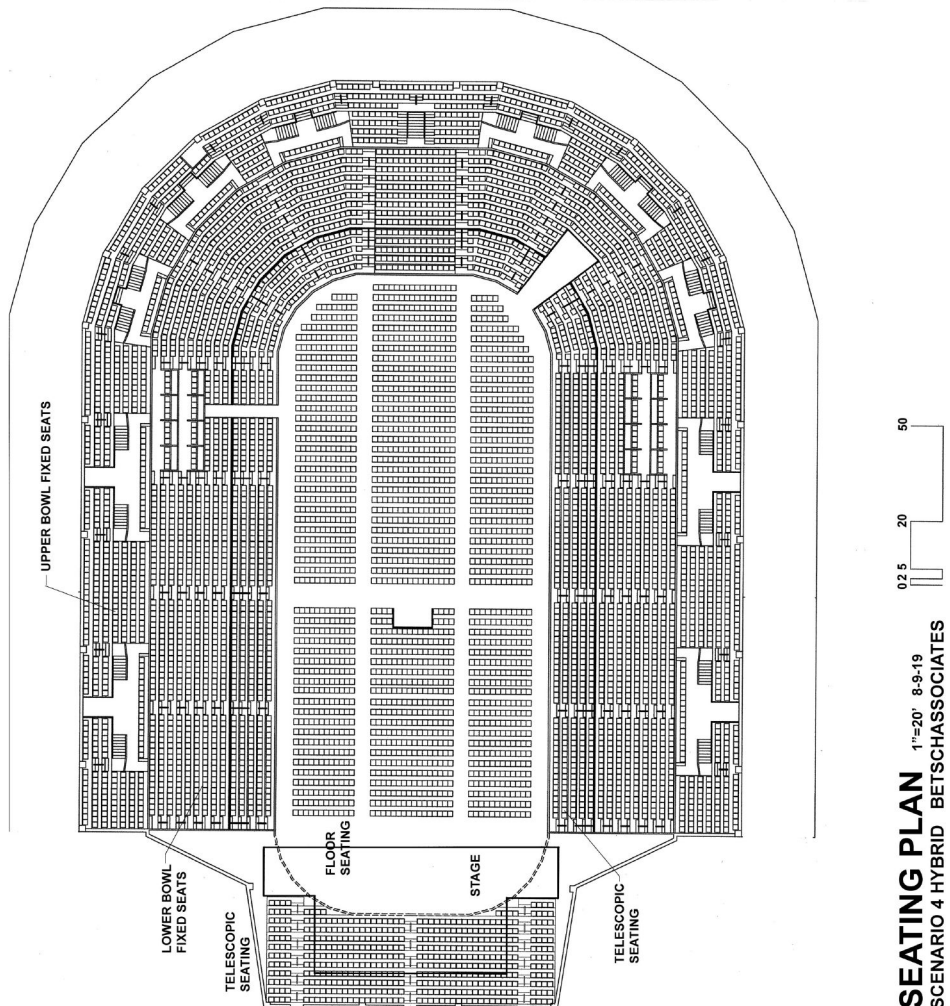
CONCOURSE PLAN 1"=20' 8-9-19
SCENARIO 4 HYBRID BETSCHASSOCIATES



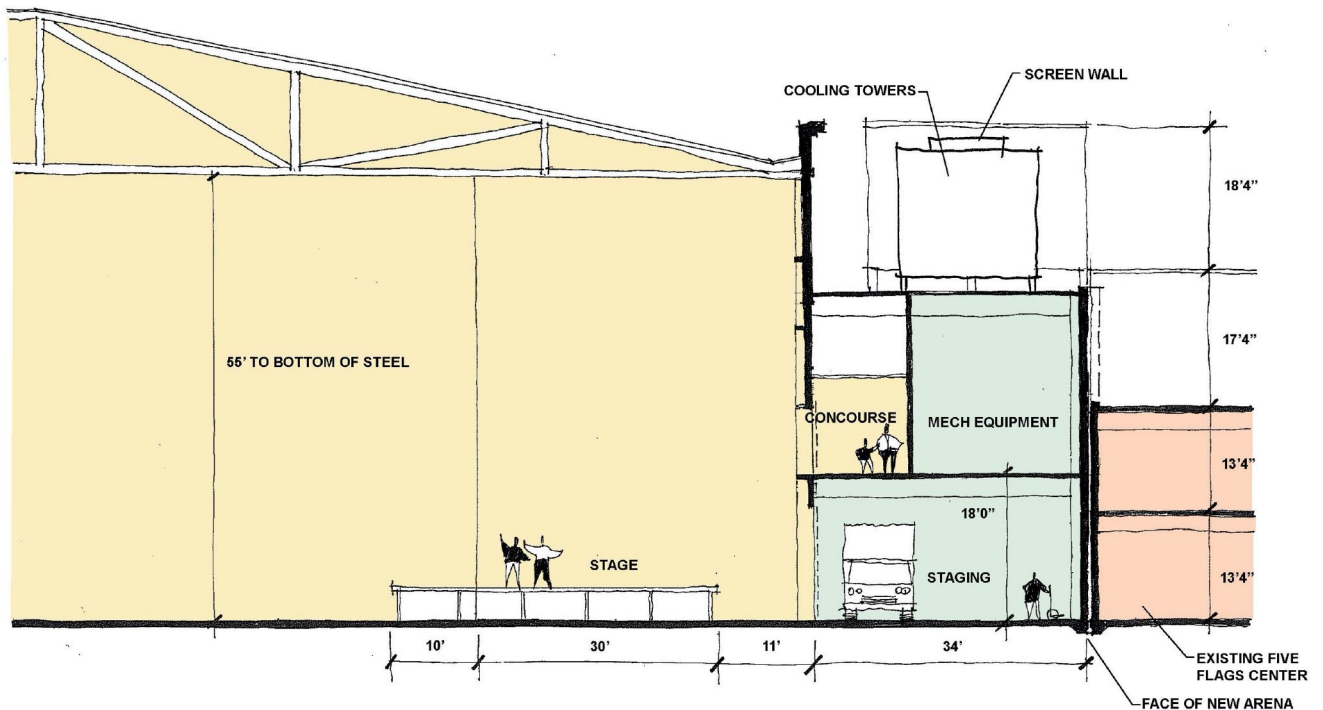




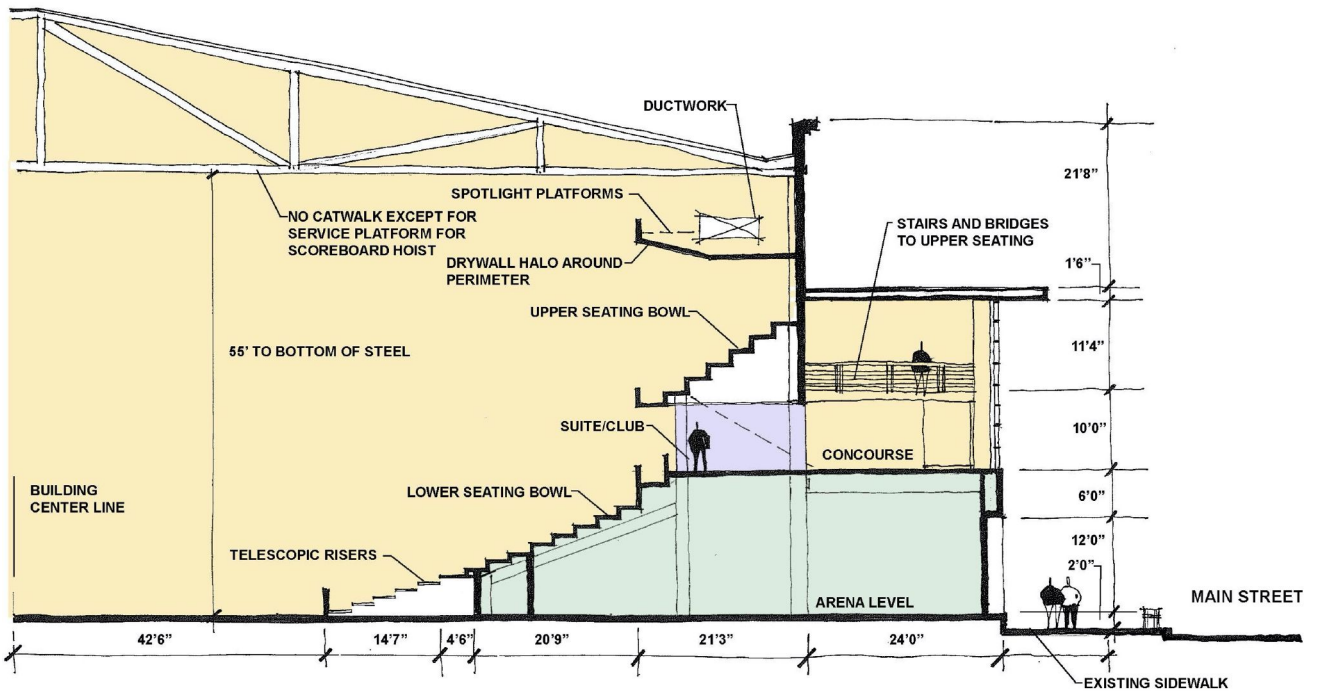
BASEMENT PLAN 1"=20' 8-9-19
SCENARIO 4 HYBRID BETSCHASSOCIATES



SEATING PLAN 1"=20' 8-9-19
SCENARIO 4 HYBRID BETSCHASSOCIATES



BUILDING SECTION ALONG FIVE FLAGS CENTER
SCENARIO 4 HYBRID BETSCHASSOCIATES 3/32" = 1'0" 8-9-19



BUILDING SECTION AT MAIN STREET
SCENARIO 4 HYBRID BETSCHASSOCIATES 3/32" = 1'0" 8-9-19

3. Updated Capital Cost Estimates

The purpose of this section is to present a summary of findings related to an updated analysis of estimated capital costs (i.e., construction costs). A cost analysis was performed and an updated construction budget was created by BetschAssociates, with assistance by a number of industry experts and local contractors.

A summary of the Scenario 4 Hybrid's seating levels and square footage is presented in the exhibit below.

Summary of Key Programmatic Assumptions - Scenario 4 Hybrid

ASSUMED SEATING LEVELS			ASSUMED SQUARE FOOTAGE		
Seating Counts by Type	End-stage Concert (seats)	Floor Events (seats)	Component	New Construction (SF)	Renovated Areas (SF)
Loge Boxes (32)	64	64	Arena:		
Club Seats (1 section)	324	324	Arena Level	94,213	0
Suites (6)	72	72	Concourse Level	58,541	0
Party Suites (2)	24	24	Upper Seating Level	13,158	0
Telescopic Seating Behind Stage	0	464	Subtotal	165,912	0
Fixed Seats Behind Stage (Upper)	0	0			
Telescopic Front of Stage (Lower)	952	982	Theater:		
Fixed Seats Front of Stage (Lower)	1,618	1,618	Basement	0	993
Fixed Seats Front of Stage (Upper)	1,393	1,393	Street Level	0	0
Floor Seats	1,961	0	First Balcony	0	0
ADA Seating with Companions	60	60	Second Balcony	0	0
Totals	6,468	5,001	Third Balcony	0	2,400
			Subtotal	0	3,393
<u>Fixed Seating Count (seats):</u>			Theater Support Areas:		
Fixed Seats (general)	3,011		Basement	0	3,503
Fixed Seats (premium)	484		Street Level	0	10,767
Telescopic Seats (max)	1,446		Concourse Level	0	11,574
Total	4,941		Subtotal	0	25,844
<u>Area By Level (SF):</u>			Total Conditioned Building:	165,912	29,237
Arena Level	94,213		Non-Conditioned Areas:		
Concourse	58,541		Canopies	360	0
Upper Level	13,158		Catwalks	2,704	150
Total GSF	165,912		Exterior Ramps	0	0
			Overhangs/Arcades	965	0
			Subtotal	4,029	150
			Total Gross Building Area:	169,941	29,387

Commencing in early 2020, the COVID-19 pandemic significantly disrupted nearly all global industries. In particular, live events, tourism/hospitality, and construction services industries have been significantly negatively affected, particularly in the early stages of the pandemic. Due to continuing major supply chain disruptions and high demand levels, costs for steel, lumber and other construction materials have risen significantly since pre-pandemic periods. Prices remain highly-volatile, making project cost estimation for an ultimate project where the construction services would be bid out more than a year into the future more challenging than usual. Many industry participants believe that supply, demand and prices will continue a protracted path towards normalization over the next few years. With respect to the FFCC, these industry effects result in materially-higher construction cost estimates for a Scenario 4 Hybrid project than estimated just over two years ago.

In consultation with Mortenson Construction on recent cost trends and a review of current unit prices in the Dubuque market with Conlon Construction Company, BetschAssociates updated all of the costs from the previous estimate (completed in August 2019), while maintaining all of the quantities from the Scenario 4 Hybrid concept.

The exhibit below presents a summary of total hard and soft construction costs associated with Scenario 4 Hybrid broken down by primary type (with comparison with the previous overall 2019 estimate). The farthest cost column on the left represents the 2019 estimate for Scenario 4 Hybrid reflecting the former assumed project schedule. Due to 2020 Council action to delay advanced planning on the project in light of the pandemic, the project schedule (timeline) has been adjusted under the Updated Analysis. The updated Scenario 4 Hybrid estimates on the right portion of the exhibit consider the new project schedule plus changes to materials and labor costs and new assumptions relative to cost escalation over the out time prior to ultimate construction bidding.

**Summary of Estimated Project Costs for an Expanded/Improved FFCC (Scenario 4 Hybrid) -
Updated for Current Cost Conditions & New Project Schedule (with Comparison to Previous Estimates)**

	PHASE 2A PLANNING (2019)	UPDATED ANALYSIS (2022) - NEW SCHEDULE & NEW COST CONDITIONS			
	Totals	Totals	Arena	Theatre	Support
I. CONSTRUCTION COST	\$57,134,922	\$70,442,445	\$63,825,659	\$3,347,922	\$3,268,864
A. Sitework	\$3,006,425	\$3,751,515	\$3,709,341	\$0	\$42,174
B. New Construction	\$45,183,428	\$54,307,849	\$54,142,357	\$0	\$165,492
C. Renovation	\$3,633,205	\$5,834,010	\$40,057	\$3,036,664	\$2,757,290
D. Design/Bid Contingency	\$2,591,153	\$3,194,669	\$2,894,588	\$151,833	\$148,248
E. Subtotal of Items A.-D.	\$54,414,211	\$67,088,043	\$60,786,342	\$3,188,498	\$3,113,204
F. Construction Contingency	\$2,720,711	\$3,354,402	\$3,039,317	\$159,425	\$155,660
III. CONSTRUCT'N RELATED COST	\$5,244,054	\$6,172,535	\$5,635,775	\$533,610	\$3,150
A. Public Art	\$0	\$0	\$0	\$0	\$0
B. Furniture, Fixtures & Equipment	\$4,507,337	\$5,343,404	\$4,832,204	\$508,200	\$3,000
C. SAC, WAC, Storm Water Fees	\$0	\$0	\$0	\$0	\$0
D. Site Survey, Soil Bor'gs, Haz Mat'l	\$157,000	\$172,700	\$172,700	\$0	\$0
E. Construction Testing	\$125,000	\$137,500	\$137,500	\$0	\$0
F. Theatre Structural Study	\$5,000	\$5,000	\$5,000	\$0	\$0
G. IT Consulting	\$65,000	\$71,500	\$71,500	\$0	\$0
H. Commissioning/Test Balance	\$75,000	\$82,500	\$82,500	\$0	\$0
I. Special Inspections and Other	\$60,000	\$66,000	\$66,000	\$0	\$0
J. Contingency	\$249,717	\$293,930	\$268,370	\$25,410	\$150
IV. ADMINISTRATIVE COSTS	\$6,470,118	\$8,512,987	\$7,740,685	\$401,476	\$370,825
A. Acquisition/Administration	\$440,000	\$484,000	\$484,000	\$0	\$0
B. Design Fees	\$3,428,095	\$4,402,653	\$3,989,104	\$209,245	\$204,304
C. Project Management	\$275,000	\$302,500	\$275,000	\$27,500	\$0
D. Expenses	\$0	\$0	\$0	\$0	\$0
E. Financing	\$2,285,397	\$3,272,165	\$2,968,381	\$164,731	\$139,053
F. Contingency	\$41,626	\$51,669	\$24,200	\$0	\$27,469
V. ESCALATION	\$6,234,964	\$4,610,046	\$4,176,459	\$234,357	\$199,230
VI. TOTAL PROJECT COST	\$75,084,057	\$89,738,013	\$81,378,578	\$4,517,366	\$3,842,069

Notes:

The Phase 2A Planning construction estimates were prepared in 2019 and reflect pre-pandemic cost conditions. The former project timeline assumed a voter referendum occurring in Spring 2020, design completion by Spring 2021, construction bidding in early September 2021, and the mid-point of construction occurring in June 2022. The new project timeline assumes a voter referendum occurring in September 2022, design completion by the beginning of 2024, construction bidding by mid-2024, and the mid-point of constructing occurring in April 2025. New cost conditions for the Updated Estimates consider continuing disruption effects induced by the COVID-19 pandemic and inflation expectations through 2025.

Source: BetschAssociates, 2022.

As shown in the exhibit on the previous page, the updated analysis indicates that total project costs (i.e., hard and soft construction costs) for a Scenario 4 Hybrid project have increased from \$75.1 million to \$89.7 million. The original 2019 construction estimates reflect pre-pandemic cost conditions. The original project schedule (as contemplated under 2019 Phase 2A Planning) assumed a voter referendum occurring in Spring 2020, design completion by Spring 2021, construction bidding in early September 2021, and the mid-point of construction occurring in June 2022. The new project schedule assumes a voter referendum occurring in September 2022, design completion by the beginning of 2024, construction bidding by mid-2024, and the mid-point of constructing occurring in April 2025. New cost conditions for the Updated Estimates consider continuing disruption effects induced by the COVID-19 pandemic and construction inflation expectations through 2025.

The largest increase in component project cost since the preparation of the last estimate pertains to structural steel, whose cost has risen almost 50 percent from last year. At the same time, costs for roofing, glass and glazing, doors and hardware, finishes, equipment, furnishings, and elevators have all increased approximately 20 percent. The costs for the HVAC, plumbing, and electrical trades have also increased approximately 20 percent from the last estimate. In addition, an approximate 10 percent increase in cost for site work has been included, while concrete, masonry, and contractor's markups have been retained at the same level as the previous estimate.

While there have been dramatic increases in costs that can be attributed to current supply chain issues and market supply/demand issues, it is believed that there will be some market correction for these costs over the next one to two years. However, these costs are not expected to return to their original pre-pandemic levels; rather, it is expected that costs will stabilize at a level commensurate with the normally-expected escalation over the same time period.

As mentioned in the 2019 Phase 2A Planning analysis document, it is also important to recognize that construction costs have historically risen at a higher rate than standard cost of living based inflation. For instance, in recent pre-pandemic periods, industry construction professionals typically assumed +/- 4.0 percent annual increase in construction costs (as compared to approximately 3.0 percent in typical pre-pandemic annual cost of living inflation). Over the past two years, future year escalation assumptions have varied significantly by industry participant, locality/region, and for type of project.

4. Updated Operating Projections

The purpose of this section is to present a summary of updated operating projections for an expanded / improved FFCC, relative to those generated in 2019 under the Phase 2A Planning work. Consideration was given to the influence of the COVID-19 pandemic and its current and anticipated future effects on event levels and mix, site selection, attendance levels, event spectator experience and safety, and attendee event and facility preferences. Additionally, recent FFCC event and financial operating data was collected and reviewed to assist in the understanding of FFCC performance trends since the Phase 2A Planning exercise.

COVID-19 and Relevant Industry Trends

Since early 2020, the negative impact of the COVID-19 pandemic on the event, entertainment, retail, hospitality and tourism industries cannot be understated. Cancellations and postponements of nearly all live events and gatherings through the end of 2020 and early 2021 occurred. Even now, the industry is still experiencing lingering turbulence. These conditions, however, will not be permanent. The timeline for full industry recovery is still somewhat uncertain; however, much of the industry has recovered. In fact, the FFCC re-opened after shutdown and has shown a quicker pattern of recovery than many similar facilities in other markets throughout the country.

From the perspective of an expanded/improved FFCC, it is important to consider how the proposed product will be positioned following this highly unusual period. Careful planning during this period could lead to significant and cost-effective product development over the next economic recovery and growth cycle and beyond. Near-term planning, marketing and sales efforts associated with the FFCC should be able to

capitalize on this unique timing. Subsequent operational planning will certainly take into account the evolving needs and best practices facing such facilities in a post-COVID environment (including emphasis on flex spaces, attendee/participant social distancing, PPE and other health/safety policies, amenities and operating practices).

The updated analysis findings presented herein are believed to be relevant with respect to a post-pandemic recovery period. The anticipated timeline of an expended/improved FFCC project (should a public referendum be held and is successful) would most likely represent construction completion and commencement of operations in late 2025 or later. Indications suggest that the industry will almost certainly be in a post-COVID environment by that time, with a significant portion of event activity functioning consistent with the pre-COVID environment and a portion of activity continuing to grow or evolve.

Throughout the event industry, the pandemic has led facility owners and managers to re-think and evolve the delivery of safe experiences to guests and working environments for employees. Key areas/issues pertaining to facility health, facility operations, and guest experience that have seen significant emphasis since the outset of the pandemic include, but are not limited to:

- Social distance planning and operational layout.
- Creation or expansion of outdoor event/function spaces.
- Expansion of larger or more open indoor spaces.
- Facility cleaning and hygiene process.
- PPE equipment evaluation, sourcing and protocols.
- Testing, masking and training protocols.
- Safety products and solutions.
- Cashless/contactless ticketing, food & beverage and merchandise.
- Packaging and delivery handling.
- Improved technology-based amenities, communication systems, guest messaging, etc.

Additionally, many event facility trends that were prevalent or emerging in recent pre-pandemic years remain relevant in a post-pandemic world, as the top-to-bottom guest experience is being reconsidered and re-evaluated. As an example, seating trends throughout arenas across the country indicate an increase in the variety of products and experiences. This includes an increase in the variety of premium products and experiences. The increased diversification of general and premium seating opportunities has helped segment current and future ticket buyers to reach a broader array of potential patrons. Key trends among arena-specific premium seating include unique small-group premium spaces such as loge boxes, ledge tables, and theater boxes located close to event level. These small-group spaces, as well as enhanced premium social areas with all-inclusive “unique” experiences, have helped segment today’s premium seating market to reach a broader array of potential patrons and present options to offer the marketplace a unique product mix. An expended/improved FFCC will include a variety of these seating options and price points. Seating concepts considered for many new arena projects throughout the country include, but are not limited to the following:

- Individual seating:
 - General admission seats.
 - Standing room-only.
 - Membership clubs.
 - Club seats.
 - Ledge seats.
- Small group seating:
 - Ledge tables
 - Loge boxes.
 - Theater boxes.
- Larger group seating:
 - Party suites.
 - Traditional suites.
 - Bunker suites.

Updated FFCC Utilization & Attendance Projections

Based on the analysis completed for this updated planning effort, the exhibit below presents a summary of the estimated annual event levels, event days, and utilization days (move-in days, event days, and move-out days) by event type for an expanded/improved FFCC under a Scenario 4 Hybrid model during a stabilized year of operation (assumed third full year). Estimates associated with the current FFCC and those developed in 2019 as part of the Phase 2A Planning exercise are also provided for comparison.

Estimated Annual FFCC Event and Utilization Levels by Scenario (stabilized year of operation)

	CURRENT FFCC (1)	SCENARIO 4 HYBRID ORIGINAL	SCENARIO 4 HYBRID UPDATED
Number of Events			
Community/Religious	4	8	8
Concerts	13	20	22
Convention/Tradeshow	2	6	5
Family/Ice Shows	5	12	10
Meetings/Banquets	8	50	50
Non-Tenant Performance	6	20	18
Public/Consumer Show	2	5	4
Sporting Events	31	55	55
Tenant Performance	16	26	26
Other	16	25	22
Total	103	227	220
Event Days			
Community/Religious	4	8	8
Concerts	14	22	24
Convention/Tradeshow	3	9	8
Family/Ice Shows	6	14	12
Meetings/Banquets	8	50	50
Non-Tenant Performance	14	47	42
Public/Consumer Show	3	8	6
Sporting Events	38	67	67
Tenant Performance	59	96	96
Other	21	33	29
Total	170	353	341
Utilization Days			
Community/Religious	6	12	12
Concerts	15	23	25
Convention/Tradeshow	6	18	15
Family/Ice Shows	7	17	14
Meetings/Banquets	12	75	75
Non-Tenant Performance	16	53	48
Public/Consumer Show	5	13	10
Sporting Events	47	83	83
Tenant Performance	124	202	202
Other	23	36	32
Total	261	532	516

(1) Represents Scenario 1 (Status Quo) from 2017 Phase 1 Study.

The exhibit below presents a summary of the estimated attendee days by event type for the current FFCC and for Scenario 4 Hybrid during a stabilized year. A portion of the total attendee base represents non-local attendees (i.e., attendees that do not reside in Dubuque) and a modest portion of these non-local attendees represent visitors that require overnight lodging. As such, estimates relative to non-local attendee days and hotel room nights have also been presented.

**Estimated Annual FFCC Attendance & Room Nights by Scenario
(stabilized year of operation)**

	CURRENT FIVE FLAGS (1)	SCENARIO 4 HYBRID ORIGINAL	SCENARIO 4 HYBRID UPDATED
Total Attendee Days			
Community/Religious	7,126	18,400	18,200
Concerts	11,006	56,000	62,785
Convention/Tradeshow	3,225	13,500	10,500
Family/Ice Shows	7,608	24,480	21,000
Meetings/Banquets	1,699	12,500	12,500
Non-Tenant Performance	8,463	31,500	28,770
Public/Consumer Show	5,081	13,500	11,100
Sporting Events	48,387	84,274	87,645
Tenant Performance	58,469	119,844	110,256
Other	4,548	16,406	12,994
Total	155,612	390,404	375,750
Non-Local Attendee Days			
Community/Religious	713	1,840	1,820
Concerts	3,302	16,800	18,835
Convention/Tradeshow	1,613	6,750	5,250
Family/Ice Shows	2,282	7,344	6,300
Meetings/Banquets	425	3,125	3,125
Non-Tenant Performance	1,269	4,725	4,316
Public/Consumer Show	1,524	4,050	3,330
Sporting Events	9,677	16,855	17,529
Tenant Performance	11,694	23,969	22,051
Other	1,364	4,922	3,898
Total	33,863	90,379	86,454
Hotel Room Nights			
Community/Religious	143	368	364
Concerts	495	2,520	2,825
Convention/Tradeshow	538	2,250	1,750
Family/Ice Shows	152	490	420
Meetings/Banquets	85	625	625
Non-Tenant Performance	190	709	647
Public/Consumer Show	61	162	133
Sporting Events	645	1,124	1,169
Tenant Performance	1,754	3,595	3,308
Other	364	1,313	1,040
Total	4,427	13,155	12,281

(1) Represents Scenario 1 (Status Quo) from Phase 1 Study.

Financial Operations

The exhibit below presents a summary of the estimated financial operating results for the current FFCC and for Scenario 4 Hybrid during a stabilized year of operation. These figures only represent the annual operations of the FFCC and do not include construction debt service payments, capital repair/replacement reserve funding obligations, or other non-operating expenses.

Estimated Annual FFCC Financial Operating Results by Scenario (stabilized year of operation, presented in 2019 dollars)

	CURRENT FIVE FLAGS CIVIC CTR. ⁽¹⁾	SCENARIO 4 HYBRID ORIGINAL ⁽²⁾	SCENARIO 4 HYBRID UPDATED ⁽³⁾
Operating Revenues			
Facility Rent	\$245,000	\$818,935	\$949,964
Food & Beverage	130,000	456,222	500,932
Advertising/Sponsorships ⁽⁴⁾	20,000	220,626	237,173
Premium Seating	0	166,823	175,331
Contract Service & Other	15,000	90,022	95,423
Total Operating Revenue	\$410,000	\$1,752,628	\$1,958,823
Operating Expenses			
Salaries & Benefits	\$780,000	\$1,204,377	\$1,264,596
Contract Labor	35,000	69,068	78,046
Utilities	180,000	261,803	278,821
Repair & Maintenance	30,000	71,267	75,187
General & Administrative	75,000	142,751	145,606
Supplies	20,000	67,294	71,332
Insurance	46,000	72,112	76,439
Other	100,000	209,955	221,293
Total Operating Expenses	\$1,266,000	\$2,098,628	\$2,211,320
Net Operating Profit/Deficit	(\$856,000)	(\$346,001)	(\$252,497)

(1) Represents Scenario 1 (Status Quo) from 2017 Phase 1 Study.

(2) Original projections developed under Phase 2A analysis. Presented in 2022 dollars.

(3) Adjusted figures to reflect industry trends and anticipated pandemic impacts. Presented in 2022 dollars.

(4) Does not include naming rights revenue.

Economic Impacts

An updated economic impact analysis was also conducted for the FFCC. The following chart outlines key economic impact concepts and metrics.

Economic Impact Analysis Concepts and Metrics

A) Construction (one-time)	B) In-Facility (ongoing)	C) Out-of-Facility (ongoing)
Construction materials, labor, design and professional fees, and other soft cost spending are generated during the planning and construction of the subject facility. 1. Direct Spending • Materials • Labor 2. Indirect & Induced Spending 3. Output (direct + indirect + induced spending) 4. Employment (full & part-time jobs) 5. Earnings (personal income) 6. Tax Revenue • Sales & use taxes	Direct spending is generated through the operations of the subject facility (represented through operating revenues) driven by events and patronage. This spending occurs with respect to both event and non-event items, such as rentals, admissions, food and beverage, merchandise, sponsorship and advertising, education, and retail leases. 1. Direct Spending • Room & Space Rentals • Food & Beverage • Retail & Merchandise • Entertainment • Sponsorship & Advertising • Contract & Other Services 2. Indirect & Induced Spending 3. Output (direct + indirect + induced spending) 4. Employment (full & part-time jobs) 5. Earnings (personal income) 6. Tax Revenue • Sales & use taxes • Excise, gaming & other taxes	Outside the subject facility itself, additional direct spending is generated in city, county and regional areas by visitors, spectators, attendees, participants, event staff, and exhibitors users on lodging, food and beverages, retail, entertainment, transportation, etc. in connection with their visit to the area. 1. Direct Spending • Lodging • Restaurants/Bars • Retail • Entertainment/Gaming • Transit • Services/Other 2. Indirect & Induced Spending 3. Output (direct + indirect + induced spending) 4. Employment (full & part-time jobs) 5. Earnings (personal income) 6. Tax Revenue • Lodging taxes • Sales & use taxes • Car rental & transit taxes • Excise, gaming & other taxes

For purposes of this analysis, results of the economic impact analyses are measured in terms of the following categories:

- Total output represents the total direct, indirect and induced spending effects generated by the project. This calculation measures the total dollar change in output that occurs in the local economy for each dollar of output delivered to final demand.
- Personal earnings represent the wages and salaries earned by employees of businesses associated with or impacted by the project. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.
- Employment represents the number of full- and part-time jobs. The employment multiplier measures the total change in the number of jobs in the local economy for each additional \$1.0 million of output delivered to final demand.

The initial spending of new dollars into an economy begins a series in which the dollars are cycled through the economy. The re-spending of the dollars is estimated by using the economic multipliers discussed above and applying them to the amount of direct, or initial, spending. The multiplier illustrates that spending in a defined economy will lead to additional spending until that dollar has completed its cycle through leakage. Leakage represents the portion of a dollar spent in areas outside the designated economy.

This analysis only considers “net new” economic impact. This impact is derived solely by visitors attending or participating in FFCC events that do not reside in Dubuque. For conservative purposes, our approach to economic impact estimation does not consider any spending by facility attendees/participants if they reside in Dubuque. It has been assumed that any spending by these local residents would represent “displaced” spending, that would have otherwise been spent locally on other products and services.

The existing FFCC annually generates economic impact in Dubuque associated the attraction of visitors to the city, and their spending in it, that would have not otherwise traveled to Dubuque if it were not for the event they chose to attend at the FFCC. Further, the construction and the subsequent operations of the FFCC Project will generate significant new economic impact in Dubuque particularly when considering aggregate impacts over time. The following exhibit depicts the cumulative net new economic impacts estimated to be generated by the FFCC under Scenario 4 Hybrid during the startup period and over a cumulative period of years, with a comparison to the current FFCC and the original projections in 2019 for Scenario 4 Hybrid.

**Summary of Estimated One-time & Annual Economic Impacts
(presented in 2019 dollars)**

	CURRENT FIVE FLAGS CIVIC CTR. ⁽¹⁾	SCENARIO 4 HYBRID ORIGINAL ⁽²⁾	SCENARIO 4 HYBRID UPDATED ⁽³⁾
Construction Impacts (one time)			
Direct Spending	-	\$33,787,826	\$40,382,106
Indirect/Induced Spending	-	<u>23,199,335</u>	<u>27,727,087</u>
Total Output	-	\$56,987,161	\$68,109,193
Personal Income (earnings)	-	\$19,190,556	\$22,935,926
Employment (full & part-time jobs)	-	405	484
Operating Impacts (annual)			
Direct Spending	\$2,362,947	\$6,076,488	\$6,447,441
Indirect/Induced Spending	<u>886,930</u>	<u>2,277,300</u>	<u>2,421,210</u>
Total Output	\$3,249,877	\$8,353,789	\$8,868,651
Personal Income (earnings)	\$969,882	\$2,406,047	\$2,550,523
Employment (full & part-time jobs)	48	119	127

(1) Represents Scenario 1 (Status Quo) from 2017 Phase 1 Study.

(2) Original projections developed under Phase 2A analysis. Presented in 2022 dollars.

(3) Adjusted figures to reflect industry trends and anticipated pandemic impacts. Presented in 2022 dollars.

In addition to the more quantifiable benefits, some anticipated benefits related to the construction and operations of the proposed expanded/improved FFCC project cannot be quantitatively measured. Beyond the economic activity and jobs indirectly provided, these types of non-quantifiable impacts of a project of this nature and scope can serve to elevate Dubuque’s profile and brand as a visitor destination and as a quality place to live, work, learn and play.

In fact, these qualitative benefits tend to be a critical factor in the consideration of public and private investment in projects of this nature, particularly those involving existing venues with a long history of service in the local community. These include issues pertaining to quality of life (through attracting entertainment events that would not otherwise travel to the area and hosting civic and private events), ancillary economic development facilitation, employment opportunities, community pride and other issues.

Potential non-quantifiable benefits could include:

- *Potential Transformative and Iconic Effects* – Elevating the quality, profile, and exposure to national, regional and local audiences of a key local event facility can have important transformative and residual impacts on the Dubuque community and destination, in terms of quality of life, community prestige, perception by visitors and non-locals, and other such effects.
- *Quality of Life for Residents* – New/enhanced event and public assembly facilities provide diversified activities for local residents and families, which can make Dubuque a more attractive and enjoyable place to reside. Quality public assembly facilities can contribute to enhancing community pride, self-image, exposure and reputation. All these items can assist in retaining and attracting an educated workforce, particularly younger adults who often desire quality entertainment, cultural, leisure and recreational amenities.
- *New Visitation* – New visitors will be attracted to the area because of an event in the expanded/improved arena and performing arts facility products. These attendees, in turn, may elect to return to the area later with their families, etc. for a vacation after visiting the area for the first time.
- *Spin-Off Development* – Private sector investment can be induced in the areas surrounding event facilities, such as arenas and performing arts centers, spurred by increased volume of visitors to the event facility, representing additions to the local tax base. Enhanced economic growth and ancillary private sector development near the FFCC could be more likely should the City elect to invest in a major FFCC improvement project.
- *Anchor for Revitalization* – Key event facility project development can often times anchor larger downtown or community-wide master development plans and new development activities.
- *Other Benefits* – Increased synergy with the other local event, entertainment and hospitality facilities can lead to increased tourism activity in communities. Likewise, the proposed FFCC investment would be expected to enhance affordable entertainment, cultural, educational and leisure alternatives for families in Dubuque.