



Project Report
**Pocatello Multipurpose/Events Center
Market Analysis and Needs Assessment**

Prepared for
**Pocatello/Chubbuck Auditorium District
Pocatello, Idaho**

EXECUTIVE SUMMARY

Submitted by
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CRSA

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I. Introduction and Executive Summary

Introduction

Economics Research Associates (ERA) was retained by the Pocatello/Chubbuck Auditorium District (District) to conduct a market analysis/feasibility study, followed by a needs analysis, for a new multipurpose events facility in the Pocatello area. In order to assist with the needs assessment phase, ERA has teamed with two architectural firms, Sink Combs Dethlefs of Denver and CRSA of Idaho Falls.

The District is funded through a two-percent tax on hotel room usage in Pocatello and Chubbuck. This report is in response to a request from the District as a result of a July 23, 2008 decision of the Idaho Supreme Court. The overall study would consist of two distinct phases: a market analysis and a needs analysis. The market analysis generally examines the market for new event space in the area, including an analysis of local demographics, current use of existing facilities, the presence of competitive facilities, and surveys and interviews with various stakeholders. The needs assessment then analyzes in more detail limitations and direction related to facility development, potential facility sites, amenities, characteristics such as sizes, capacities, and orientation, construction and operating costs, and anticipated demand.

Executive Summary

Market Analysis

In general, we have identified a market for a facility that would host various types of events that cannot currently be accommodated in the Pocatello area. This conclusion is based on a number of analyses, including interviews with various stakeholders (such as local hospitality and events professionals, facility managers, representatives of sports organizations, and event promoters), surveys of local businesses and state associations, a review of the statewide and regional competitive environment for facilities and various types of events, and others. The events that have been identified as potential business for Pocatello include touring sports and entertainment events, business events such as meetings, conferences, and conventions, social events such as banquets, and youth/amateur sporting events. Representatives of these event types have all indicated a need for additional event space for their events in Pocatello, due to reasons such as lack of available dates, costs, size, and/or other physical or operational limitations of existing facilities.

Various types of multipurpose facilities can accommodate events ranging from concerts and sporting events to meetings and conventions under one roof. These facilities generally have a primary orientation (such as an arena or conference center) for a certain event type despite their multipurpose

abilities. While these facilities can be successful in attracting non-local events and attendees, and also hosting local residents and community-oriented events, they typically do not generate sufficient revenues to cover their operating expenses or debt service from construction. The construction costs of a new facility such as the comparable facilities identified in this report are relatively significant.

The two-percent tax captured by the District generates approximately \$320,000 per year to the District. The District has also accumulated approximately \$350,000 in unspent funds since its inception. Of these amounts, approximately \$200,000 of the accumulated balance was available to the facility at the end of the 2008-09 fiscal year, and approximately 60 percent of ongoing collections are assumed to be credited to the building fund. Because of the financial limitations of the District related to funding the construction and ongoing operations of new event space, it is assumed that the development of a new, standalone multipurpose facility with a significant seating capacity and/or amount of square footage is not feasible without identifying additional funding sources (including an increased room-tax rate). However, the market for new event space still exists. As a result, we have identified a number of development scenarios that would accommodate at least part of the market demand while being financially feasible for the District, although not all scenarios are immediately affordable.

Needs Analysis

Based on the market analysis and review of development options, we recommend the following development scenario:

- A 30,000-square foot event floor with approximately 10,000 square feet of additional space for supporting uses such as an entry lobby, restrooms, offices and meeting rooms, locker rooms, and storage,
- The event floor would be an open space that has the capacity to accommodate a wide range of events, including sporting events, meetings, conventions and trade shows, concerts, and others.

A specific site is not assumed or recommended, as many variables (such the District's ability to purchase or lease land, and costs associated with acquisition/lease, site development, and others) cannot currently be quantified. As a result, we assume a "generic" site within the District that can provide sufficient square footage, parking, infrastructure, access, and other necessities.

Facility Operations

Based on the assumptions regarding facility development, annual event and attendance demand for its first ten years are summarized below.

	1	2	3	4	5	6	7	8	9	10
Dinners, Banquets, Receptions	26	26	28	28	30	30	30	30	30	30
Touring Shows (Sports, Concerts, Entertainment)	4	4	6	6	6	6	6	6	6	6
Meetings, Conf., and Education/Training	75	75	75	90	90	90	100	100	100	100
Consumer Shows	3	3	3	4	4	4	4	4	4	4
Conventions and Trade Shows	5	5	7	7	8	8	8	8	8	8
Graduations	1	1	1	1	1	1	1	1	1	1
Other Sporting Events (i.e. tournaments, camps, special events)	22	22	22	25	25	25	30	30	30	30
Other Events	5	5	5	5	5	5	5	5	5	5
Total	141	141	147	166	169	169	184	184	184	184
Rental Hours (i.e. sports practices)	800	800	800	800	1,000	1,000	1,000	1,000	1,000	1,000

Source: ERA | AECOM

	1	2	3	4	5	6	7	8	9	10
Dinners, Banquets, Receptions	10,400	10,400	11,200	11,200	12,750	12,750	12,750	12,750	12,750	12,750
Touring Shows (Sports, Concerts, Entertainment)	8,000	8,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Meetings, Conf., and Education/Training	7,500	7,500	7,500	9,000	9,000	9,000	10,000	10,000	10,000	10,000
Consumer Shows	3,000	3,000	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Conventions and Trade Shows	2,000	2,000	2,800	2,800	3,400	3,400	3,400	3,400	3,400	3,400
Graduations	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Other Sporting Events (i.e. tournaments, camps, special events)	11,000	11,000	11,000	12,500	12,500	12,500	15,000	15,000	15,000	15,000
Other Events	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total	45,900	45,900	51,500	55,500	57,650	57,650	61,150	61,150	61,150	61,150

Source: ERA | AECOM

The following table summarizes the facility's forecasted operating revenues and expenses.

	1	2	3	4	5	6	7	8	9	10
Total Operating Revenues	\$392	\$404	\$457	\$491	\$547	\$563	\$593	\$611	\$629	\$648
Total Operating Expenses	\$399	\$411	\$436	\$457	\$486	\$500	\$519	\$535	\$551	\$567
Net Operating Income (Loss)	(\$7)	(\$7)	\$20	\$34	\$61	\$63	\$74	\$76	\$78	\$81

Source: ERA | AECOM

Feasibility of Facility Development

We have explored the feasibility of four development scenarios that assume new construction at a "generic" site within the District. For these options, we have estimated future development costs, not including any expenses related to items such as site development or land acquisition.

- **Option 1A (30,000-square foot fabric structure)** – based on estimated development costs, this option is not feasible within the next ten years. However, assuming increases in room-tax rates between three to five percent, this facility could be built by 2016.
- **Option 1B (30,000-square foot metal structure)** – this option is not feasible within the next ten years. However, assuming an increase in room-tax rates, this facility could be built between 2011 and 2022.
- **Option 2A (24,000-square foot fabric structure)** – this option is not feasible within the next ten years, but with an increase in room-tax rates, it could become affordable in the next few years.
- **Option 2B (24,000-square foot metal structure)** – this option is not feasible within the next ten years, but increases in room-tax rates could provide for construction between 2010 and 2017.