

Feasibility Study:

Proposed Sports and Event Complex in Coeur d'Alene

Presented to:

**The Coeur d'Alene
Sports Complex
Committee**

Presented by:



February 6, 2008



February 6, 2008

Mr. David Tomson
Coeur d'Alene Sports Complex Committee
SRM Development
104 South Division
Spokane, Washington 99202

Dear Mr. Tomson:

Conventions, Sports & Leisure, International ("CSLI") has completed a feasibility study for development of a potential sports and event complex at the Riverstone development in Coeur d'Alene, Idaho. The attached report presents our research, analysis and findings and is intended to assist the Coeur d'Alene Sports Complex Committee ("Committee") in evaluating the viability of the development of the complex.

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, market data provided by the project representatives and stakeholders, surveys of potential facility users and analysis of competitive/regional 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 Coeur d'Alene area as well as existing interest levels by a new sports and event complex's potential base of users. Any significant future changes in the characteristics of the local community, such as unanticipated growth in population, corporate inventory and visitor amenities/attractions, could materially impact the key market, financial and economic 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 potential facility and assume that no significant changes in the spectator and convention event markets or related markets 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.

Mr. David Tomson

February 6, 2008

Page 2 of 2

This report has been prepared for the internal use of the Committee and should not be relied upon by any other party. The report has been structured to assist Committee representatives in evaluating potential spectator and convention event market demand in Coeur d'Alene, as well as the estimated operating characteristics of the proposed sports and event complex, and should not be used for any other purpose.

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

Very truly yours,

A handwritten signature in cursive script that reads "CSL International".

CSL International

Table of Contents

Executive Summary	ES-1
I. Introduction	1
II. Local Market Conditions Analysis	4
III. Comparable Facilities Analysis	18
IV. Market Demand Analysis	39
V. Building Program Analysis.....	67
VI. Financial Analysis.....	73
VII. Economic and Fiscal Impact Analysis.....	88
VIII. Funding Analysis	100

- Executive Summary -

Conventions, Sports and Leisure, International (“CSL”) was retained by the Coeur d’Alene Sports Complex Committee (“Committee”) to conduct a feasibility study to evaluate the potential development of a sports and event complex at the Riverstone development in Coeur d’Alene, Idaho. The complex is envisioned to consist of a multi-purpose indoor event facility, a new baseball complex and support spaces such as parking facilities.

The study process consisted of detailed research and analysis, including a comprehensive set of market-specific information derived from the following:

- Local market visits;
- In-person interviews/meetings with a variety of key constituents and stakeholders;
- Research and analysis of local market conditions and national and regional trends;
- Analysis of facility data from comparable and competitive/regional facilities and markets; and,
- Interviews with promoters and planners of various spectator and flat floor events.

Based on this study process, estimates were developed concerning the annual event and attendance levels that could be achieved by the proposed facility, as well as the annual operating revenues and expenses that could be generated by facility operations. In addition, an analysis of the estimated economic impacts that could result from facility construction and operations was completed. Finally, an analysis was conducted to identify and quantify potential sources of project funding.

This Executive Summary is intended to provide key highlights of the following report. The report should be read in its entirety to obtain the background, study methods and assumptions underlying the findings.

Local Market Conditions Analysis

An analysis of the Coeur d’Alene area’s demographics and existing event facilities was conducted to provide insight as to the support for a new event facility that could be expected from the local and regional community. The following is a summary of the key findings of the local market conditions analysis:

- Approximately 280,400 residents live within 25 miles of the proposed facility site, while the population within 50 miles of Coeur d’Alene is approximately 682,600.

- Kootenai County’s population largely mirrors that of the U.S. as a whole in terms of age demographics, which indicates that the market could support events catering to a wide variety of ages.
- Kootenai County and Spokane County exhibit slightly lower household income levels as compared to the national average in terms of average and median household income. In developing pricing structures for tickets to spectator events in Coeur d’Alene, it will be important to identify price points that are supportable given the income demographics of area residents.
- Many sports tournaments and other events that could be held at the proposed facility draw participants and attendees from outside of the local market. The diversity of hotel properties in the Coeur d’Alene market provides the capability to accommodate these non-local visitors.
- The market is home to several event facilities, each of which largely serves its own distinct market niche. Coeur d’Alene’s primary event venues are the Coeur d’Alene Resort and Conference Center and the Kootenai County Fairgrounds. The Resort offers upscale meeting, banquet and conference space, while the Fairgrounds offers flat floor exhibition space with a relatively low level of amenities. Neither facility is capable of hosting significant sports and spectator entertainment events.
- Spokane Arena represents the region’s primary indoor sports and entertainment event facility. The proposed Coeur d’Alene facility may have an opportunity to attract concerts and other touring events by providing a more intimate, lower cost alternative to Spokane Arena.

Comparable Facilities Analysis

The physical characteristics of several existing spectator and/or convention facilities that can be considered comparable to a potential new facility in Coeur d’Alene were reviewed. The analysis included two types of venues that could be considered for development in Coeur d’Alene: standard arenas focusing primarily on spectator events, and multi-use facilities combining spectator and flat floor event space. The following is a summary of the key findings of the comparable facilities analysis:

- Standard arenas with a primary focus on spectator events are typically home to an anchor sports tenant, and often incorporate an ice floor to accommodate hockey games and family ice shows such as Disney on Ice.

- These types of arenas can offer good sightlines for sports and spectator events, but may lack flexibility in accommodating certain events, such as those requiring a large flat floor. These facilities also typically lack meeting and breakout space that is required by many flat floor event organizers
- The second facility type, the multi-purpose facility offering spectator and flat floor/meeting space, is often a preferred option in markets that seek to accommodate a wide variety of facility needs in one structure. While the multi-purpose nature of this facility configuration is beneficial, the flexibility of the main arena may compromise the sightlines associated with a standard arena configuration.
- An advantage of standard arenas with at least one primary sports tenant is the ability to generate revenue through premium seating offerings such as private suites and club seats. While concerts and other special events add value to the premium seat lease, the presence of tenant sports teams often serves as a primary driver of premium seat sales. Because standard arenas are typically home to at least one sports tenant, they are often more successful in marketing premium seating than venues that do not have a primary sports tenant. Seven of the eight comparable “standard” arenas included in this analysis incorporate premium seating, while just two of the “multi-purpose” facilities offer premium seating.
- Based on conversations with project representatives, a new facility in Coeur d’Alene is not initially anticipated to have a tenant sports franchise or program. Therefore, a traditional premium seating program may not be marketable. However, should the facility become the home of a tenant franchise, a limited premium seating program may be appropriate. Additional discussion of the potential impacts of a tenant franchise on facility operations can be found in the market demand, financial and economic impact sections of the full report.

Market Demand Analysis

Based on the results of the local market conditions analysis, the analysis of comparable facilities and extensive interviews with representatives of organizations that could bring events to a new facility in Coeur d’Alene, estimates were developed regarding the annual event and attendance levels that could be achieved by the proposed facility based on market demand. The following is a summary of the key methods and findings of the market demand analysis.

- The greatest opportunity to attract touring events such as concerts, family shows, rodeos, motorsports and other such events may be offering a more intimate, lower cost alternative to Spokane Arena. While Spokane Arena has been successful in attracting a wide variety of events and forming strong relationships with event promoters, its capacity and cost structure may not be appropriate for many events that are unlikely to draw attendance levels approaching the Arena’s capacity. A facility offering approximately 6,000 seats in Coeur d’Alene could fill a niche in the regional market for these mid-sized events.

- While the ability of the proposed facility to attract a full-time sports tenant is uncertain, a number of potential non-tenant sports events could be held at the facility.
 - Representatives of North Idaho College indicated an interest in playing selected basketball, volleyball and wrestling events at a new facility, providing opportunities to increase attendance beyond the capacity of Christiansen Gym.
 - The proposed facility could also host other collegiate sports events, including post-season events, particularly at the NCAA Division II and III and NJCAA levels, as well as regular season or exhibition basketball games featuring regional programs.
 - A wide variety of amateur sports events could utilize the proposed facility, particularly tournaments and meets for sports such as basketball, volleyball, wrestling, gymnastics and martial arts. These events generally require a large floor space that allows multiple playing surfaces to be used simultaneously.
- Some of these sports events are rotated among various cities on a competitive bid basis. The efforts of the Spokane Regional Sports Commission, the Coeur d'Alene Visitor and Convention Bureau and other such organizations will be key to the proposed facility's ability to attract these events.
- Community events such as high school and college graduations, community meetings, religious gatherings and other such events could utilize the proposed facility. These events often result in lower profits and economic impacts compared to spectator events, but they may help enhance the facility's role as a venue that benefits the community as a whole.
- There may be opportunities for the proposed facility to tap into flat floor event demand that is not being met by the Coeur d'Alene Resort or the Kootenai County Fairgrounds. This primarily includes events that require more space than is offered by the existing venues.
 - A new multi-purpose event facility could potentially capture untapped demand for large consumer and trade shows that cannot be accommodated by the event facilities offered at the Kootenai County Fairgrounds. A facility offering a clear span concrete floor in excess of 17,000 square feet would have the ability to attract existing Fairgrounds events that would like to expand but are limited at the existing venue, as well as new consumer and trade shows that are not coming to Coeur d'Alene due to lack of space.
 - The proposed facility could also potentially host large conventions and conferences featuring corporations and state and regional associations that are too large to be accommodated by the Resort. However, these types of events often require significant breakout space in addition to the main assembly venue and the presence of a full-service hotel attached to or located in the immediate vicinity of the convention venue. These requirements would preclude the proposed facility from hosting certain events. Finally, the ability of the facility to capture large meeting and conference events would require significant marketing efforts on the

part of the Visitor and Convention Bureau, the Chamber of Commerce and/or other such entity.

- Based on the key findings discussed above, the following estimates were developed regarding the annual event and attendance levels that could potentially be achieved by a new event facility in Coeur d’Alene. Two sets of event and attendance estimates were developed: a base scenario representing the event and attendance levels estimated to be sustainable in a typical year of operations, and a high scenario representing a “best case” year in which the facility is successful in attracting stronger event and attendance levels.

Summary of Event Estimates

Event Type	Annual Events			Average Attendance	Total Attendance	
	Base	-	High		Base	High
Concerts	6	-	8	4,500	27,000	36,000
Family Shows	4	-	6	1,500	6,000	9,000
Touring Sports	6	-	8	3,500	21,000	28,000
North Idaho College	12	-	15	2,500	30,000	37,500
Collegiate Sports	4	-	6	4,500	18,000	27,000
High School Sports	10	-	12	2,500	25,000	30,000
Amateur Sports	10	-	12	2,000	20,000	24,000
Community	10	-	12	1,000	10,000	12,000
Flat Floor	12	-	15	2,000	24,000	30,000
Totals	74	-	94		181,000	233,500

Note: The base scenario represents the event and attendance levels estimated to be sustainable in a typical year of operations. The high scenario represents a “best case” year in which the facility is successful in attracting stronger event and attendance levels.

- As shown, the proposed facility is estimated to host approximately 74 to 94 events annually, with total attendance of 181,000 to 233,500.
- A second set of event and attendance estimates was developed for a scenario in which the facility hosts a full-time hockey franchise. A tenant franchise is estimated to play 30 to 35 home games at the facility, drawing average attendance of 3,000 per game. However, it is important to note that some non-tenant events would likely be displaced due to scheduling conflicts and/or the inability to accommodate certain events while a permanent ice sheet is in place. The tenant scenario is estimated to result in 88 to 113 annual events with total annual attendance of approximately 234,500 to 302,000.
- The market demand analysis also included an assessment of potential demand for a two-field baseball complex being considered for development adjacent to the proposed indoor facility site. Based on the limited market demand analysis conducted for this study, it appears that demand exists for two new, full-sized baseball fields in Coeur d’Alene, particularly if McEuen Field is redeveloped for non-baseball use.
 - McEuen Field is heavily utilized by local Legion baseball programs, who would potentially expand their programs if additional fields were available.
 - In addition, the proposed baseball complex may attract the Spokane RiverHawks as a tenant franchise, providing 24 to 30 additional events per year.



Building Program Analysis

A building program analysis was conducted to provide recommendations regarding a building program for the proposed event facility that would accommodate areas of demand identified in the market demand analysis.

- It is recommended that the proposed facility be designed with a primary focus on accommodating sports and spectator events.
- While many communities have developed multi-purpose facilities that incorporate significant meeting, ballroom and other flat floor space in addition to a spectator event venue, this option may not be market-supportable in Coeur d'Alene, as the market is already home to flat floor facilities at the Coeur d'Alene Resort and the Kootenai County Fairgrounds. The event market may not be large enough to support an additional venue with a largely overlapping market focus.
- However, it may be beneficial for the proposed Riverstone facility to incorporate a small level of ancillary meeting and breakout space to enhance its ability to attract large spectator events and tournaments that often use a limited amount of meeting space for temporary offices, press events and other such functions related to the primary event.
- A seating capacity of 6,000 seats would differentiate the proposed facility from the larger Spokane Arena and several smaller event venues in the region, allowing the facility to fill a niche for mid-sized events. This seating capacity would also be sufficient to host the types of collegiate and high school postseason events and amateur sports events that could be attracted to Coeur d'Alene. Increasing the capacity significantly beyond 6,000 seats would likely provide only marginal value due to the relatively low number of events that could exceed that capacity in the market.
- At a minimum, the event floor should be larger than the largest spaces offered at the Coeur d'Alene Resort and the Kootenai County Fairgrounds (15,000 and 17,000 square feet, respectively). Based on conversations with flat floor event organizers, a facility offering 35,000 to 40,000 square feet of clear span space would allow the market to capture larger flat floor events than are currently being accommodated at the Resort or the Fairgrounds. Ultimately, the size of the facility's floor will need to be balanced against the need for adequate spectator seating. As the facility design process moves forward, project architects should be consulted to explore concepts that target up to 40,000 square feet of flat floor space without significantly compromising patron sight lines.

- Because the proposed Coeur d’Alene facility is not initially envisioned to host a full-time sports tenant, a typical premium seating program (such as annually-leased suites) may not be appropriate. However, an upscale reception area could be developed to host receptions and other functions before events, or to host VIP personnel during events. This type of space could also be used to generate revenue by offering patrons the ability to purchase a pass to attend a pre-event function offering complimentary food and beverage. An upscale reception room could also be used on non-event days to host small meetings and banquets, and could provide breakout space during flat floor events.
- In addition to developing recommendations regarding an appropriate building program for the proposed Riverstone facility, a preliminary analysis of potential future development options at the Kootenai County Fairgrounds was conducted.
 - One option is an increased focus on livestock events. However, livestock events are generally not profitable, and there may not be sufficient demand for such events in the area to justify significant investment in new or upgraded livestock facilities.
 - Another scenario may involve improvement and/or expansion of the Fairgrounds’ flat floor exhibition facilities. Simply upgrading the level of amenities associated with existing exhibition facilities could draw a limited number of additional events to the Fairgrounds, and could help support increased rental rates, helping to recoup revenue that could be lost if some of the Fairgrounds’ largest existing events are relocated to the proposed Riverstone facility.
 - The Fairgrounds may not be an appropriate location for a full convention center due to a lack of an adjacent headquarters hotel. Further, a fairgrounds environ may not provide a good fit for corporate meetings, conventions and other such events. Therefore, if a flat floor facility were to be developed on the Fairgrounds in the future, it would likely be more appropriate to construct a relatively basic, clear span structure with restrooms, concessions and other patron amenities, rather than a convention facility with significant ballroom and meeting space.

Financial Analysis

A financial analysis was conducted to provide an estimate of the potential operating results of a new, multi-purpose event venue in Coeur d’Alene. The following table summarizes the estimated annual revenues and expenses that could result from the operations of the proposed facility, presented in 2008 dollars.

**Estimated Annual Financial Operations
Proposed Coeur d'Alene Event Facility
(2008 Dollars)**

	<u>Base</u>	<u>High</u>
<i>Revenues</i>		
Rent	\$259,000	\$345,000
Food and Beverage	225,000	294,000
Parking	117,000	152,000
Advertising	90,000	113,000
Merchandise	25,000	33,000
Other	100,000	125,000
Total Revenues	\$816,000	\$1,062,000
<i>Expenses</i>		
Salaries & wages	\$550,000	\$605,000
Utilities	200,000	220,000
Repairs & maintenance	50,000	55,000
Materials & Supplies	30,000	33,000
Insurance	50,000	50,000
General & administrative	100,000	110,000
Management Fee	75,000	75,000
Total Expenses	\$1,055,000	\$1,148,000
Net Profit (Loss)	(\$239,000)	(\$86,000)
Capital Repairs	125,000	125,000
Net Profit (Loss) Including Capital Repairs	(\$364,000)	(\$211,000)

Note: The base scenario represents the event and attendance levels estimated to be sustainable in a typical year of operations. The high scenario represents a "best case" year in which the facility is successful in attracting stronger event and attendance levels.

- Operations of the proposed facility are estimated to result in a negative net cash flow of approximately \$364,000 under the base scenario or \$211,000 under the high scenario. It should be noted that the financial estimates presented herein do not include potential debt service payments related to the funding of the project.
- In order to put these estimated financial results in perspective, the following exhibit compares the annual revenues, expenses and net losses incurred by four comparable facilities. In order to provide direct comparisons, capital repairs expenses have been excluded from the Coeur d'Alene facility estimates, as capital repairs expenses were not included in the operating expense information provided by the comparable facilities.

Comparison of Estimated Financial Operating Results

Facility	Operating Revenues	Operating Expenses	Net Profit (Loss)
Coeur d'Alene Estimate (High)	\$1,062,000	(\$1,148,000)	(\$86,000) ⁽¹⁾
Mid-America Center	\$1,215,000	(\$1,308,000)	(\$93,000)
Swiftel Center	\$1,162,000	(\$1,367,000)	(\$205,000)
Coeur d'Alene Estimate (Base)	\$816,000	(\$1,055,000)	(\$239,000) ⁽¹⁾
Cabarrus Event Center	\$649,000	(\$1,160,000)	(\$511,000)
Five Flags Center	\$392,000	(\$1,091,000)	(\$699,000)
Average (Excl. Coeur d'Alene)	\$854,500	(\$1,231,500)	(\$377,000)

(1) Excludes capital repair expenses.

- As shown, the estimated operating loss of \$239,000 under the Base scenario would rank near the midpoint among the four comparable facilities, while the High scenario estimated operating loss of \$86,000 would be the smallest deficit among the peer facilities reviewed.
- In order to provide an understanding of the impact a tenant sports franchise could have on the proposed facility's financial operations, financial operating estimates were developed based on the tenant sports scenario discussed in the market demand analysis. The following table summarizes the annual revenues, expenses and operating profit/loss estimated to result from the tenant scenario.

**Estimated Annual Financial Operations
Proposed Coeur d'Alene Event Facility - Tenant Scenario
2008 Dollars**

	"No Tenant" Scenario		With Tenant		Incremental	
	Base	High	Base	High	Base	High
Total Revenues	\$816,000	\$1,062,000	\$1,088,000	\$1,384,000	\$272,000	\$322,000
Total Expenses	1,055,000	1,148,000	1,228,000	1,338,300	173,000	190,300
Net Profit (Loss)	(\$239,000)	(\$86,000)	(\$140,000)	\$45,700	\$99,000	\$131,700
Capital Repairs	\$125,000	\$125,000	\$125,000	\$125,000	0	0
Net Profit (Loss) Including Capital Repairs	(\$364,000)	(\$211,000)	(\$265,000)	(\$79,300)	\$99,000	\$131,700

- A facility operating with a tenant hockey franchise is estimated to incur an operating loss of approximately \$140,000 in the base scenario, prior to capital repairs or debt expenses. This represents a \$99,000 improvement over the "no-tenant" base scenario. Under the high scenario, a facility with a tenant is estimated to generate an operating profit of approximately \$45,700 before capital repairs and debt, compared to an operating loss of \$86,000 under the "no-tenant" scenario.
- The estimates and assumptions underlying the financial estimates for the tenant scenario are based on operating information from various minor league and junior hockey teams and could vary depending on the specific league, the level of support in the market and other such factors. The actual financial impact of a tenant franchise would be highly dependent on the terms of the lease agreement between the team's owners and the proposed facility. If the tenant franchise retains higher percentages of revenues and/or pays reduced rent and other expenses, the financial estimates presented herein may be impacted materially.

Economic Impact Analysis

Typically, the economic and fiscal benefits generated by public assembly facilities are among the primary determinants regarding the decision to construct a new facility. The following is a summary of the key findings of the analysis of the potential economic impacts that could result from the construction and operations of a new event facility in Coeur d'Alene.

- The following table summarizes the one-time economic and fiscal impacts estimated to be generated by the proposed facility during the construction phase, based on a preliminary construction cost estimate of \$25 million.

Estimated Direct Spending During Construction Period

Estimated Project Costs	\$25,000,000
Percentage Materials	50%
Percentage Labor	50%
Amount Materials	\$12,500,000
Amount Labor	\$12,500,000
Amount Spent Locally	
Materials	\$3,125,000
Labor	6,250,000
Total	\$9,375,000

Economic Impacts

	Multiplier	Impact
Output	1.514	\$14,190,000
Employment	14.015 ⁽¹⁾	130
Earnings	0.534	\$5,002,000

Fiscal Impacts

Sales Taxes	\$307,000
Personal Income Tax	172,000
Corporate Income Tax	59,000
Estimated Tax Receipts	\$538,000

(1) Represents full and part-time jobs supported per \$1.0 million in direct spending.

- As shown, an estimated \$9.4 million of the total construction spending is estimated to take place locally. This level of spending is estimated to generate approximately \$14.2 million in total output and support 130 full and part-time jobs with total earnings of \$5.0 million. In addition, approximately \$538,000 in State taxes are estimated to be generated during the construction period.

- The following table illustrates the annual economic and fiscal impacts estimated to be generated to by operations of the proposed facility. The impacts presented in the table represent annually recurring impacts. Gross impacts represent the total spending and resulting economic impacts. Net new impacts represent the portion of the gross impacts that are estimated to be “new” to the local economy and would not have taken place if not for the development and operations of the facility.

Estimated Annual Economic Impacts

	Gross Impacts		Net New Impacts	
	Base	High	Base	High
Direct Spending	\$8,484,000	\$11,115,000	\$4,348,000	\$5,683,000
Total Output	\$13,334,000	\$17,506,000	\$6,715,000	\$8,793,000
Jobs ⁽¹⁾	280	380	130	170
Personal Earnings	\$4,115,000	\$5,380,000	\$2,156,000	\$2,813,000
Tax Revenues				
Sales	\$560,000	\$736,000	\$278,000	\$364,000
Hotel/Motel	20,000	25,000	15,000	20,000
Individual Income	141,000	185,000	74,000	96,000
Corporate Income	55,000	72,000	28,000	36,000
Total Tax Revenues:	\$776,000	\$1,018,000	\$395,000	\$516,000

(1) Includes full and part-time jobs.

- As shown, gross direct spending, including in-facility and out-of-facility spending, is estimated to total approximately \$8.5 to \$11.1 million per year, which would generate approximately \$13.3 to \$17.5 million in total output. This level of economic activity would support 280 to 380 full and part-time jobs with annual earnings of \$4.1 to \$5.4 million. Taxes generated by the presence of the facility are estimated to total approximately \$776,000 to \$1.0 million annually.
- In terms of net new impacts, approximately \$4.3 to \$5.7 million of the estimated direct spending is estimated to be new to the Coeur d’Alene-area economy. This would generate approximately \$6.7 to \$8.8 million in net new output and support 130 to 170 new full and part-time jobs with \$2.2 to \$2.8 million in earnings. Further, approximately \$395,000 to \$516,000 in net new tax revenues are estimated to be generated on an annual basis.
- The following table summarizes the estimated annual fiscal and impacts resulting from the operations of the facility operating with a tenant sports franchise in comparison to the “no-tenant” economic impact estimates presented previously.



Estimated Annual Economic Impacts

	Gross Impacts					
	"No-Tenant" Scenario		With Tenant		Increment	
	Base	High	Base	High	Base	High
Direct Spending	\$8,484,000	\$11,115,000	\$10,512,000	\$13,722,000	\$2,028,000	\$2,607,000
Total Output	\$13,334,000	\$17,506,000	\$16,639,000	\$21,737,000	\$3,305,000	\$4,231,000
Jobs ⁽¹⁾	280	380	360	480	80	100
Personal Earnings	\$4,115,000	\$5,380,000	\$5,054,000	\$6,592,000	\$939,000	\$1,212,000
Tax Revenues						
Sales	\$560,000	\$736,000	\$690,000	\$904,000	\$130,000	\$168,000
Hotel/Motel	20,000	25,000	19,000	25,000	(1,000)	0
Individual Income	141,000	185,000	173,000	226,000	32,000	41,000
Corporate Income	55,000	72,000	69,000	90,000	14,000	18,000
Total Tax Revenues:	\$776,000	\$1,018,000	\$951,000	\$1,245,000	\$175,000	\$227,000

	Net New Impacts					
	"No-Tenant" Scenario		With Tenant		Increment	
	Base	High	Base	High	Base	High
Direct Spending	\$4,348,000	\$5,683,000	\$4,653,000	\$6,154,000	\$305,000	\$471,000
Total Output	\$6,715,000	\$8,793,000	\$7,218,000	\$9,555,000	\$503,000	\$762,000
Jobs ⁽¹⁾	130	170	140	190	10	20
Personal Earnings	\$2,156,000	\$2,813,000	\$2,298,000	\$3,036,000	\$142,000	\$223,000
Tax Revenues						
Sales	\$278,000	\$364,000	\$293,000	\$389,000	\$15,000	\$25,000
Hotel/Motel	15,000	20,000	15,000	20,000	0	0
Individual Income	74,000	96,000	79,000	104,000	5,000	8,000
Corporate Income	28,000	36,000	30,000	39,000	2,000	3,000
Total Tax Revenues:	\$395,000	\$516,000	\$417,000	\$552,000	\$22,000	\$36,000

(1) Includes full and part-time jobs.

- The gross economic impacts resulting from facility operations are estimated to increase significantly if the facility attracts a sports tenant. However, on a “net new” basis, the incremental impacts are estimated to be limited. This is due to the likelihood that the majority of tenant sports attendees would likely be local residents. In addition, a portion of the non-tenant events assumed to be displaced by a tenant team would likely consist of concerts, sports tournaments and other events that may have drawn attendees from outside of the local area. Therefore, while a sports tenant is estimated to generate higher levels of total economic activity, a relatively small portion of that activity would be new to the local economy.

Funding Analysis

- The development of arenas and other event facilities typically involves varying degrees of public-private partnerships. A variety of potential public and private funding sources that could be used to fund facility construction in Coeur d’Alene were identified. The funding potential of several of these sources was estimated to provide insight as to their ability to cover the level of debt service that will likely be required to construct the proposed facility.



- Based on conversations with project management and the results of the funding analysis presented in this section, it is likely that tax increment financing (TIF) will represent a primary source of funding for the project. The proposed facility site is located within an existing Urban Renewal District, and TIF has already been used to fund certain improvements within the Riverstone development. Therefore, the use of TIF to fund a portion of the proposed facility project could likely be implemented with minimal need for legislative changes or approval.
- Based on the strong existing hotel tax base in the Coeur d’Alene market, hotel taxes could represent an additional source of significant public funding, but would require the establishment of an Auditorium District and/or an expansion of the State’s resort city tax program to include communities the size of Coeur d’Alene. Either of these options would entail some political and/or legislative challenges.
- The ability to implement other public funding sources is likely to be limited by existing statutes. No local government entity has the authority to implement a local option sales tax, while the use of property tax revenues (outside of a TIF program) would require a 2/3-majority vote of local taxpayers. This referendum requirement could be eliminated by establishing a Parks and Recreation District, which would have the authority to levy property taxes. However, this method could encounter political opposition.
- Several private funding sources could be used to reduce the extent to which public funding is required for the project. This could include the sale of naming rights to the facility, private contributions and donations, the implementation of a facility fee, and other such sources.

I. Introduction

Conventions, Sports and Leisure, International (“CSL”) was retained by the Coeur d’Alene Sports Complex Committee (“Committee”) to conduct a feasibility study to evaluate the potential development of a sports and event complex at the Riverstone development in Coeur d’Alene, Idaho. This report outlines the key findings associated with the analysis of local market conditions, market demand, supportable facility program, event levels, financial operations, economic impacts and potential sources of project funding.

The Riverstone development is located northwest of downtown Coeur d’Alene, between Interstate Highway 90 and the Spokane River. Much of the development at Riverstone has already been completed, including a 14-screen movie theater, two hotels, a spa and salon, a fitness center, residential condominiums, several retail and restaurant establishments and a 10-acre park featuring a lake and hiking/biking trails.

As part of the future plans for continued development at Riverstone, consideration is being given to a multi-purpose sports and event complex that would be located on the northwest portion of the property. The complex is envisioned to consist of a multi-purpose indoor event facility, a new baseball field and support spaces such as parking facilities. The proposed indoor component of the project could fill an existing need in Coeur d’Alene for a variety of sports, spectator and flat floor space.

The purpose of CSL’s engagement was to assess the feasibility of the sports complex portion of the development. The study process, outlined herein, consisted of detailed research and analysis, including a comprehensive set of market-specific information derived from the following:

- Local market visits;
- In-person interviews/meetings with a variety of key constituents and stakeholders;
- Research and analysis of local market conditions and national and regional trends;
- Analysis of facility data from comparable and competitive/regional facilities and markets; and,
- Interviews with promoters and planners of various spectator and flat floor events.

Throughout the study process, efforts were made to solicit the input and opinions of a wide variety of stakeholders through interviews conducted in person, by telephone and/or through email correspondence. The following is a list of organizations and individuals with whom interviews were conducted for this study.

Organizations and Stakeholders Contacted

- AAU Basketball
- AAU Wrestling
- AEG Live
- American Legion Baseball
- Associated Industries of the Inland Northwest
- Big Sky Conference
- Boise Centre
- Boise Convention and Visitors Bureau
- Capital City Development Corporation
- Cheerfest
- City of Coeur d'Alene
- Coeur d'Alene Chamber
- Coeur d'Alene Resort
- Coeur d'Alene Visitors Bureau
- Double Tee Concerts
- Feld Entertainment (promoter of family shows)
- Funtastics (gymnastics organization)
- Great Northwest Athletic Conference
- Greater Spokane Association of Evangelicals
- Idaho Building Contractors Association
- Idaho Farm Bureau Federation
- Idaho Humanities Council
- Idaho Medical Association
- Idaho Society of Certified Public Accountants
- Idaho State AFL-CIO
- IHSAA
- Kootenai County Fairgrounds
- Kootenai County Treasurer's Office
- Lake City Development Corporation
- Live Nation (event promoter)
- MS Society - Inland Northwest Chapter
- NCAA
- NJCAA
- North Idaho College
- Pac-10 Conference
- Pacific Northwest Clean Water Association
- Pacific Northwest Qualifier (volleyball)
- Parks Foundation
- Spectra Productions (promoter of consumer shows)
- Spokane Regional Sports Commission
- Spokane River Hawks
- SRM Development
- USA Badminton
- USA Boxing
- USA Gymnastics
- USA Judo
- USA Taekwondo
- USA Wrestling
- VEE Corporation (promoter of family shows)
- Western Athletic Conference

The overall purpose of this study is to evaluate the feasibility of the proposed sports complex. Conclusions of a project's feasibility can be assessed in various ways, including:

- Market feasibility – the facility's ability to attract and support levels of event activity and facility usage that are consistent with or in excess of industry standards.
- Financial feasibility – the ability of the facility to “break-even” or generate an operating profit focusing only on direct facility-related operating revenues and expenses.
- Economic spending – the facility's ability to generate new spending activity in the local community (i.e., direct and indirect spending that is attributable to out-of-town event attendees that would not otherwise occur in the local area).
- Tax generation – the ability of the facility to generate new tax revenue for the local area (i.e., tax revenue resulting from direct, indirect and induced spending that is attributable to out-of-town event attendees that would not otherwise occur in the local area).

- Costs/benefits/return on investment – the facility’s ability to generate new revenues (i.e., from taxes, operating income and ancillary facility-related revenues, etc.) in excess of quantifiable facility-related costs (i.e., construction costs, operating costs, marketing costs, etc.).
- Intangible benefits/public good – the ability of the facility to represent an important resource for the local community, regardless of financial or economic concerns. These types of benefits add to the local community’s “quality of life” in the same way that libraries, museums and recreational parks do, without consideration of the economic impacts that the facility might generate.

When evaluating the feasibility of an event facility, communities throughout the country have differed in the specific criteria that best reflects the definition of feasible for their community. For instance, one community may focus more on the ability of the project to be operationally self-supportive (i.e., generate an annual financial operating profit) rather than the intangible “public good” aspects the project would provide local residents. The research, data, information and analysis provided through this study is intended to allow the Committee and other community constituents to draw their own informed conclusions concerning the feasibility of the proposed sports complex.

II. Local Market Conditions Analysis

This chapter provides background information on the Coeur d'Alene area's demographics and existing event facilities. It is important to gain an understanding of these characteristics to provide insight as to the support that could be expected from the Coeur d'Alene community for a new event facility. This analysis includes the following sections:

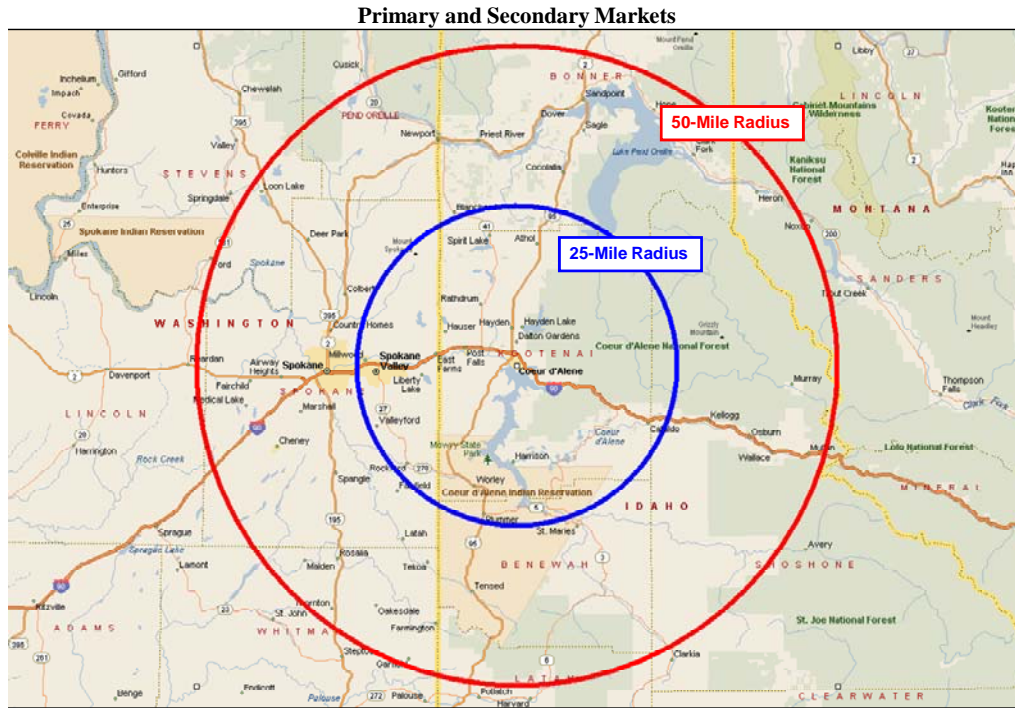
- Demographic and Socioeconomic Characteristics
- Hotel Inventory
- Existing Event Facilities
- Summary

Demographic and Socioeconomic Characteristics

An important component in assessing the potential success of a proposed new event facility in Coeur d'Alene is the demographic and socioeconomic profile of the local market. The strength of a market in terms of its ability to attract events and patrons and to generate revenues is measured, to some extent, by the size of the regional market area population and its income and spending characteristics. Specific demographic and socioeconomic information that can provide an indication of the ability of a market to support a new event facility includes population, age, household income and corporate base. Event promoters typically consider these factors when selecting the appropriate markets for their events.

The demographic analysis presented herein is based on the anticipated primary and secondary markets of the proposed new event facility. The primary market is the geographic area from which the majority of participants and attendees are expected to originate. While a number of facility patrons are assumed to reside within 25 miles of Coeur d'Alene, a significant number of visitors could potentially be drawn from groups, organizations and other potential users from throughout a larger area. As such, the secondary market to be evaluated has been defined as the area located between 25 and 50 miles from the proposed facility site. While some guests may travel from outside of this area to use the facility, particularly for certain concerts, tournaments or large flat-floor events, the primary and secondary markets are assumed to provide the majority of facility visitors for most events.

The following map illustrates the areas encompassed by the primary and secondary Coeur d'Alene markets.



Population

The level of population from which a facility will draw patrons can impact the ability of a facility to attract events. The following exhibit presents the current population within Kootenai County, Spokane County, the 25-mile radius and 50-mile radius markets for the proposed new event facility in Coeur d'Alene.

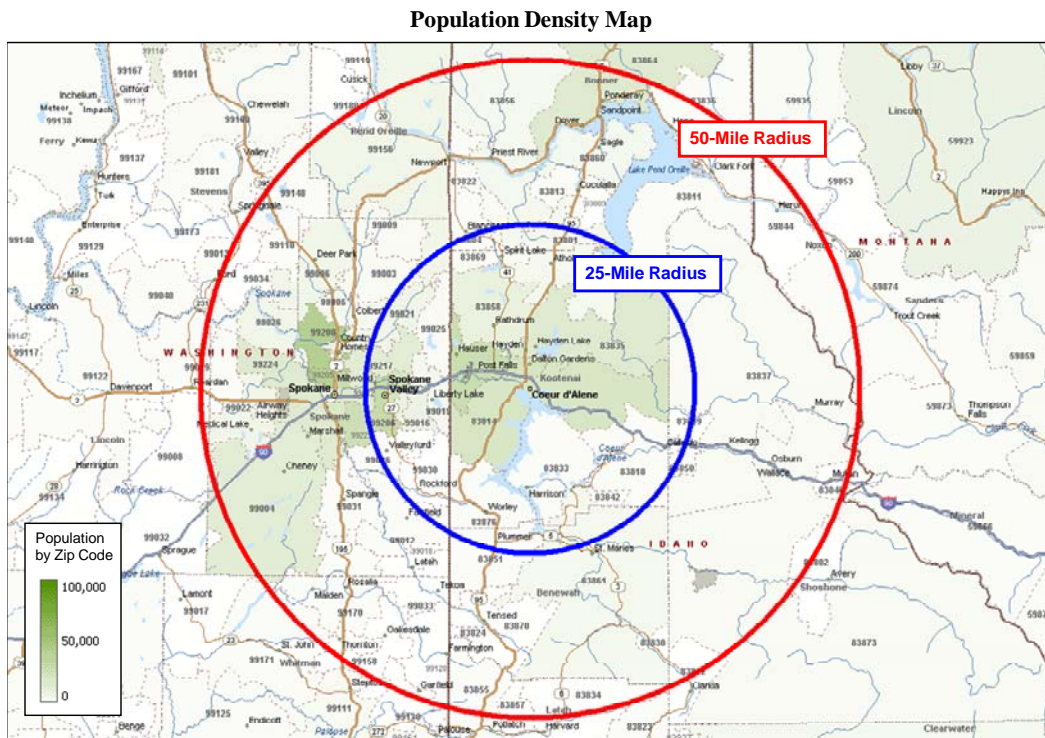
Population Statistics

	Kootenai County	Spokane County	25-Mile Radius	50-Mile Radius
2008 Population	142,500	460,600	280,400	682,600

Source: J.P. Stravens/Planning Associates, Inc.

Approximately 142,500 residents currently live within Kootenai County, a number that is projected to grow by a minimum of 8.5 percent within the next six years. The population in Spokane County is approximately 460,600 total residents. The estimated population within a 25-mile radius of Coeur d'Alene is approximately 280,400, as Spokane is just outside of the primary market. Spokane is located within a 50-mile radius of the proposed facility, which encompasses a population of approximately 682,600.

The following exhibit illustrates the population density of the 25-mile radius and 50-mile radius markets and beyond for the proposed new indoor event facility.



As shown, Kootenai County and the 25-mile radius market for the proposed indoor event facility encompass a moderately dense population base. The 50-mile radius market area includes more densely populated areas to the west, but relatively sparsely populated areas to the east and south. Although certain areas within the secondary market are less densely populated, the Kootenai and Spokane County populations could provide a significant base of spectators and participants for potential events at a new event facility in Coeur d'Alene.

Age

Another demographic characteristic important to the overall viability of an event venue is the age of the local population. Trends related to sports participation and the types of spectator events that are likely to be supported in a given market can vary greatly by age group. As a result, the age distribution of the local populace will impact the type and amount of utilization at a new indoor event facility. The table below presents key age-related demographic characteristics for Kootenai County as compared to the United States average.

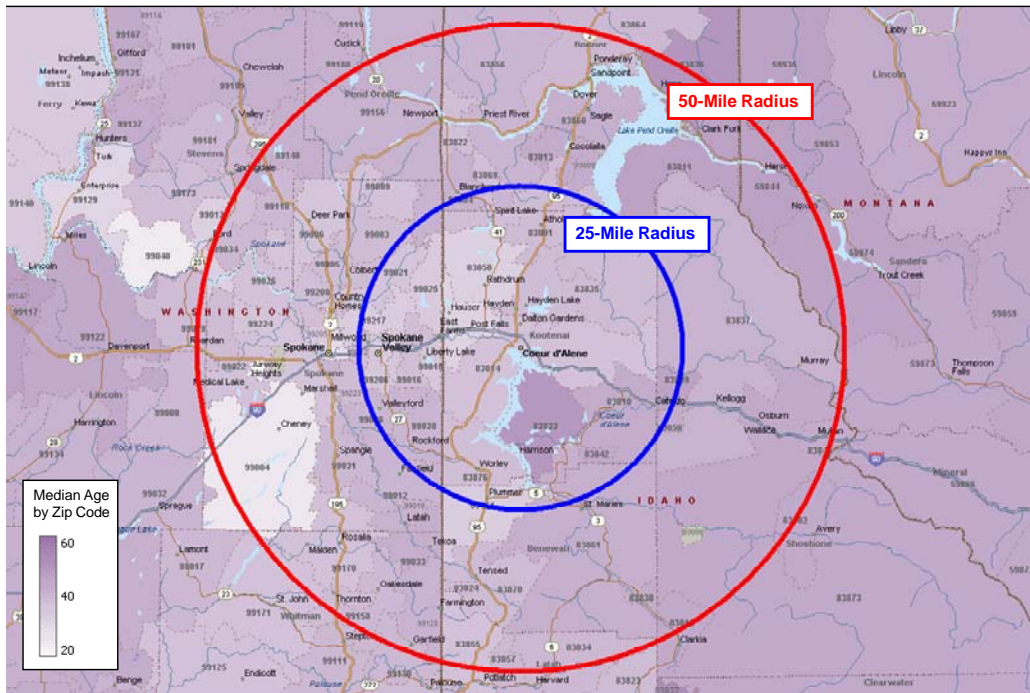
Population by Age

	Kootenai County	United States
Under 20	27.8%	26.0%
20 to 34	19.3%	21.8%
35 to 54	28.4%	28.8%
55 and Older	24.5%	23.4%

Source: J.P. Stravens/Planning Associates, Inc.
Claritas, Inc.

As shown, Kootenai County’s population largely mirrors that of the U.S. as a whole in terms of age demographics. This could indicate that the local market could support events catering to a wide range of age groups. The following map presents an illustration of the median age, by zip code, for the primary and secondary markets for the proposed facility.

Median Age Distribution Map



As shown, there is relatively little variation in median age market area for a proposed new event facility in Coeur d’Alene.

Income

Another socioeconomic variable that will be important to the potential success of the proposed event facility is household income. Income levels can serve as an indication of area households' ability to support spectator events and other programming that could potentially be held at a facility in Coeur d'Alene. The table below summarizes key household income statistics of the proposed indoor event facility's markets.

Income Statistics

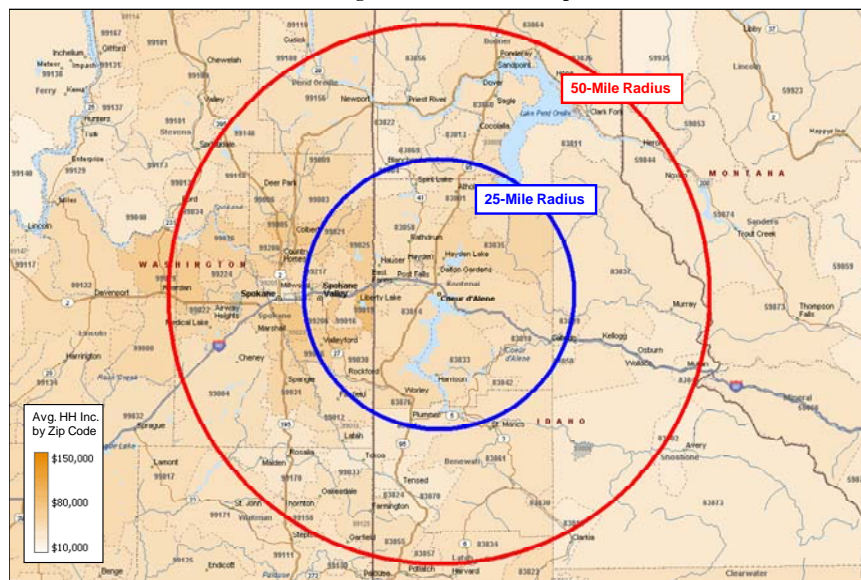
	Kootenai County	Spokane County	United States
Average Household Income	\$56,400	\$55,800	\$66,700
Median Household Income	\$47,200	\$47,000	\$49,300
Per Capita Income	\$30,900	\$27,500	\$25,500

Source: J.P. Stravens/Planning Associates, Inc.
Claritas, Inc.

Kootenai County and Spokane County exhibit slightly lower household income levels as compared to the national average in terms of average household income and median household income. However, per capita income levels in these markets are slightly higher than the national average. In developing pricing structures for tickets to spectator events in Coeur d'Alene, it will be important to identify price points that are supportable given the income demographics of area residents.

The following map illustrates the median household income by zip code in the primary and secondary markets reviewed, identifying areas of relatively high and low income levels throughout the region.

Average Household Income Map



As shown in the previous map, the primary and secondary markets for a proposed new indoor event facility in Coeur d'Alene demonstrate relatively stable income levels relative to the rest of the region. The western portion of the secondary market, including Spokane and its suburbs, demonstrates slightly higher average household income levels.

The household income demographics include only full-time residents of the region. It should be noted that the Coeur d'Alene area attracts many affluent tourists and visitors, particularly during the summer months. This influx of affluent families and individuals could provide additional support for events held at a new event facility in the market.

Corporate Base

The strength of the local corporate market could also play an important role in the success of an indoor event facility. Many event facilities throughout the country have developed advertising and sponsorship packages to provide valuable revenue streams. The success of these programs is dependent on the presence of a strong corporate community that is willing to invest in these sponsorship opportunities. The corporate community also represents a potential source of event utilization, including events such as shareholder meetings, training seminars, tradeshow and various other events. The following table summarizes the inventory of companies and public entities employing at least 100 people within Kootenai County.

Largest Kootenai County Employers

Employer	Type	Employees
Kootenai Medical Center	Hospital	1,650
Coeur d'Alene School District	Public Schools	1,380
Center Partners	Customer Service Center	1,100
Hagadone Hospitality	Lodging	1,100
State of Idaho	State Government	940
North Idaho College	Community College	930
Coeur d'Alene Casino	Amusement and Recreation	840
Kootenai County Government	County Government	730
Post Falls School District	Public Schools	690
U.S. Government	Federal Government	620
Lakeland School District	Public Schools	550
Verizon Northwest	Communications	500
Wal-Mart	General Merchandise Store	500
Flexcel (Harpers)	Manufacturer, Furniture	420
City of Coeur d'Alene	City Government	360
US Bank	Banking and Call Center	350
Silverwood	Theme Park	320
Advanced Input Systems	Manufacturer, Electronic	320
Coldwater Creek	Catalog Company	320
Buck Knives	Manufacturer, Knives	220
City of Post Falls	City Government	220
Costco	Retail	200
Coeur d'Alene Press	Newspaper	150

Source: J.P. Stravens/Planning Associates, Inc.



The Kootenai Medical Center is the largest private employer in Kootenai County, employing approximately 1,650 people. Center Partners’ customer service center and Hagadone Hospitality are the next largest private employers with 1,100 employees each. The presence of major employers such as Hagadone Hospitality, the Coeur d’Alene Casino and Silverwood provide an indication of the importance of the travel and tourism industry in the local economy.

In the public sector, education and government both employ a significant number of area residents. Major public employers include the Coeur d’Alene School District, North Idaho College, the State of Idaho, Kootenai County and the City of Coeur d’Alene.

Hotel Inventory

A new, multi-purpose event facility in Coeur d’Alene will have opportunities to host a variety of sports tournaments, consumer and tradeshows and other events with the potential to draw non-residents to Coeur d’Alene. These non-local attendees would have a positive impact on the local economy by supporting area hotels, restaurants and other establishments during their visit to the area.

The ability of the local market to provide an adequate number and quality of hotel rooms that are convenient to the proposed facility is a key consideration for potential non-local event attendees. The chart below summarizes hotel properties in Coeur d’Alene offering 50 or more guest rooms.

Coeur d’Alene Hotel Inventory

Property	Guest Rooms
The Coeur d’Alene Resort	338
Best Western Coeur d’Alene	123
Shilo Inn	123
Hampton Inn	120
AmeriTel Inn	118
Motel 6	109
Holiady Inn Express - Seltice	101
Super 8 Motel	95
Comfort Inn	69
Days Inn	62
La Quinta Inn and Suites - Sherman	62
Guest House Inn	58
Coeur d’Alene Budget Saver	52
La Quinta Inn Appleway	52
Total Hotel Rooms	1,482

Source: J.P. Stravens/Planning Associates, Inc.

As shown, there are currently 14 hotel properties in Coeur d’Alene that offer more than 50 rooms, with approximately 1,480 total rooms available. The Coeur d’Alene Resort offers the most total rooms at a single property, with 338, while the Best Western Coeur d’Alene and Shilo



Inn offer 123 rooms each. It should be noted that the table does not include various bed and breakfast facilities or hotel properties offering fewer than 50 rooms. If these properties are included, the total hotel inventory in the Coeur d'Alene market increases to approximately 1,755 total available rooms within the market.

It will be important that affordable room rates are offered to attract various youth and amateur sports tournaments, as families traveling with youth sports participants often seek to reduce travel costs by patronizing lower cost hotel properties. Therefore, the ability to secure moderately priced hotel rooms may make the Coeur d'Alene market a more attractive site for certain sports tournament events.

Existing Event Facilities

In evaluating the potential market for a new event facility in Coeur d'Alene, it is important to gain an understanding of the existing event market. An analysis of existing event facilities in the Coeur d'Alene and Spokane markets was conducted to understand the types of sports, entertainment and assembly events currently being accommodated by the venues within these markets, and to identify potential needs that are not being met by these existing facilities. The following is an overview of the primary public assembly facilities in the Coeur d'Alene and Spokane markets.

Coeur d'Alene Resort and Conference Center

The Coeur d'Alene Resort and Conference Center offers approximately 24,000 square feet of total sellable exhibition, meeting and ballroom space. The upscale nature of the Resort's event space, along with its location on the shore of Lake Coeur d'Alene, make it an attractive destination for corporate meetings, banquets, small to mid-sized conferences and other such events. However, the facility is not capable of hosting athletic competitions, concerts and other touring spectator acts. Further, the facility does not offer the large event spaces associated with major convention centers. The following table summarizes the sizes of the meeting and convention spaces offered by the Resort.



**Summary of Event Space at
Coeur d'Alene Resort**

Location/Space	Square Feet
Conference Center	15,104
Bayview Rooms	3,296
Beauty Bay (Bayview Room)	554
Boardroom 2	352
Boardroom 3	352
Boardroom 4	256
Boardroom 5	1,416
Boardroom 6	640
Boardroom 7	420
Boardroom 8	256
Lobby Level Cabin 4	528
Lobby Level Cabin 5	560
Total - All Rooms	23,734

As shown, the largest contiguous space offered at the Resort is the 15,000 square foot Conference Center, which can be sub-divided into up to six separate “bays”. The Resort also offers smaller meeting and banquet facilities ranging in size from 256 to 3,296 square feet.



Coeur d'Alene Casino at Worley

Owned and operated by the Coeur d'Alene Tribe of Indians, the Casino offers approximately 100,000 square feet of gaming space, a 200-room hotel and approximately 13,000 square feet of conference and entertainment space, including an 1,800-seat events center. The events center hosts a variety of second-tier touring concert acts. According to information reported by Pollstar, a concert market research firm, the facility hosts approximately seven to 10 touring concerts per year, primarily consisting of country/western and classic rock acts. In recent years, these concerts have featured acts such as Diamond Rio, 38 Special, LeAnn Rimes and Creedence Clearwater Revisited, among others.

Coeur d'Alene Kroc Center

The Coeur d'Alene Ray & Joan Kroc Corps Community Center is an estimated 123,000-square foot complex currently under construction under the supervision of the Salvation Army. It is expected to open in April 2009, offering a 350-seat performing arts theater, gymnasium, swimming pool, fitness facility and community room. The Center is not anticipated to host touring concerts and other spectator events. However, the recreational event spaces offered at the Center could impact the activities held at the proposed Riverstone event facility. The facilities may be able to achieve synergies by hosting amateur sports tournaments that utilize both venues, allowing Coeur d'Alene to pursue larger events.



Schuler Performing Arts Center

Located on the campus of North Idaho College, the 1,200-seat Schuler Performing Arts Center hosts concerts, plays and other performances. Although parking is limited, the Center hosts approximately 60 performances annually. The facility is unlikely to complete with the proposed new event facility for touring events, as the capacities of the venues are anticipated to be significantly different.

Kootenai County Fairgrounds

The Kootenai County Fairgrounds are located north of downtown Coeur d'Alene and offer a variety of indoor and outdoor event space. The Fairgrounds host the five-day North Idaho Fair and Rodeo every August. Throughout the rest of the year, the Fairgrounds attracts a variety of exhibition and trade shows to maximize use of their facilities. During the 2007 calendar year, the Fairgrounds hosted a total of 131 event days and 97 move-in/move-out days across its various facilities. The following table summarizes the indoor event space offered by the Fairgrounds.



**Summary of Indoor Event Space at the
Kootenai County Fairgrounds**

Location/Space	Square Feet
Building 1	9,600
Building 2	2,400
Building 3	5,000
Total 1, 2 & 3	17,000
Building 7	3,600
Building 19	3,264
Building 25 (Jacklin Bldg)	16,500
Total - All Buildings	40,364

As shown, six indoor venues are offered at the Fairgrounds, ranging in size from 2,400 to 16,500 square feet. The largest venue, the Jacklin Building, is only rented from May through September. Buildings 1, 2 and 3 are connected via enclosed walkways, providing a total of 17,000 square feet.

A 5,000 to 8,000-seat multi-purpose arena was proposed to host indoor and mixed-use events at the Fairgrounds. A feasibility study completed for the facility indicated that it may be market supportable. However, logistical and public funding issues have prevented this project from moving forward. The facility being considered at Riverstone is similar to the concept studied by the Fairgrounds. Therefore, if the Riverstone facility moves forward, the Fairgrounds would likely need to consider other development alternatives. This will be discussed in more detail in the Building Program Analysis presented later in this report.

The Greyhound Park and Event Center

The Greyhound Park and Event Center is a multi-use facility located on the Idaho-Washington border between Coeur d’Alene and Spokane. The converted greyhound racetrack offers 30,000 square feet of indoor space, indoor bleacher seating for 1000, a full service restaurant and bar, and banquet facilities for large parties. The facility hosts a variety of community, cultural and personal events including the Julyamsh Pow Wow, the Coeur d’Alene Balloonfest, concerts, auctions, and boat, car and RV shows.



Silverwood Theme Park



Silverwood Theme Park is an estimated 212-acre recreation and entertainment park offering roller coasters, water slides and other rides that attracts approximately 500,000 patrons annually. Located approximately 20 miles north of Coeur d'Alene, the Park would likely serve more as a complimentary facility, helping to add to the overall appeal of the destination.

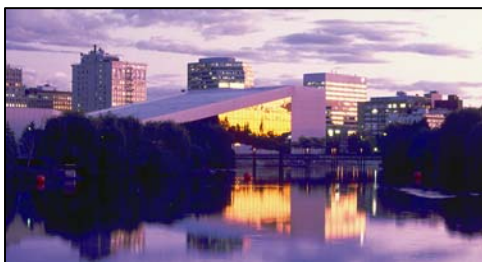
Spokane Arena

Spokane Arena opened in 1995 and is owned and operated by the Spokane Public Facilities District. It has capacities of approximately 12,500 for concerts, 12,000 for basketball and 11,000 for hockey. The Arena is home to the Spokane Chiefs of the Western Hockey League and the Spokane Shock of af2 (arena football league). In a recent year of operation, the Arena hosted 47 tenant events, 21 concerts, 25 family shows, 25 community events and 12 non-tenant sports events.



Spokane Arena would likely represent the primary competitor for concerts and other touring events that could utilize a new event facility in Coeur d'Alene. However, a facility in Coeur d'Alene may have opportunities to establish a niche in the market by offering promoters a more intimate, lower cost alternative to Spokane Arena.

INB Performing Arts Center



The INB Performing Arts Center is a 2,700-seat fixed seating venue that is also owned and operated by the Spokane Public Facilities District. The Center hosts a variety of performing arts and symphony concerts annually. The Center also hosts some touring concerts and entertainment events. However, the facility has a significantly smaller capacity and a differing event focus compared to the envisioned Coeur d'Alene facility, which

will likely limit competition between the two venues.

Spokane Convention Center

The Spokane Convention Center offers approximately 158,000 square feet of exhibition, meeting and ballroom space and is the primary convention facility in the market for non-local conventions and tradeshows, meetings and public and consumer shows.



Spokane County Fair and Expo Center

The Spokane County Fair and Expo Center offers approximately 97 acres of multi-use facilities throughout several enclosed buildings. Exhibit buildings offer the opportunity to host equestrian, livestock, consumer shows and other events. Outdoor seating for up to 5,000 people at a grandstand facility offers an opportunity to host concerts, shows and other ticketed events.

Joe Albi Stadium

Joe Albi Stadium is a 28,650-seat, open-air stadium in northwest Spokane that is primarily used to host high school football games. There are approximately 5,000 parking spaces available at the Stadium.

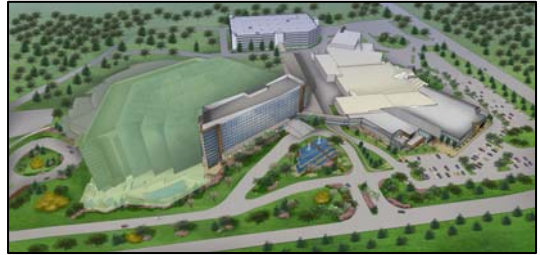


McCarthy Athletic Center

The McCarthy Athletic Center is the 6,000-seat home of the Gonzaga University basketball programs and opened in 2004. The Center was designed to host other events such as concerts, banquets, meetings and sports tournaments. However, non-University use of the facility has generally been limited.

Northern Quest Casino

Owned and operated by the Kalispel Tribe, the Northern Quest Casino currently offers approximately 1,400 machines on its gaming floor and can accommodate 1,240 people within its entertainment venues. A major expansion is being considered to add a 350-room hotel, a 1,500-stall parking garage and a theater with as many as 3,000 seats.



Summary

This section has provided an overview of the demographic composition and public assembly facilities within the Coeur d'Alene and Spokane markets. The market's population, age and income parameters are generally within the requirements needed to support an event facility. Many sports tournaments and other events that could be held at the proposed facility draw participants and attendees from outside of the local market. The diversity of hotel properties in the Coeur d'Alene market provides the capability to accommodate these non-local visitors.

The market is home to several event facilities, each of which largely serves its own distinct market niche. Coeur d'Alene's primary event venues are the Coeur d'Alene Resort and Conference Center and the Kootenai County Fairgrounds. The Resort offers upscale meeting, banquet and conference space, while the Fairgrounds offers flat floor exhibition space with a relatively low level of amenities. Neither facility is capable of hosting significant sports and spectator entertainment events.

Spokane Arena represents the region's primary indoor sports and entertainment event facility. The proposed Coeur d'Alene facility may have an opportunity to attract concerts and other touring events by providing a more intimate, lower cost alternative to Spokane Arena.

III. Comparable Facilities Analysis

This chapter provides a review of the various physical characteristics and resources of existing spectator and/or convention venues that can be considered comparable to a potential new facility in Coeur d’Alene. The facilities reviewed were selected based on their facility characteristics and the size and location of the markets in which they are located. The following table presents a list of the selected comparable facilities and markets evaluated as a part of this analysis.

Comparable Facilities

Comparable Arenas	
Budweiser Event Center	Loveland, CO
Dodge Arena	Hidalgo, TX
Qwest Arena	Boise, ID
Tim's Toyota Center	Prescott Valley, AZ
Toyota Center	Kennewick, WA
Tsongas Arena	Lowell, MA
Tyson Events Center	Sioux City, IA
Yakima Valley SunDome	Yakima, WA

Comparable Arena/Convention Centers	
Alltel Center	Mankato, MN
Cabarrus Arena & Events Center	Concord, NC
Five Flags Center	Dubuque, IA
La Crosse Center	La Crosse, MN
Mayo Civic Center	Rochester, MN
Mid-America Center	Council Bluffs, IA
Sioux Falls Conv. Center & Arena	Sioux Falls, SD
Swiftel Center	Brookings, SD

Through research of existing facility databases, information received from various publications and discussions with facility management, information was gathered on these comparable facilities, including physical characteristics, event levels, rental rates and other developmental and operational issues. Based on this research, we have developed case studies with regard to each of the identified venues, as presented on the following pages. The following exhibit outlines the basic physical components of the identified comparable facilities.



Comparable Facilities Overview

Facility	City, State	Tenant(s)	Year Built	Arena Capacity		Convention SF ⁽¹⁾
				Sports	Concerts	
Comparable Arenas						
Budweiser Event Center	Loveland, CO	CHL, PISL, IFL	2003	5,350	7,200	0
Dodge Arena	Hidalgo, TX	CHL, af2	2003	5,500	6,000	2,000
Qwest Arena	Boise, ID	ECHL, af2, NBA D-League	1997	5,190	4,200	0
Tim's Toyota Center	Prescott Valley, AZ	CHL, AIFL	2006	5,100	6,200	0
Toyota Center	Kennewick, WA	WHL, af2	1988	6,200	7,500	0
Tsongas Arena	Lowell, MA	AHL, college hockey	1998	6,500	7,800	2,750
Tyson Events Center	Sioux City, IA	USHL, NIFL	2003	6,700	10,000	0
Yakima Valley SunDome	Yakima, WA	None	1990	6,000	8,000	0
Comparable Arena/Convention Centers						
Alltel Center	Mankato, MN	College hockey	1995	5,280	8,200	17,350
Cabarrus Arena & Events Center	Concord, NC	None	2002	3,000	5,500	109,600
Five Flags Center	Dubuque, IA	CSHL	1979	3,260	5,200	10,800
La Crosse Center	La Crosse, MN	None	1980/2000	4,880	8,000	59,600
Mayo Civic Center	Rochester, MN	None	1984/2001	5,000	5,800	44,850
Mid-America Center	Council Bluffs, IA	USHL	2002	6,800	7,800	48,300
Sioux Falls Conv. Center & Arena	Sioux Falls, SD	USHL, UIF, NBA D-League	1961/1997	6,400	8,000	61,900
Swiftel Center	Brookings, SD	None	2000	3,500	6,500	12,600

af2: Arena Football 2; AHL American Hockey League; AIFA: American Indoor Football Association; CHL Central Hockey League; ECHL: East Coast Hockey League; CSHL: Central States Hockey League; IFL: Indoor Football League; NIFL: National Indoor Football League; PISL: Professional Indoor Soccer League; UIF: United Indoor Football; USHL: United States Hockey League; WHL: Western Hockey League

(1) Convention square footage does not include arena flat floor space.

Source: Interviews with facility management, Billboard Aud Arena Guide, Revenues from Sports Venues.

Comparable Arenas

One development option that could be considered in Coeur d'Alene is a standard arena with a primary focus on spectator events. Facilities of this type typically consist of an event floor surrounding by fixed seating, typically in a 360-degree or horseshoe configuration. These facilities offer minimal ancillary event space, with the arena floor accommodating most events held in the facility. The arena floor typically measures approximately 100 feet wide by 200 feet long, large enough to accommodate a hockey rink. In some cases, the seats located nearest to the event floor are portable or retractable, allowing the event floor to expand beyond 20,000 square feet.

The following are case studies detailing the physical and operational characteristics of several arenas as described above.

Budweiser Events Center

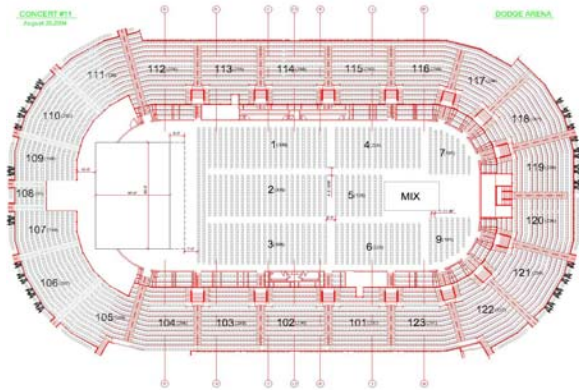


Located in Loveland, Colorado, the Budweiser Events Center opened in 2003 at a cost of \$25 million. The facility is owned by Larimer County, operated by Global Spectrum and has a capacity of 5,350 for ice events and 7,200 for concerts. In addition, the Center offers 24 private suites and 777 club suites.

The Center has three tenant sports franchises, the Colorado Eagles of the Central Hockey League, the Colorado Lightning of the Professional Indoor Soccer League and the Colorado Ice of the Indoor Football League. In a recent year, the Center hosted a total of 113 events, including 35 tenant sporting events, 12 concerts, 18 family shows, 13 non-tenant sports events, 6 community events and 29 other miscellaneous events, which includes several equestrian shows and other events related to the Larimer County Fair.

Budweiser Events Center	
City, State:	Loveland, CO
City Population:	57,500
25-mi Pop.	594,100
50-mi Pop.	2,157,600
Year Opened:	2003
Ownership:	Larimer County
Management:	Global Spectrum
Tenants:	CHL, PISL, IFL
Arena:	
Seating Capacity:	5,350 (sports) 7,200 (concerts)
Floor SF:	19,800
Convention Space:	
Exhibition SF:	0
Ballroom SF:	0
Meeting SF:	0
Sellable SF:	0
Events:	
Tenant	35
Non-Tenant:	78
Total:	113
Total Attendance:	300,200

Dodge Arena



Located in Hidalgo, Texas, Dodge Arena opened in 2003 and has a capacity of 5,500 for ice events and up to 6,000 for concerts. The Arena incorporates 25 executive suites ranging in size from 10 to 18 seats, as well as 508 club seats.

The Arena is owned by the City of Hidalgo Municipal Facilities Corporation and operated by Global Spectrum. The facility has two anchor tenants: the Rio Grande Valley Killer Bees of the CHL and the af2 Rio Grande Valley Dorados. The Arena also offers a 2,000-square foot community room that can be rented by the public.

In a recent year, Dodge Arena hosted a total of 134 events, including 31 tenant hockey games, eight tenant football games, 24 concerts, 41 family show performances, 18 non-tenant sports events, eight community/religious events and four miscellaneous events.

Dodge Arena

City, State:	Hidalgo, TX
City Population:	10,000
25-mi Pop.	662,400
50-mi Pop.	1,090,400
Year Opened:	2003
Ownership:	City of Hidalgo
Management:	Global Spectrum
Tenants:	CHL, af2
Arena:	
Seating Capacity:	5,500 (sports) 6,000 (concerts)
Floor SF:	19,000
Convention Space:	
Exhibition SF:	0
Ballroom SF:	0
Meeting SF:	2,000
Sellable SF:	2,000
Events:	
Tenant	39
Non-Tenant:	95
Total:	134
Total Attendance:	n/a

Qwest Arena



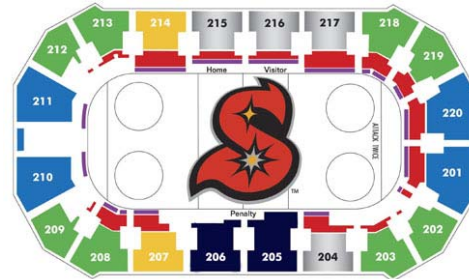
The 5,190-seat Qwest Arena in Boise, Idaho opened in 1997. The privately owned facility has three sports tenants: the Idaho Steelheads of the ECHL, the Boise Burn of Arena Football 2 (af2) and the Idaho Stampede of the NBA Developmental League.

Premium seating at the facility includes 39 suites and a VIP club. Suites range in size from 12 to 30 seats, with prices depending on the suite capacity and ticket package included with the suite. Suite prices range from \$12,000 for a 12-seat suite with a hockey-only ticket package to \$45,000 for a 30-seat suite including tickets to all arena events. Access to the VIP club is included in certain season ticket packages offered by the Arena’s sports tenants.

Regular season home games hosted by the Arena on an annual basis include 36 Steelheads games, eight Burn games and 25 Stampede games. In addition, non-tenant events hosted by the Arena in a recent year included six concerts, 12 family shows, 29 non-tenant sports events and 13 other events. The Arena’s published rental rate is the greater of \$3,500 or 10 percent of gross gate receipts.

Qwest Arena	
City, State:	Boise, ID
City Population:	198,600
25-mi Pop.	554,000
50-mi Pop.	662,300
Year Opened:	1997
Ownership:	Block 22 LLC
Management:	Sodexo
Tenants:	ECHL, af2, NBA D-League
Arena:	
Seating Capacity:	5,190 (sports) 4,200 (concerts)
Floor SF:	17,000
Convention Space:	
Exhibition SF:	0
Ballroom SF:	0
Meeting SF:	0
Sellable SF:	0
Events:	
Tenant	69
Non-Tenant:	60
Total:	129
Total Attendance:	n/a

Tim's Toyota Center



Tim's Toyota Center is located in Prescott Valley, Arizona and has a seating capacity of 5,100 for sports events and 6,200 for concerts. Tenants of the facility include the CHL Arizona Sundogs and the American Indoor Football Association ("AIFA") Arizona Adrenaline. The facility was built at a cost of \$24 million, with funding consisting of 87 percent private funds and 13 percent public funds.

The arena incorporates 24 suites and 397 club seats. The suites have capacities of eight to 16 guests and range in price from \$18,000 to \$40,250. Prices include tickets to all tenant sports events. Suite lease terms are available for three to seven years. Club seats are priced at \$750 per year and are available for a two to five-year lease term. In addition to the annual fee, club seat holders must purchase a seat license at a cost of \$350 for a two-year lease, \$300 for a three-year lease and \$250 for a five-year lease. The club seat price includes season tickets for the arena's tenant sports franchise. Club seat holders also receive the first right of refusal to purchase their seats for non-tenant events, in-seat wait service, exclusive access to a club lounge during events, and VIP parking.

The facility's published rental rate is the greater of \$5,000 or 10 percent of gross ticket sales. The arena predominately hosts sporting events and concerts. The Center is budgeted to host approximately 120 events per year. However, an actual event listing was not available.

Tim's Toyota Center	
City, State:	Prescott Valley, AZ
City Population:	37,800
25-mi Pop.	169,300
50-mi Pop.	229,700
Year Opened:	2006
Ownership:	Global Entertainment Corp.
Management:	Encore Facility Mgmt
Tenants:	CHL, AIFA
Arena:	
Seating Capacity:	5,100 (sports) 6,200 (concerts)
Floor SF:	NA
Convention Space:	
Exhibition SF:	0
Ballroom SF:	0
Meeting SF:	0
Sellable SF:	0
Events:	
Tenant	40
Non-Tenant:	80
Total:	120
Total Attendance:	NA

Toyota Center



Originally known as the Tri-Cities Coliseum, the Toyota Center opened in 1988 in Kennewick, Washington. The Coliseum has a capacity of 6,200 for ice events and up to 7,500 for concerts. The facility has two sports tenants, the Tri-City Americans of the Western Hockey League (WHL) and the Tri-Cities Fever of Arena Football 2 (af2). The facility is owned by the City of Kennewick and operated by VenuWorks.

The arena’s premium seating offerings include 11 private suites with annual prices ranging from \$11,000 to \$17,000 per year. Suite prices include tickets to all events with the exception of Fever games and Americans’ playoff games. The suites accommodate six to 12 guests and can be leased on three or five year contracts.

The facility hosts a variety of events in a typical year. Public events held in the Center during the 2007 calendar year included 44 Americans games, nine Fever games, 12 concerts, three family shows, three Broadway play productions, five non-tenant sports events and six community events consisting primarily of high school graduations. The standard rental rate is based on a minimum rate of \$3,000 versus 10 percent of gross ticket sales. However, the minimum rental amount varies depending on the type of event.

Toyota Center	
City, State:	Kennewick, WA
City Population:	65,900
25-mi Pop.	231,900
50-mi Pop.	435,100
Year Opened:	1988
Ownership:	City of Kennewick
Management:	VenuWorks
Tenants:	WHL, af2
Arena:	
Seating Capacity:	6,200 (sports) 7,500 (concerts)
Floor SF:	27,100
Convention Space:	
Exhibition SF:	0
Ballroom SF:	0
Meeting SF:	0
Sellable SF:	0
Events:	
Tenant	53
Non-Tenant:	29
Total:	82
Total Attendance:	NA

Tsongas Arena



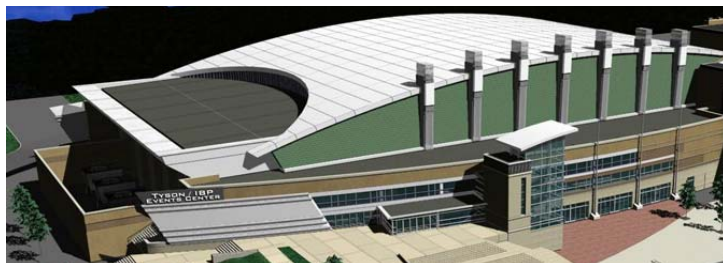
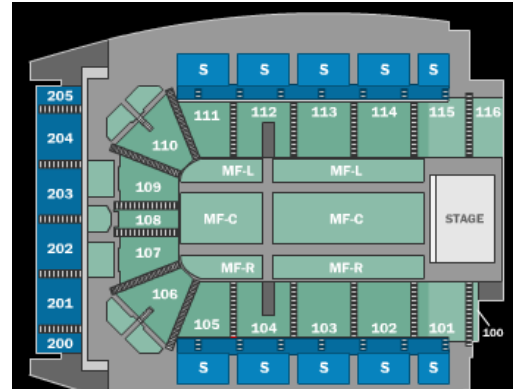
The Paul Tsongas Arena is located in downtown Lowell, Massachusetts adjacent to the University of Massachusetts, Lowell (UML) campus. The Arena is a multi-purpose indoor facility that opened in 1998 and has a capacity of 6,496 for hockey and up to 7,800 for concerts. The arena also maintains a lawn with a 3,500 person capacity for outdoor concerts, festivals, and special events.

The venue is owned by the City of Lowell and is privately managed by SMG. The arena is home to two hockey teams including the Carolina Hurricanes' AHL affiliate, Lowell Lock Monsters and the NCAA Division I University of Massachusetts, Lowell River Hawks hockey team.

Arena management indicated that the facility hosted approximately 148 events in a recent fiscal year, including 44 tenant hockey events and 24 collegiate tenant events, as well as 19 concerts, 11 family shows, 6 other sporting events, 6 graduations, one tradeshow and 37 other miscellaneous events.

Tsongas Arena	
City, State:	Lowell, MA
City Population:	103,900
25-mi Pop.	2,955,400
50-mi Pop.	5,815,400
Year Opened:	1998
Ownership:	City of Lowell
Management:	SMG
Tenants:	AHL, College hockey
Arena:	
Seating Capacity:	6,500 (hockey) 7,800 (concerts)
Floor SF:	17,000
Convention Space:	
Exhibition SF:	30,000
Ballroom SF:	0
Meeting SF:	2,750
Sellable SF:	32,750
Events:	
Tenant	68
Non-Tenant:	80
Total:	148
Total Attendance:	396,400

Tyson Events Center

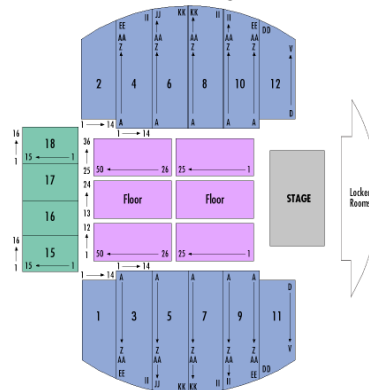


Located in Sioux City, Iowa, the Tyson Events Center is owned by the City of Sioux City and incorporates the Gateway Arena as well as the Municipal Auditorium. The Tyson Events Center was completed in December 2003. The Arena features a U-shaped seating bowl with a capacity of approximately 6,100 for basketball, 6,700 for hockey and football and up to 10,000 for concerts.

The facility hosts two minor league sports tenants, the Musketeers of the USHL and the Bandits of the UIF. Together, they hosted 37 events at the Tyson Event Center in a recent year. In addition, the Center hosted 65 additional non-tenant events, including concerts, family shows, motorcycle races, monster truck rallies. In 2004 and 2005, the Center hosted the 7-day NAIA Division II women's basketball tournament. Additionally, the Center hosted the 2005 NAIA Division II wrestling tournament. The arena's rental rate is the greater of \$2,200 versus 10 percent of gross gate receipts.

Tyson Events Center	
City, State:	Sioux City, IA
City Population:	83,400
25-mi Pop.	154,600
50-mi Pop.	274,900
Year Opened:	2003
Ownership:	City of Sioux City
Management:	City of Sioux City
Tenants:	USHL, NIFL
Arena:	
Seating Capacity:	6,700 (hockey) 10,000 (concerts)
Floor SF:	23,500
Convention Space:	
Exhibition SF:	0
Ballroom SF:	0
Meeting SF:	0
Sellable SF:	0
Events:	
Tenant	37
Non-Tenant:	65
Total:	102
Total Attendance:	n/a

Yakima Valley SunDome



Located in Yakima, Washington, the Yakima Valley SunDome opened in 1990 and does not currently have a tenant sports franchise, although the facility was formerly home to a franchise in the Continental Basketball Association (CBA). The facility's capacity ranges from 6,000 for ice events to 8,000 for concerts. Yakima County owns the arena, which is operated by the Central Washington State Fair Association. The Dome does not offer any premium seating.

In a recent year, the Sun Dome hosted 92 total events, including five concerts, two family show performances, 29 sports events including high school championships, rodeos, boxing and other such events, 15 community and religious events, 26 days of flat floor events, 10 conventions and meetings and five miscellaneous events. The facility's standard rental rate is the greater of \$3,000 versus 10 percent of gross gate receipts.

Yakima Valley SunDome

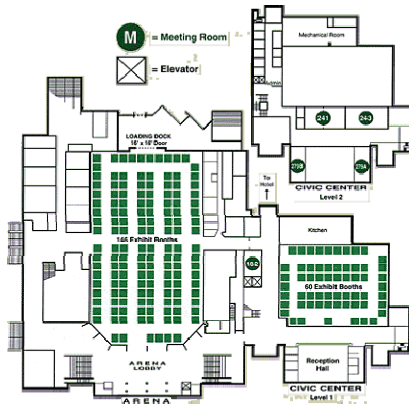
City, State:	Yakima, WA
City Population:	71,800
25-mi Pop.	200,600
50-mi Pop.	308,400
Year Opened:	1990
Ownership:	Yakima County
Management:	Central WA State Fair Ass'n
Tenants:	None
Arena:	
Seating Capacity:	6,000 (sports) 8,000 (concerts)
Floor SF:	85,000
Convention Space:	
Exhibition SF:	0
Ballroom SF:	0
Meeting SF:	0
Sellable SF:	0
Events:	
Tenant	0
Non-Tenant:	92
Total:	92
Total Attendance:	n/a

Comparable Arena/Convention Facilities

Another type of facility that could be considered in Coeur d'Alene is a multi-purpose event facility that incorporates more flexibility into the main event arena and/or offers ancillary flat floor space. By utilizing a larger amount of portable and/or retractable seating than is typically provided in a standard arena, the facility could offer enough seating for major spectator events, while having the flexibility to offer a large event floor for trade shows, sports tournaments requiring multiple courts, and other such events. This type of facility would be capable of hosting a wider variety of events than the standard arena described previously, as it would potentially offer a larger event floor in addition to more varied programming space such as meeting rooms and banquet facilities.

The following pages provide case studies providing physical and operating information on a number of multi-purpose facilities that combine a spectator arena and ancillary flat floor space.

Alltel Center



The Alltel Center opened in 1995 in Mankato, Minnesota. The facility is owned and operated by the City of Mankato. Compass Facility Management previously managed the facility until 2004.

The Alltel Center offers a 5,280-seat arena, 11,200 square feet of exhibit space, 2,150 square feet of ballroom space and 4,000 square feet of meeting space. The Minnesota State University-Mankato men's hockey team is the Center's sole sports tenant.

According to facility management, the Center hosts approximately 100 major events in a typical year, including 20 tenant hockey games, 14 concerts, three to five family shows with a total of approximately 15 performances, eight non-tenant sports events and a variety of trade/consumer shows, community events and other miscellaneous events.

Alltel Center	
City, State:	Mankato, MN
City Population:	34,400
25-mi Pop.	126,800
50-mi Pop.	514,100
Year Opened:	1995
Ownership:	City of Mankato
Management:	City of Mankato
Tenants:	College hockey
Arena:	
Seating Capacity:	5,280 (sports) 8,200 (concerts)
Floor SF:	20,000
Convention Space:	
Exhibition SF:	11,200
Ballroom SF:	2,150
Meeting SF:	4,000
Sellable SF:	17,350
Events:	
Tenant	20
Non-Tenant:	80
Total:	100
Total Attendance:	NA

Cabarrus Arena & Event Center



Located 10 miles north of Charlotte, North Carolina, the Cabarrus Arena & Event Center opened in 2002. The facility is currently owned by Cabarrus County and operated by the private management company, SMG.

The facility includes an arena with a seating capacity of 3,000 for sports events and 5,500 for concerts. The complex also incorporates exhibit space totaling 105,000 square feet, as well as 5,000 square feet of meeting space. Seven furnished suites are also available. The facility had a minor league basketball tenant in the past, but currently has no tenant franchises. In a recent fiscal year, the Cabarrus Center hosted 207 event days, including 89 days of events that utilized the Arena. Arena events included primarily flat floor events, circuses, dance competitions and other such events. The facility rarely hosts concerts or other touring events.

The facility was built at a cost of \$25.1 million, all of which was funded by Cabarrus County. The County issued certificates of participation (COP's) to finance \$19.8 million of the project. The facility does not generate an operating profit, so no facility revenue is allocated toward debt service on the COP's. The debt is being repaid using property tax revenues. The remaining \$5.3 million of project costs were funded upfront using existing funds from the County's general fund.

Cabarrus Arena & Events Center

City, State:	Concord, NC
City Population:	60,100
25-mi Pop.	1,080,800
50-mi Pop.	2,740,800
Year Opened:	2002
Ownership:	Cabarrus County
Management:	SMG
Tenants:	None
Arena:	
Seating Capacity:	3,000 (sports) 5,500 (concerts)
Floor SF:	28,800
Convention Space:	
Exhibition SF:	104,600
Ballroom SF:	0
Meeting SF:	5,000
Sellable SF:	109,600
Events:	
Tenant	0
Non-Tenant:	207
Total:	207
Total Attendance:	220,100

Five Flags Center

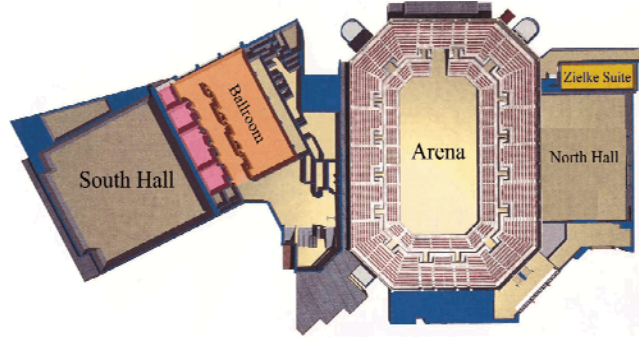


Located in downtown Dubuque, the Five Flags Center consists of newly renovated Five Flags Theater (711 seats), Five Flags Arena, Basement Bijou and other meeting space. The facility’s “ballroom” is configured at the east end of the arena floor with a moveable wall for added flexibility. When opened and the ice sheet is removed, floor space totals 25,000 SF.

While hosting various minor league hockey teams over the years, the Arena is presently home to the Dubuque Thunderbirds of the Central States Hockey League (junior hockey). The recent completion of the Grand River Center (offering 86,000 SF of convention space) has moderated recent convention, conference and tradeshow usage of Five Flags. However, the facility typically hosts nearly 300 local and non-local events each year.

Five Flags Center	
City, State:	Dubuque, IA
City Population:	57,200
25-mi Pop.	149,800
50-mi Pop.	345,900
Year Opened:	1979
Ownership:	City of Dubuque
Management:	SMG
Tenants:	CSHL
Arena:	
Seating Capacity:	3,260 (sports) 5,200 (concerts)
Floor SF:	25,000
Convention Space:	
Exhibition SF:	0
Ballroom SF:	5,500
Meeting SF:	5,300
Sellable SF:	10,800
Events:	
Tenant	32
Non-Tenant:	268
Total:	300
Total Attendance:	NA

La Crosse Center

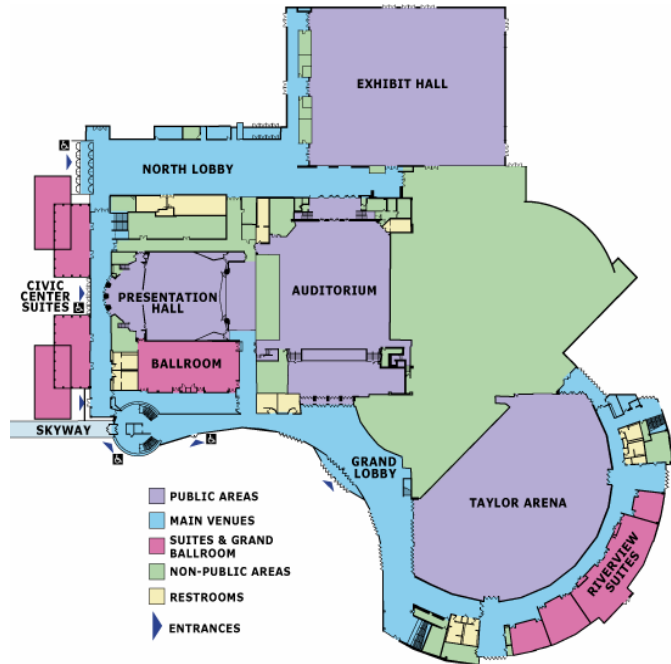


Located in downtown La Crosse, Wisconsin, the La Crosse Center is nestled along the Mississippi River. The Center opened in 1980, under the ownership and operation of the City of La Crosse. In the spring of 2000, the Center underwent a major \$14 million renovation that resulted in nearly twice as much event space. In addition to the 4,880-fixed seat arena, the Center incorporates nearly 60,000 square feet of sellable event space, including 50,200 square feet of exhibit space, 6,700 square feet of ballroom space and 2,700 square feet of meeting space.

The La Crosse Center has had a number of minor league sports tenants since its opening, including the Bobcats of the Continental Basketball League and the River Rats of the Indoor Football League. At present, the Center does not currently host a major sports tenant. In an average year, the La Crosse Center hosts approximately 20 state/regional conventions/conferences, 20 public/consumer shows, 12 concerts, 7 family shows and a large number of small meetings

La Crosse Center	
City, State:	La Crosse, WI
City Population:	50,500
25-mi Pop.	174,300
50-mi Pop.	363,800
Year Opened:	1980/2000
Ownership:	City of La Crosse
Management:	City of La Crosse
Tenants:	None
Arena:	
Seating Capacity:	4,880 (sports) 8,000 (concerts)
Floor SF:	21,000
Convention Space:	
Exhibition SF:	50,200
Ballroom SF:	6,700
Meeting SF:	2,700
Sellable SF:	59,600
Events:	
Tenant	0
Non-Tenant:	330
Total:	330
Total Attendance:	NA

Mayo Civic Center

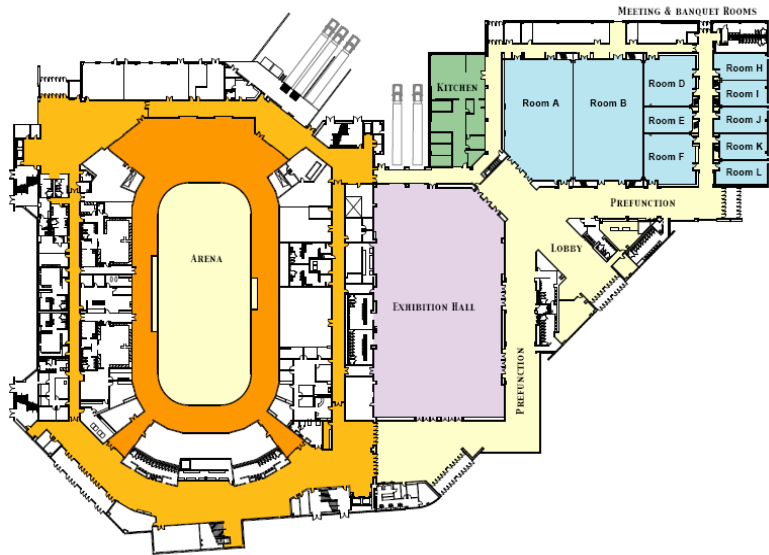
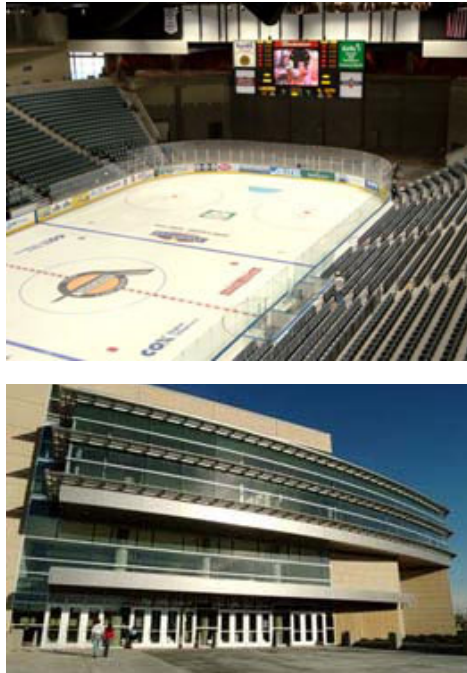


The Mayo Civic Center was originally completed in 1984. Since then, the Center has undergone two major renovations in 1997, adding a 4,150-square foot Grand Ballroom and four Civic Center suites, and 2001, which resulted in the addition of the 25,200-square foot exhibit hall. Additionally, the Center currently incorporates 15,500 square feet of meeting space, the 5,000-seat Taylor Arena, a 11,800-square foot auditorium and a 1,170-seat presentation hall.

Currently, the facility does not host a primary sports tenant. In previous years, the Center hosted a Continental Basketball Association (CBA) franchise and an International Basketball Association (IBA) franchise. Both teams subsequently relocated to other regional markets due to low attendance histories. The Center does not have the ability to accommodate hockey or indoor football due to size constraints and seating configuration. However, the facility does host a large number of amateur sporting events, with emphasis on high school sports. In 2005, the Center hosted 375 events, including 48 entertainment events and 50 conventions.

Mayo Civic Center	
City, State:	Rochester, MN
City Population:	93,200
25-mi Pop.	187,900
50-mi Pop.	475,000
Year Opened:	1984/2001
Ownership:	City of Rochester
Management:	City of Rochester
Tenants:	None
Arena:	
Seating Capacity:	5,000 (sports) 5,800 (concerts)
Floor SF:	25,000
Convention Space:	
Exhibition SF:	25,200
Ballroom SF:	4,150
Meeting SF:	15,500
Sellable SF:	44,850
Events:	
Tenant	0
Non-Tenant:	375
Total:	375
Total Attendance:	NA

Mid-America Center

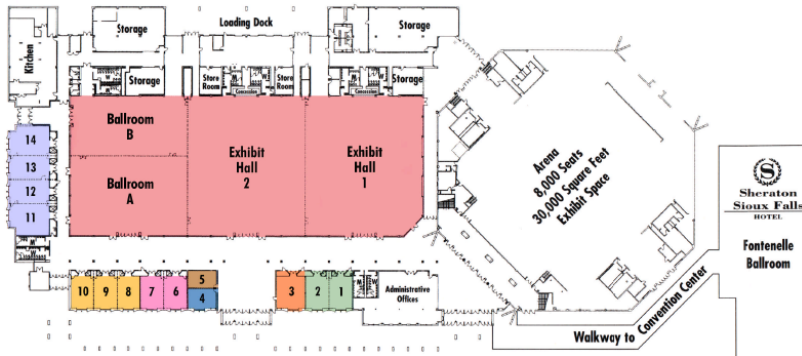


The Mid-America Center is located in Council Bluffs, Iowa, approximately 180 miles south of Sioux Falls, South Dakota. The arena has a capacity of approximately 6,800 for hockey, 7,000 for basketball and up to 7,800 for concerts, and additionally offers 12 luxury suites, 200 club seats and 560 personal seats.

The Center is part of a convention complex that opened in 2002, which incorporates 48,300 square feet of sellable event space, consisting of a 24,500-square foot exhibit hall, 18,500 square feet of ballroom space and 5,300 square feet of meeting space. The complex is owned by the City of Council Bluffs and operated by SMG. The arena has one tenant, the Omaha Lancers of the USHL, who on average, hosts 30 games in the Mid-America Center each year. Additionally, in 2005, the Complex hosted 270 events, including the USHL games, as well as many other conventions, concerts, meetings, banquets, spectator shows and athletic events.

Mid-America Center	
City, State:	Council Bluffs, IA
City Population:	58,700
25-mi Pop.	750,200
50-mi Pop.	1,045,600
Year Opened:	2002
Ownership:	City of Council Bluffs
Management:	SMG
Tenants:	USHL
Arena:	
Seating Capacity:	6,800 (sports) 7,800 (concerts)
Floor SF:	30,000
Convention Space:	
Exhibition SF:	24,500
Ballroom SF:	18,500
Meeting SF:	5,300
Sellable SF:	48,300
Events:	
Tenant	33
Non-Tenant:	237
Total:	270
Total Attendance:	NA

Sioux Falls Arena & Convention Center



The Sioux Falls Arena opened in 1961 and serves as the primary sports and entertainment facility in the Sioux Falls area. The Convention Center opened in 1997. The Arena and Convention Center are owned by the City and operated by SMG.

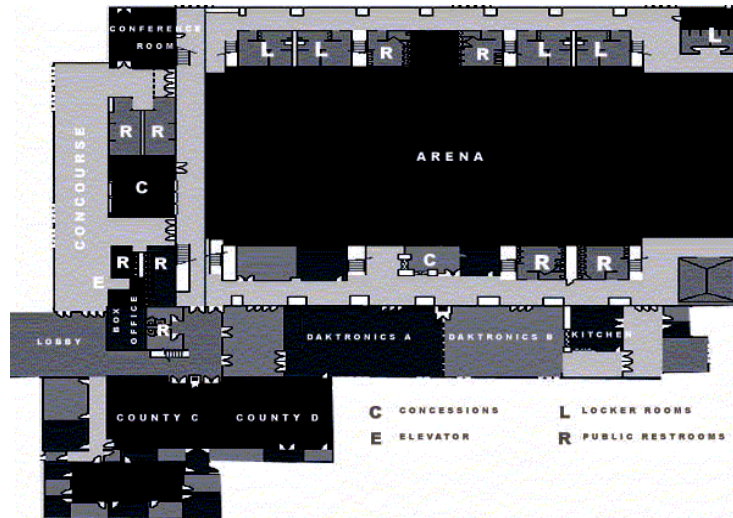
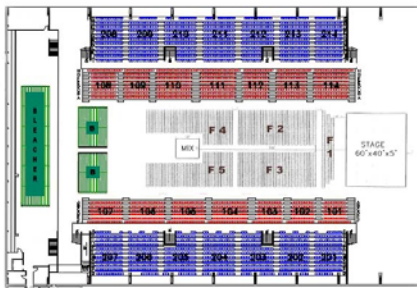
The Convention Center offers nearly 62,000 square feet of sellable event space, while the Arena's capacity ranges from 4,700 for football and hockey events to 6,400 for basketball and 8,000 for end stage concerts.

The facility hosts a variety of events, including sports events, concerts, family shows, conventions, meetings and banquets. The arena has three tenants: the USHL Stampede, CBA Skyforce and NIFL Storm, who together host nearly 70 events each year. In addition the tenant sporting events, the Arena hosts 70 non-tenant events each year. In total, the Arena welcomes 442,000 attendees each year to its events.

Sioux Falls Arena and Conv. Ctr.

City, State:	Sioux Falls, SD
City Population:	134,300
25-mi Pop.	199,800
50-mi Pop.	308,700
Year Opened:	1961/1997
Ownership:	City of Sioux Falls
Management:	SMG
Tenants:	USHL, UIF, NBA D-League
Arena:	
Seating Capacity:	6,400 (sports) 8,000 (concerts)
Floor SF:	35,000
Convention Space:	
Exhibition SF:	33,600
Ballroom SF:	16,800
Meeting SF:	11,500
Sellable SF:	61,900
Events:	
Tenant	67 (Arena)
Non-Tenant:	69 (Arena)
Total:	136 (Arena)
Total Attendance:	442,000 (Arena)

Swiftel Center



The Swiftel Center in Brookings, South Dakota opened in 2000 and includes a 30,000 square foot arena, 5,800 square feet of meeting rooms and 6,800 square feet of banquet rooms. The arena's capacity ranges from 3,500 for rodeos and other events utilizing the entire event floor to 6,500 for concerts and other events for which removable seating can be used. The City retains VenuWorks, a third party management company, to oversee the day-to-day operations of the facility.

The flexible design of the facility allows it to host a wide variety of events. Events held at the main arena include high school graduations, motorsports events, livestock shows and sales, craft fairs, rodeos, high school wrestling tournaments and other such events. The banquet and ballrooms host various wedding receptions, meetings, teen dances and other events.

The Swiftel Center's main arena has hosted an average of 55 days of events per year over the past three years. Horse, equestrian and rodeo events comprise the largest single event category at the Center, followed by trade and consumer shows and high school and amateur sports events. The facility has hosted an average of four concerts and one family show per year. Including the meeting and banquet rooms, the facility hosts approximately 300 events in a typical year.

Swiftel Center	
City, State:	Brookings, SD
City Population:	18,500
25-mi Pop.	41,000
50-mi Pop.	142,200
Year Opened:	2000
Ownership:	City of Brookings
Management:	VenuWorks
Tenants:	None
Arena:	
Seating Capacity:	3,500 (sports) 6,500 (concerts)
Floor SF:	30,000
Convention Space:	
Exhibition SF:	0
Ballroom SF:	6,800
Meeting SF:	5,800
Sellable SF:	12,600
Events:	
Tenant	0
Non-Tenant:	300
Total:	300
Total Attendance:	100,000

Comparable Facilities Summary

Within this section, the physical and operating characteristics of two types of venues that could be considered for development in Coeur d'Alene have been discussed. The first set of comparable facilities consisted of standard arenas with a primary focus on spectator events. This type of arena is typically home to an anchor sports tenant, often consisting of minor league and/or collegiate teams playing sports such as hockey, basketball or arena football. Depending on the types of tenant sports teams the facility hosts, standard arenas often incorporate an ice floor to accommodate hockey games and family ice shows such as Disney on Ice.

One advantage of the standard arena configuration is the ability to offer comfortable seating with good sightlines. Because the arena is designed specifically for sports and spectator events, the seating bowl can be laid out in a manner that is conducive to spectator events, as opposed to more multi-purpose venues that may sacrifice seat comfort and sightlines to allow greater flexibility.

An advantage of standard arenas with at least one primary sports tenant is the ability to generate revenue through premium seating offerings such as private suites and club seats. These amenities are often leased on an annual or multi-year contract, allowing seat holders to use their suite or seat for all events held at the venue. While concerts and other special events add value to the premium seat lease, the presence of tenant sports teams often serves as a primary driver of premium seat sales. Seven of the eight comparable “standard” arenas included in this analysis incorporate premium seating, while just two of the “multi-purpose” facilities offers premium seating. Because standard arenas are typically home to at least one sports tenant, they are often more successful in marketing premium seating than venues that do not have a primary sports tenant.

One of the primary limitations to the standard arena configuration is a relative lack of flexibility in accommodating differing types of events. Arenas can host a variety of spectator events, and can utilize their floors for flat floor events such as trade shows. However, an arena does not represent an ideal atmosphere for most flat floor events. Even if the entire event floor is filled, the presence of an empty seating bowl can create a cavernous atmosphere for the event. Standard arenas also typically lack meeting and breakout space that is required by many flat floor event organizers.

The second type of facility discussed in this section is a multi-purpose event facility that incorporates more flexibility into the main event arena and offers ancillary flat floor space. The multi-purpose facility is often a preferred option in markets that seek to accommodate a wide variety of facility needs in one structure.

While the multi-purpose nature of this facility configuration is beneficial, the flexibility of the main arena may compromise the sightlines associated with a standard arena configuration. When temporary seating is retracted or removed, the first row of remaining seating is often situated several feet above the event floor, effectively resulting in a wall surrounding the floor. This leads to less than ideal sightlines, as spectators may be unable to see action taking place near the “wall” below their seats.

Another potential drawback of the multi-purpose facility is potential difficulty in marketing typical premium seating offerings such as private suites. As noted previously, tenant sports events often represent a primary driver of premium seating sales at an event venue. However, based on conversations with project representatives, a new facility in Coeur d’Alene is not anticipated to have a tenant sports franchise or program. Therefore, a traditional premium seating program may not be marketable.

While comparable facilities can provide valuable insight regarding trends in the event facilities industry, the specific needs of the Coeur d’Alene market will need to be considered when selecting the appropriate building program for the proposed new facility. The following chapters will present an analysis of the demand for a new multi-purpose event facility in Coeur d’Alene, as well as recommendations regarding an appropriate building program that will allow the facility to best fill that demand.

IV. Market Demand Analysis

The purpose of this chapter is to provide an analysis of the estimated market demand for the proposed sports and event complex, including:

- Indoor sports, spectator and flat floor/convention space; and,
- A new baseball field.

This chapter also includes estimates regarding the annual event and attendance levels that could be achieved by the proposed facility based on market demand.

The public assembly event industry is diverse and dynamic, consisting of a wide variety of events, many of which focus around a collection or gathering of individuals for the purpose of entertainment/recreation and/or face-to-face communication and the transmission of ideas/information. Typical industry event segments include:

- Spectator Events – Ticketed and non-ticketed, both athletic and non-athletic entertainment and educational events. Events are most often held in arena or stadium-type facilities with plenary seating. Events include professional/amateur sports, high school/collegiate sports, concerts, family and motor shows and speaking engagements. Many non-sporting spectator events generally require plenary seating, as well as a stage and sound equipment.
- Non-Spectator Sports – Tournaments and recreational sports activities. Events seek facilities capable of accommodating multiple playing surfaces, allowing for several simultaneous games. A significant amount of seating is generally not necessary to host these events. Tournaments can draw teams and participants from outside of the immediate area.
- Conventions and Conferences – Events traditionally held by professional associations, non-local corporations and local area companies. Many of these groups tend to hold annual events that rotate among various destinations within a particular region. In addition, certain large corporations hold annual conventions. While sometimes used interchangeably with the term “convention,” conferences tend to be smaller, on average, than conventions and are also less exhibition-focused.
- Tradeshows and Consumer Shows – Trade shows are traditionally held by professional associations or corporations. Some of these groups tend to hold annual events that rotate among various destinations within a particular region, similar to conventions, while others are fixed in specific cities each year. Exhibit based consumer shows are typically open to the general public and generally draw from the local area. These events tend to charge a nominal fee for entry and typically include events such as home & garden shows, boat shows, auto shows, gun shows, antique shows, career fairs, etc.

- Meetings/Banquets – Events include functions hosted by local service clubs (Rotary, Shriners, and Elks) intended to share information, generate interest and spur membership. Other private events include local corporate meetings/training, exams, wedding receptions, anniversary/birthday parties and private banquets.

The following table illustrates a summary of industry event types along with their key characteristics.

Summary of Industry Event Types and Typical Characteristics

Event Types	Primary Purpose	Key Facility Requirements	Typical Facility Used	Attendee Characteristics
Spectator Events	Entertainment	Seating, stage/event floor	Arena, Civic Center, Exhibition Center	Typically local
Non-Spectator Sports	Athletic Competition, recreation	Large floor space, limited amount of seating	Arena, Field house, Exhibition Center	Primarily local; tournaments can draw non-local participants
Conventions and Conferences	Information exchange, sales & networking	Exhibit, Ballroom & Meeting space	Convention Center, Conference Center, Hotel	Depends on scope of group, many are predominantly non-local
Tradeshows and Consumer Shows	Sales & Advertising	Exhibit space	Convention Center, Exhibition Center, Tradeshow Facility	Depends on scope of show, can have large percentage non-local
Meetings / Banquets	Information exchange, training, incentive	Meeting and Ballroom	Conference Center, Hotel	Typically local

A variety of types of public assembly facilities exist in communities across the country that accommodate some or all of these types of events. Certain events tend to possess very specific facility and community requirements.

Market Demand Analysis (Indoor Facility)

In order to assess the potential market demand for various types of indoor programming space, interviews were conducted with a number of local, regional, and national event promoters. These conversations provided an understanding of the Coeur d'Alene market's current ability to attract various types of events and how the market's attractiveness could be impacted by the development of a new facility.

Using this information, along with the knowledge of other potential event markets, historical event levels at comparable facilities, industry trends, and previous experience was used to estimate the number of events and attendance levels that each potential facility component could attract. Two sets of event and attendance estimates were developed: a base scenario representing the event and attendance levels estimated to be sustainable in a typical year of operations, and a high scenario representing a "best case" year in which the facility is successful in attracting stronger event and attendance levels. The following is a summary of the key findings of the market demand analysis by event type.

Tenant Sports

Many multipurpose arenas host at least one tenant sports team, including collegiate, minor league or major league teams in sports such as hockey, basketball and arena football. A sports tenant provides a facility with a consistent source of events and patrons. As noted in the comparable facilities analysis, the presence of a sports tenant can also have a positive impact on the ability of the facility to market premium seating and advertising opportunities.

The types of sports tenants that could potentially utilize a new facility in Coeur d'Alene will be impacted by the presence of existing sports franchises in Spokane. Spokane Arena is currently home to the Spokane Chiefs WHL hockey franchise and the Spokane Shock af2 arena football franchise. A facility in Coeur d'Alene would likely be precluded from hosting a franchise in the WHL and af2 due to the territorial rights of Spokane's franchises. However, the facility could potentially attract a minor league basketball franchise and/or hockey or football franchises in leagues other than the WHL or af2.

Hockey

Minor league and junior league hockey franchises typically play 30 to 40 home games per year, with attendance levels varying depending on the size of the market, the level of play and other such factors. In order to attract a hockey tenant, the facility would need to be designed with an ice floor and the ability to install dasher boards. The presence of an ice floor could have a negative impact on the proposed facility's ability to host some of the non-ice sports tournaments and flat floor events, but could present opportunities to generate revenue through ice rentals and public skate sessions.

Arena Football

Arena football has grown in popularity in recent years, with teams playing in markets of varying sizes throughout the country. Arena football leagues typically play seven or eight home games per year. The Arena Football League (AFL) has the highest profile among indoor football leagues, with teams located primarily in major markets throughout the United States. The AFL established af2 as a second-tier sister league, placing teams in mid-size markets, including Spokane. As noted previously, af2 territorial rights rules would preclude Coeur d'Alene from hosting an af2 franchise.

Several other leagues have been established in recent years, including the Indoor Football League (IFL) and the American Professional Football League (APFL). The IFL and APFL each have franchises in markets with populations similar to Coeur d'Alene. While these and other similar leagues may offer potential opportunities to bring an indoor football franchise to the proposed facility, each of these leagues has experienced significant instability over the past several years. Due to the territorial issues with the Spokane af2 franchise and the significant levels of instability with respect to the various indoor football leagues, for purposes of this analysis it is assumed that no indoor football tenant will play at the proposed facility, at least initially. Once the proposed facility has established itself as a quality operator and the various leagues have achieved a higher level of stability, it may be appropriate to re-visit the opportunity for an indoor football tenant.

Basketball

Minor league basketball represents another potential tenant for the proposed Coeur d'Alene facility. Several minor basketball leagues are currently operating in the U.S. However, many of these leagues have experienced significant instability in recent years. For example, the Continental Basketball Association (CBA), which formerly had several teams located in the Northwest region, has just five franchises for the 2008-09 season, with Minot, North Dakota representing the closest team to Coeur d'Alene geographically.

The International Basketball League (IBL) may represent the best geographic fit among existing minor basketball leagues, with several franchises currently located in the northwestern U.S. Because costs related to facility rental and operation are a key factor to the success of IBL franchises, several franchises play their home games in smaller venues such as high school gymnasiums or similar facilities in an attempt to control costs. Due to the instability of the league's franchises and its focus on low-cost facilities, for planning purposes no basketball tenant has been included in the baseline event and attendance estimates presented herein. As the IBL and/or other minor basketball leagues achieve higher levels of stability and financial security, facility management may re-evaluate the opportunity to attract such a tenant, however at this time no such tenant is included in the assumptions.

Tenant Sports Summary

Due to uncertainty surrounding territorial rights, league stability and other such factors, a full-time sports tenant has not been included in the baseline event and attendance estimates for the proposed facility. However, the potential impact of a sports tenant on overall event and attendance levels will be discussed later in this section. In addition, the financial and economic impact analyses presented in subsequent chapters of the report will also include assessments of the potential impact of a sports tenant.

Concerts

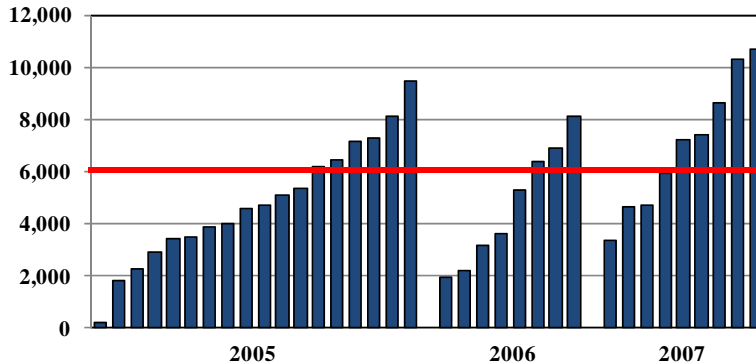
In general, discussions with regional concert promoters suggest that Spokane Arena currently satisfies the majority of existing demand for major concerts in the regional market. If a new, smaller venue is built in Coeur d'Alene, Spokane Arena will continue to attract concert acts that are likely to draw relatively large attendance levels. The relatively large capacity of Spokane Arena allows concert promoters to maximize revenue from these first-tier acts.

Therefore, the greatest opportunity to attract concerts to the Coeur d'Alene market is likely from the "middle market" concert category. Middle market concert acts generally draw between 2,500 and 8,000 spectators to a single performance. While smaller acts often play in clubs or theaters and larger acts generally perform in larger arenas (such as Spokane Arena), the middle market performers often lack ideal venues for their shows. A mid-sized arena, offering sufficient seating to accommodate fan demand while providing a more intimate setting than a large arena or stadium venue, is ideal for these types of performances.

In addition to providing a more intimate environment for smaller concert acts, a new facility in Coeur d'Alene could represent a lower-cost alternative to Spokane Arena. Smaller venues often incur lower costs related to event personnel such as ushers, ticket takers and security personnel. The lower event cost structure helps promoters stage more profitable events and makes smaller venues a more attractive alternative for events that are unlikely to approach capacity in a larger facility.

In order to understand the number of concerts historically held at Spokane Arena that could potentially be accommodated by a new, 6,000-seat venue in the region, an analysis was conducted of attendance levels at Spokane Arena concerts over the past three years, based on information reported by Pollstar. The following exhibit summarizes this analysis.

Concert Attendance at Spokane Arena



Source: Pollstar

As shown, 21 of the 35 of concerts held at Spokane Arena over the past three years have drawn attendance below 6,000. This could indicate an opportunity for a new facility in Coeur d’Alene to capture some events current held at Spokane Arena, assuming the new venues offers lower rental rates and/or other event costs. It is unlikely that *all* of the concerts drawing fewer than 6,000 patrons at Spokane Arena would be relocated to Coeur d’Alene, as promoters may have established relationships with Spokane Arena management and may prefer to hold their events closer to the largest population base in the region. However, it is also possible that a facility in Coeur d’Alene could attract new concerts that are not coming to the region due to lack of available dates at Spokane Arena and/or the costs associated with renting the facility.

In assessing the market for concerts at a new facility in Coeur d’Alene, it is also important to consider the impact of the Coeur d’Alene Casino in Worley. While the Casino’s Events Center’s seating capacity is limited to approximately 1,800 seats, the facility regularly attracts second-tier concert acts. Operators of casino entertainment venues are typically willing to provide relatively high guarantees to concert acts. While these high guarantees may result in the concert failing to generate a direct profit, the increase in visitation resulting from the event drives revenue in gaming rooms and hotels. It is likely that the Coeur d’Alene casino would compete with the proposed new facility for some of the same concert acts.

Based on conversations with concert promoters, event levels at comparable facilities and the level of competition in the region, the following table summarizes the estimated annual concert event and attendance levels that could be generated by a new event facility in Coeur d’Alene.

Estimated Events and Attendance - Concerts					
Event Days			Average Attendance	Total Attendance	
Base		High		Base	High
6	-	8	4,500	27,000	- 36,000



Family Shows

Family shows are events that cater to spectators of all ages and include a wide variety of events including Sesame Street Live, Disney on Ice, Harlem Globetrotters, circuses and various others. These events are usually held over a run of consecutive days, averaging two to six performances per stop. Family show touring seasons often run between October and May, and generally draw attendance of over 2,000 patrons per performance.

A new facility's ability to attract events such as family shows will depend somewhat on the physical characteristics of the facility. A typical minimum seating capacity required of venues hosting family shows is often between 3,000 and 3,500, which equates to 2,000 or more available seats eliminating seats with obstructed views behind the stage. The presence of a permanent ice sheet is also an important factor in attracting Disney on Ice and other such events. While temporary ice can be made for an event, it is significantly more cost effective to utilize and existing sheet of ice.

Spokane Arena currently serves as the region's primary family show facility. Event promoters indicated that the Arena will likely continue to attract a significant majority of family shows touring through the region. Because Spokane Arena has a permanent ice sheet, it has a particular advantage in hosting ice-based shows. Further, family show promoters generally prefer to hold events near the center of the largest population concentration in a region. Promoters indicated that family shows held in Spokane are able to draw patrons from Coeur d'Alene and other regional cities. As a result, promoters are unlikely to bring events to other cities within the region served by the primary market.

While Spokane is likely to continue to host the majority of the region's family show activity, a new facility in Coeur d'Alene may have the ability to host certain family show tours, particularly those that are unable to utilize Spokane Arena due to scheduling and or/cost issues. The following table summarizes the estimated annual family show activity that could be attracted by a new event facility in Coeur d'Alene.

Estimated Events and Attendance - Family Shows					
<u>Event Days</u>		<u>Average Attendance</u>	<u>Total Attendance</u>		
<u>Base</u>	<u>High</u>		<u>Base</u>	<u>High</u>	
4	- 6	1,500	6,000	-	9,000

Touring Sports Events

Indoor event facilities also often have the capability of hosting sports events such as professional wrestling, rodeos, monster truck shows, motocross races and other such events. While events such as wrestling and exhibitions are generally one-time performances, other events such as rodeos and motocross events have the potential to play several consecutive performances at each tour stop. Events such as these often find success in niche markets and therefore may not have the same population or demographic requirements of event promoters for concerts and family shows. If a rodeo or motorsports event finds success in a market one year they are more likely to return the following year and potentially include additional event days.

As with concerts and family shows, the best opportunity for a new facility in Coeur d'Alene to attract these types of events is likely by providing a more intimate, lower cost alternative to Spokane Arena, particularly for events that are not likely to approach capacity in Spokane. Flexible seating configurations will also be important, as many of these events, particularly motorsports and rodeos, require relatively large floor areas. If the facility is designed in such a way that rows of seating located closest to the event floor can be removed or retracted while still offering at least 4,000 to 5,000 seats, the facility may have opportunities to attract various touring sports events. The following table summarizes the estimated event and attendance levels for these events at a new event facility in Coeur d'Alene.

Estimated Events and Attendance - Touring Sports Events					
Event Days		Average Attendance	Total Attendance		
Base	High		Base	High	
6	- 8	3,500	21,000	-	28,000

Other Sporting Events

Based on conversations with project representatives, the analysis of Coeur d'Alene's local market characteristics, the type/size of facility envisioned and our past industry experience, a new event facility in Coeur d'Alene is not envisioned to house a full-time minor league or collegiate sports tenant. These types of tenants can often be significant revenue generators for arena facilities and the lack of an anchor tenant will have certain implications on the use and financial operations of the proposed facility.

However, a number of potential non-tenant sports events could be held at the facility, including the motorsports, rodeos and other promoted sports events discussed previously, as well as high school and collegiate events, amateur tournaments, exhibition games, postseason events and various other types of sporting events. The following is a discussion of various additional sports events that could represent sources of utilization for a new event facility in Coeur d'Alene.

North Idaho College

North Idaho College (“NIC”) is home to several successful athletic programs at the National Junior College Athletic Association (“NJCAA”) level, including nationally ranked basketball, volleyball and wrestling programs. The College’s on-campus Christiansen Gym has a seating capacity of approximately 2,000 fixed seats. The College would like to have a facility with increased seating capacity to accommodate potential crowds in excess of 2,000, and to allow the College to host NJCAA postseason events.

The College’s men’s and women’s basketball programs each play approximately 18 home games per year, including 12 double headers featuring both the men’s and women’s teams. In addition, the College hosts approximately 10 volleyball and 11 wrestling meets on an annual basis.

The extent to which the College utilizes the proposed new event facility will depend in part on the funding, ownership and management of the venue. If the facility were publicly funded and allowed the College to play rent-free, the College would potentially relocate all home basketball and wrestling events to the new venue. However, if the College has to pay rent, it is likely that only certain events needing a larger capacity than Christiansen Gym would use the proposed facility.

For purposes of this analysis, it is assumed that the College would be required to pay rent to utilize the proposed facility, and would play selected basketball, volleyball and wrestling events at the facility. The following table summarizes the estimated number of NIC events that could be held at the facility on an annual basis, and the estimated average attendance at those events.

Estimated Events and Attendance - North Idaho College					
Event Days		Average Attendance	Total Attendance		
Base	High		Base	High	
12	- 15	2,500	30,000	-	37,500

Other Collegiate Events

Along with North Idaho College games, a number of additional opportunities may exist for a new event facility in Coeur d’Alene to host collegiate sporting events. This could include basketball games featuring regional programs such as Gonzaga University, Washington State University, Eastern Washington University, the University of Idaho, Idaho State University, the University of Montana and other such schools. These games could take the form of an annual invitational tournament or single, non-recurring games. Playing occasional games in Coeur d’Alene would provide these colleges to engage donors living in the region, and could

also serve as a valuable recruiting tool by increasing their exposure in the Coeur d'Alene region.

The primary challenge associated with these events will be providing adequate revenue guarantees to entice the participating teams to forgo a potential home game. The facility will need to offer adequate seating capacity and revenue generating amenities to make such an event feasible.

In addition to games featuring regional basketball programs, various postseason events, including national championships, could also potentially utilize a new facility in Coeur d'Alene. The following is a summary of the facility requirements and other relevant information regarding post-season events at various levels of collegiate sports.

National Collegiate Athletic Association (NCAA)

- Allocation of championship site for Divisions I, II and III national championship events are all subject to a bid process.
- Based on conversations with NCAA representatives, Coeur d'Alene is not likely to attract Division I championship events as these typically rotate between larger markets with higher levels of visitor amenities, accessibility and marketability.
- However, various Division II and III championships could potentially be held in a new facility in Coeur d'Alene. The NCAA's facility guidelines for national championships for sports such as basketball, volleyball and wrestling typically require no more than 2,500 available seats, although larger venues are typically sought to allow for growth of the events.
- A facility with 5,000 to 6,000 seats would be sufficient to host Division II or III championship events for any of the aforementioned sports.

National Junior Collegiate Athletic Association (NJCAA)

- North Idaho College will host the NJCAA national wrestling championship in 2009. The event will be held in Spokane due to a lack of a large enough venue in Coeur d'Alene. If the event is successful, the College will have the opportunity to host the event on a regular basis. If an appropriate facility is developed in Coeur d'Alene, the College would prefer to host the event locally. The facility would need to have at least 3,500 seats and the ability to accommodate six wrestling mats on the floor. Representatives of the College estimate that the event could draw 5,000 spectators if that amount of seating were available.
- Other opportunities to host national championship events include volleyball, women's basketball and indoor track. All championships are subject to a bid process.

- These championships require approximately 1,500 to 2,000 spectator seats and 250 committable hotel rooms.
- Championship events do not typically pay a rental fee, and seek out situations resulting in minimal costs in terms of food options, hotel rooms, in-market transportation and other such factors.
- Accessibility to the venue from a relatively major airport is essential. The national wrestling championships recently traveled to Rochester, Minnesota, which is approximately 80 miles from the nearest major airport. The proximity of Spokane International Airport provides Coeur d'Alene with adequate air access to host NJCAA championship events.

Pac-10 Conference

- The Pac10 Conference is not likely to utilize an event facility in Coeur d'Alene as conference championship tournaments occur in larger markets to maximize exposure and potential attendance levels.

Big Sky Conference

- The Big Sky Conference is not likely to utilize an event facility in Coeur d'Alene for most of its postseason events, as regular season conference champions host conference tournaments.
- The only potential for a facility in Coeur d'Alene to host an event would be if the venue offered full indoor track facilities and did not charge rent. The Conference typically uses indoor track facilities at universities within the Conference at no charge and would be unwilling to pay rent if the event were held at a neutral site.

Western Athletic Conference

- Coeur d'Alene is not likely to attract the WAC basketball tournament. However, the potential exists to attract occasional volleyball and wrestling tournaments based on a bid process considering the following criteria:
 - Cost of renting the venue,
 - Potential to generate revenue,
 - Transportation between hotels and the event venue,
 - Accessibility to the market for member schools,

- Presence of a minimum of 150 committable rooms for participating teams, and
- Cost of hotel rooms.

Great Northwest Athletic Conference

- The Great Northwest Athletic Conference does not currently hold end of the year championships, as the travel costs are considered to be prohibitive.
- While some conference representatives favor the establishment of championship games in the future, it is unclear whether these events will occur. Therefore, it is unlikely that the GNAC will represent an opportunity for the proposed Coeur d’Alene venue to host postseason events.

Based on the interviews and analyses presented herein, the following table summarizes estimated annual event and attendance levels for collegiate sports at a new venue in Coeur d’Alene. It should be noted that the following estimates exclude North Idaho College events, which were discussed previously.

Estimated Events and Attendance - Collegiate Sports				
Event Days		Average Attendance	Total Attendance	
Base	High		Base	High
4	- 6	4,500	18,000	- 27,000

High School Sports

While on-campus gymnasiums generally fill the needs of the region’s high school athletic programs, a variety of opportunities exist for a new facility in Coeur d’Alene to host high school sports special events, including invitational tournaments, state championships, and other such events.

Coeur d’Alene currently hosts the Tri-State Wrestling Tournament, which features 60 high school wrestling teams from throughout Idaho, Washington, Montana and Oregon. The Tournament is held at North Idaho College on an annual basis. According to College representatives, tournament organizers are forced to turn away 30 additional teams per year, as the College can only fit three mats in Christiansen Gym at a time. If the tournament could utilize the proposed new event facility in addition to Christiansen Gym, the event could be grown to attract additional teams, including several teams that would make overnight stays for the two-day event.



Another existing event that could be expanded with a new facility is the new high school basketball tournament being held at the College for the first time this year. The tournament is limited to 12 teams, as the College can only utilize the single basketball court at Christiansen Gym. A new facility would provide additional court space to accommodate more teams. In addition, the new facility could help the event generate additional revenues, allowing tournament organizers to offer enhanced revenue packages to draw more elite teams to participate in the event.

In order to assess the potential for a new event facility in Coeur d’Alene to attract State high school championships, conversations were conducted with representatives of the Idaho High School Athletic Association (“IHSAA”). A summary of these interviews is presented below:

- State basketball tournaments and track meets are always held in Boise. Wrestling currently rotates between Boise and Pocatello, but could potentially rotate to Coeur d’Alene once every three years. Volleyball also could potentially utilize event space in Coeur d’Alene.
- Hosting the wrestling championship requires a facility or facilities capable of accommodating 10 to 12 wrestling mats and between 8,000 and 10,000 attendees over the course of the three day event. The tournament typically generates \$5,000 per day in facility rental fees.
- The IHSAA would likely host a wrestling event in Coeur d’Alene once on a trial basis. Whether the event subsequently returns to Coeur d’Alene would be up to the discretion of the board of directors based on the performance of the trial event.
- Some State volleyball tournaments are currently held in Coeur d’Alene. There are six high school classifications, and a tournament needs to have space for one court per class hosted in the tournament. A Coeur d’Alene event facility could potentially host two or three classes, depending on the size of the facility, among other factors. The State volleyball tournament typically draws 1,000 to 2,000 total attendees per class to the two day tournament

Based on the interviews and analyses described above, the following table summarizes the estimated high school event and attendance levels that could be achieved by a new event facility in Coeur d’Alene on an annual basis.

Estimated Events and Attendance - High School Sports					
Event Days			Average	Total Attendance	
Base		High	Attendance	Base	High
10	-	12	2,500	25,000	- 30,000



Amateur Sports

Another potential use for the proposed event facility in Coeur d'Alene is to host a variety of other amateur sporting events. These events could attract local, regional and national competitors for a variety of different competitions to the Coeur d'Alene market. Discussions with the Spokane Regional Sports Commission produced a listing of potential amateur sporting events that could be held at a new indoor event facility in Coeur D'Alene. In order to estimate the number and types of amateur sporting events that could potentially be held in an indoor event facility in Coeur D'Alene, interviews were held with representatives from the following amateur sports organizations:

- AAU Basketball
- USA Gymnastics
- USA Judo
- USA Taekwondo
- USA Wrestling/AAU Wrestling
- Pacific Northwest (Volleyball) Qualifier
- CheerFest

Each of these potential users of an indoor event facility offer considerable insight into the feasibility of constructing and operating a new event facility in Coeur d'Alene. Below is a review of the individual conversations with regard to each potential user group and their potential interest in utilizing event space in a new Coeur d'Alene facility.

AAU Basketball

- The potential exists to grow an AAU basketball program in the area. It is necessary to have a local person champion the league and organize the tournaments.
- Approximately 70 percent of AAU Basketball participation is comprised of local players.
- Tournaments require approximately one available court for every eight teams participating in the tournament. Leagues typically require one court for every 16 teams participating. Each court requires approximately 8,500 to 10,000 net square feet of space to provide enough room for players, spectators and the occasional loose ball.
- Leagues and tournaments attract a youth in varying age ranges. Younger age groups typically travel better with a greater number of parents, siblings, other family members and friends accompanying them.

- Tournaments range in size depending on the age group playing, location, organizer and other factors. The largest tournaments typically attract up to 64 teams and last two to three days.
- A typical AAU Basketball season runs from March through May, with qualifying tournaments occurring in May or June and the national tournament occurring in July or August. Recent national tournament locations include Orlando, Memphis, Virginia Beach and Detroit. Coeur d'Alene would be unlikely to attract a national AAU Basketball championship game in the future as they typically go to larger markets.

USA Gymnastics

- A new facility in Coeur d'Alene would have the potential to attract state, regional and national gymnastics competitions.
- A local gym and/or group (such as Funtastics) would need to organize competitions in order to supply equipment, staffing and other support.
- State gymnastics meet organizers indicated that they have typically not had to pay rent for the host facility in years past and would expect the same from a venue in Coeur d'Alene.
- The state meet is typically held in the first week of April, with the boys meet lasting one to two days and the girls meet lasting three days due to the significantly higher number of female competitors. It is estimated that approximately 100 boys and 300 girls compete in the state meet. Past event organizers estimate that approximately four people per competitors travel to the competition site.
- Approximately 16,000 to 20,000 square feet of contiguous flat floor space is needed, plus some additional space for athletes to warm up without interrupting competing athletes.
- Regional and national competitions do not have boys and girls competing at the same venue. These events typically have 500 to 800 athletes competing and require seating for 3,000 to 4,000 spectators at the national events.
- National events generate between 200 and 500 peak hotel room nights at an average daily rate of approximately \$110 and last five to six days.
- National events typically occur in June or July; regional events occur in May and state competitions occur in March or April.
- An opportunity also exists to host a gymnastics tradeshow featuring training for coaches, marketing seminars, apparel sales and other similar events. This typically lasts three or four days and attracts 400 to 500 people.

USA Judo

- Potential exists for a facility in Coeur d'Alene to attract national tournament based on a bid process.
- Factors examined as part of the bid process includes:
 - Host market assistance through a convention and visitors bureau, sports commission or other entity in organizing and marketing the event.
 - Free rent at the event facility.
 - Free transportation between hotel properties and the event venue for competitors and competition staff and organizers.
 - Attractiveness of destination in terms of visitor amenities, marketability, things to do and see, etc.
- The national tournament has been held in Houston, Miami, San Antonio and Chippewa Falls, Wisconsin in recent years. The Fall Classic and National Championship tournaments were held in Spokane at the Valley HUB Regional Sports Center in 2008.
- The event lasts for two to three days and the facility is utilized for three to four days.
- The event draws approximately 600 total competitors, coaches and parents and requires approximately 300 to 400 peak night hotel rooms. Event organizers prefer a full service hotel with meeting and event space to serve as a headquarters hotel.

USA Taekwondo

- USA Taekwondo does not currently holding events in the northwest. Portland has held national and regional events in the past, but the majority of participants came from California so they decided to move the majority of events to California to minimize travel related costs and increase participation.
- Currently, events attract 600 to 700 participants. Portland events were only attracting approximately 450 participants. According to USA Taekwondo representatives, approximately three to four additional guests attend per participant.
- The potential exists to hold national qualifying events in markets outside of California, such as Coeur d'Alene. Some of the qualities the event sponsors look for include:
 - Free event venue rent.
 - Approximately 1,000 available seats within the event venue.
 - Local participation with marketing, ticket sales and recruiting volunteers to staff the competition.

- Provision of transportation between hotel properties and event venue if necessary.
- These competitions last three days and generate approximately 150 to 200 room nights on peak.

USA Wrestling/AAU Wrestling

- Idaho is not a major AAU Wrestling state, as it is primarily served by USA Wrestling affiliates.
- USA Wrestling's season lasts from March through May.
- USA Wrestling has considered bringing events to Coeur d'Alene in the past but the market lacks an appropriate event facility.
- The organization could potentially bring a minimum of two annual tournaments to a new indoor event facility in Coeur d'Alene, assuming the facility meets their requirements.
- Tournaments need room for eight to ten mats, which require approximately 5,200 square feet of space per mat (total of 42,000 to 52,000 square feet of contiguous space).
- To attract the state tournament, the facility would need seating for 4,000 to 5,000 and offer free rent. Additionally, approximately 1,100 hotel rooms would need to be available within the market.
- Tournaments draw approximately 5,200 attendees over a two or three day tournament (approximately 2,000 to 2,300 people per day).
- The Western Regional Wrestling meet is currently held in Pocatello every year, but could rotate to Coeur d'Alene.
- Spokane hosted a World Cup event approximately six years ago, an indication that a national event could again be hosted in the area in the future.
- Tournaments typically charge \$8 to \$12 for admittance into the tournament, which is retained by the organization organizing the event.

Pacific Northwest Qualifier (Volleyball)

- Spokane Arena does not offer adequate floor space to accommodate this tournament. The event utilizes the Spokane Convention Center (14 courts), Eastern Washington University (14 courts) and The HUB (9 courts).
- The event occurs over the last two weekends in March and lasts from Thursday through Sunday, with some participants and spectators staying through Sunday night.

- The event attracts over 100 teams and in 2008, utilizes between 1,000 and 1,500 hotel rooms on peak and generated approximately 10,000 total room nights according to PNQ representatives.
- Regardless of available facilities, it is likely that the PNQ would retain a presence at Eastern Washington University as this was the original location for the tournament. However, organizers may be willing to leave the HUB for a better facility and as the tournament continues to grow demand increases for additional event space. They are contracted with their current facilities through 2012.
- The event requires approximately 7,600 square feet of space per court for competition space, seating around the court (PNQ sets up approximately 60 chairs around each court for spectators and does not require a fixed seating component) and sufficient space between courts to ensure safety and uninterrupted play. The amount of flat floor space that can be offered by the proposed facility will impact its ability to host PNQ events.
- In order to draw events to Coeur d'Alene, the facility would need competitive rental rates.

CheerFest

- Potential exists to attract CheerFest events to Coeur d'Alene, but the community would need a local program to organize, market and attract events.
- Competitions are open to any team interested in participating. The scope of competition (whether it is a local, state, regional or national competition) is dependent upon the efforts of local organizers.
- Events currently utilize civic centers that average 10,000 to 12,000 in total capacity for the largest national events. However, these events are typically held in the southeastern U.S., where the greatest concentration of national cheerleading squads reside.
- There are approximately six cheerleading programs located in Idaho registered with CheerFest, compared to 15 in Washington and significantly more in California. Therefore, the potential to host major events in Idaho is likely limited.

As detailed above, numerous opportunities exist for a new facility in Coeur d'Alene to pursue amateur sports tournaments. These events can generate significant economic impacts in the community due by attracting a number of non-local teams to the market over the course of multi-day events. However, because these types of events are generally subject to competitive bid, there is no guarantee that the proposed facility would attract a given event on a year-to-year basis. The efforts of the Spokane Regional

Sports Commission, the Coeur d'Alene Visitor and Convention Bureau and other such organizations will be key to the proposed facility's ability to attract these events.

For purposes of this analysis, it is estimated that the proposed facility could host 12 to 15 days of amateur sports events in an average year, as summarized in the table below. However, it is important to note that event levels could vary significantly from year to year, depending on the ability of the market and the facility to attract rotating events.

Estimated Events and Attendance - Amateur Sports					
<u>Event Days</u>		<u>Average Attendance</u>	<u>Total Attendance</u>		
<u>Base</u>	<u>High</u>		<u>Base</u>	<u>High</u>	
10	- 12	2,000	20,000	-	24,000

Community and Miscellaneous Events

Along with the ticketed, spectator and other events discussed to this point, a new indoor event facility could host a variety of community events. Examples of community events typically held in a mid-sized event facility include high school and college graduations, community meetings, religious gatherings and other such events. These events often result in lower profits than concerts, family shows and other ticketed events and a lower economic impact on the region than some of the regional or national amateur tournaments discussed above, but they may help enhance the facility's role as a venue that benefits the community as a whole. Additionally, these events may generate rental revenue on days when the facility would have otherwise gone unused.

The facility could host graduation ceremonies of area high schools. Local high schools current host graduations in their gymnasiums and must limit the number of guests invited by graduating students due to lack of space. It is estimated that three to four area high schools would benefit from the additional seating capacity of the proposed facility, and therefore would be likely to relocate their graduation ceremonies to the venue.

Other community and miscellaneous events are difficult to identify specifically. However, based on event levels at comparable venues, estimates were developed regarding annual event and attendance levels for community and other miscellaneous events, as summarized in the following table.

Estimated Events and Attendance - Community Events					
<u>Event Days</u>		<u>Average Attendance</u>	<u>Total Attendance</u>		
<u>Base</u>	<u>High</u>		<u>Base</u>	<u>High</u>	
10	- 12	1,000	10,000	-	12,000



Conventions, Conferences, Exhibitions and Meetings

One of Coeur d'Alene's strengths as a convention and meeting destination is its status as a popular resort community. Event planners often prefer to bring events to markets that offer attractions and activities outside of the event venue, enhancing the experience of event delegates. While many resort communities have relatively poor access, the Coeur d'Alene market is serviced by the Spokane International Airport, located 40 miles to the west. In addition, Coeur d'Alene's proximity to Interstate Highway 90 provides convenient highway access.

Coeur d'Alene is currently home to two primary flat floor event venues: the Coeur d'Alene Resort and Conference Center and the Kootenai County Fairgrounds. As noted in the Local Market Conditions Analysis, the Resort offers approximately 23,700 square feet of conference and meeting space, including 15,100 square feet of contiguous space, and 338 hotel rooms. The Resort's conference and meeting offerings are relatively upscale, featuring carpeted floors, chandeliers and other such décor. The upscale environment provided by the Resort makes the facility attractive for small conference, corporate meetings, banquets, wedding receptions and other such events.

However, several factors limit the types of events the facility can attract. Events requiring more than 15,100 square feet of contiguous space cannot be accommodated at the Resort. Further, the facility's upscale décor is not appropriate for certain events such as car shows that are not appropriate for a carpeted venue. Finally, the Resort has relatively high rates, which impacts its ability to host consumer shows and other such events that require the event organizer to limit expenses in order to achieve profitability.

Coeur d'Alene's second major flat floor event venue, the Kootenai County Fairgrounds, varies significantly from the Resort in terms of the type, quality and cost of the event spaces offered. The Fairgrounds offers six buildings for rent, providing a total of 40,400 square feet. The largest contiguous space is the 16,500-square foot Jacklin Building, which is only rented from May through September. The 9,600-square foot Building 1 is the largest contiguous, year-round space offered at the Fairgrounds. The Fairgrounds offer a relatively basic level of amenities and lower rental costs as compared to the Resort. The Fairgrounds venues host primarily consumer shows (gun shows, craft shows, holiday shows, etc.).

While the Resort and the Fairgrounds fill two largely distinct event niches, there may be opportunities for a new facility in Coeur d'Alene to tap into flat floor event demand that is not being met by either existing facility. This primarily includes events that require more space than is offered by the Resort or the Fairgrounds.

The proposed facility could potentially host large conventions and conferences featuring corporations and state and regional associations that are too large to be accommodated by the Resort. However, these types of events often require significant breakout space in addition to the main assembly venue. While the proposed facility's main arena could host large group functions, several smaller meeting and banquet rooms would likely be required to accommodate

meal functions and small-group sessions. In addition, an attached hotel property sufficient to accommodate a large share of event attendees is also required to host most convention and conference events.

As noted in the Comparable Facilities Analysis, many event venues incorporate a mix of large event and breakout space. However, in markets similar in size to Coeur d'Alene, the multi-purpose facility is typically the primary spectator and flat floor event venue in its community. Therefore, the ancillary flat floor space at these venues is used not only as support space for large conferences and meetings, but also to host smaller meetings and events that utilize only the flat floor space.

A multi-purpose venue operating in Coeur d'Alene would face a different competitive scenario. The Coeur d'Alene Resort has already established itself as a popular destination for meetings, conference and banquets of a size that can be accommodated by its existing space. Therefore, the programming areas utilized as "breakout space" during large conferences at the new venue would potentially compete with the Resort for smaller meetings, conference and banquets throughout the year. This could have an adverse impact on the new facility's event levels in comparison to comparable facilities, which face less competition for those events.

Another challenge associated with capturing large meeting and conference events is the lack of a headquarters hotel located adjacent to the proposed event venue. As previously stated, most conventions and conferences require a full-service hotel to be attached to or located in the immediate vicinity of the convention venue. While the Riverstone development includes hotel space, there is not envisioned to be a large convention hotel attached to the proposed event facility, which could preclude the facility from hosting certain events.

Finally, the ability of the facility to capture large meeting and conference events would require significant marketing efforts on the part of the Visitor and Convention Bureau, the Chamber of Commerce and/or other such entity. Because the Coeur d'Alene Resort largely conducts its own sales operations, the Bureau is not highly active in selling Coeur d'Alene as a convention destination. The development of a major convention facility that targets larger conventions and conferences would need to coincide with expanded efforts to market the facility and the community as a whole as a convention destination.

The second opportunity for a new multi-purpose event facility to capture untapped demand in Coeur d'Alene is hosting large consumer and trade shows that cannot be accommodated by the event facilities offered at the Kootenai County Fairgrounds. The Fairgrounds' event facilities are spread throughout several buildings, and feature a relatively basic level of amenities. As noted previously, the largest contiguous, year-round space offered at the Fairgrounds is the 9,600-square foot Building 1. Buildings 1, 2 and 3 are connected, but not contiguous, and provide a total of 17,000 square feet of space.

A facility offering a clear span concrete floor in excess of 17,000 square feet would have the ability to attract existing Fairgrounds events that would like to expand but are limited at the existing venue, as well as new consumer and trade shows that are not coming to Coeur d'Alene due to lack of space. While these events represent an opportunity for the proposed event facility to fill event days and generate revenues, it should be noted that some of these events may come at the expense of the Fairgrounds should some of its existing events relocate to the new facility. However, these impacts may be mitigated by potential synergistic relationships between the proposed facility and the Fairground's event facilities. Additional discussion of the potential relationship between the proposed Riverstone facility and the Fairgrounds can be found in the Building Program Analysis presented in the following chapter.

For purposes of this analysis it is assumed that the facility will be developed primarily as a sports and spectator event venue, with limited ancillary meeting and flat floor offerings outside of the arena bowl. Therefore, flat floor utilization of the facility is assumed to consist primarily of events utilizing the main arena floor. Based on past event levels at Coeur d'Alene Resort and the Kootenai County Fairgrounds, interviews with flat floor event organizers and event levels at comparable venues, the following flat floor event and attendance estimates, consisting largely of local consumer shows, have been developed for the proposed facility.

Estimated Events and Attendance - Flat Floor					
<u>Event Days</u>			<u>Average</u>	<u>Total Attendance</u>	
<u>Base</u>		<u>High</u>	<u>Attendance</u>	<u>Base</u>	<u>High</u>
12	-	15	2,000	24,000	- 30,000

Market Demand Conclusions (Indoor Facility)

Within this section, a number of event types that could potentially utilize the proposed multi-purpose facility have been discussed. While the facility is not anticipated to host a full-time sports tenant, there appears to be demand for a variety of other events to utilize the facility throughout the year. The following table summarizes the annual event and attendance estimates presented in this analysis.



Summary of Event Estimates

Event Type	Annual Events		Average Attendance	Total Attendance	
	Base	High		Base	High
Concerts	6	- 8	4,500	27,000	- 36,000
Family Shows	4	- 6	1,500	6,000	- 9,000
Touring Sports	6	- 8	3,500	21,000	- 28,000
North Idaho College	12	- 15	2,500	30,000	- 37,500
Collegiate Sports	4	- 6	4,500	18,000	- 27,000
High School Sports	10	- 12	2,500	25,000	- 30,000
Amateur Sports	10	- 12	2,000	20,000	- 24,000
Community	10	- 12	1,000	10,000	- 12,000
Flat Floor	12	- 15	2,000	24,000	- 30,000
Totals	74	- 94		181,000	- 233,500

Note: The base scenario represents the event and attendance levels estimated to be sustainable in a typical year of operations. The high scenario represents a "best case" year in which the facility is successful in attracting stronger event and attendance levels.

As shown, a multi-purpose event facility in Coeur d'Alene is estimated to host approximately 74 to 94 event days annually, with total attendance of 181,000 to 233,500.

The event and attendance estimates presented in the previous table do not assume the presence of a tenant sports franchise. In order to provide an understanding of the potential impact of a sports tenant on overall event and attendance levels, a second scenario was developed in which the proposed facility is assumed to attract a minor league or junior hockey tenant. It should be noted that the estimates related to tenant hockey are not based on a specific hockey team or league, but are based on the operations of various hockey franchises playing in markets similar in size to Coeur d'Alene.

**Summary of Event Estimates
Including Sports Tenant**

Event Type	Annual Events		Average Attendance	Total Attendance	
	Base	High		Base	High
Tenant Sports	30	- 35	3,000	90,000	105,000
Concerts	5	- 7	4,500	22,500	- 31,500
Family Shows	4	- 6	1,500	6,000	- 9,000
Touring Sports	5	- 7	3,500	17,500	- 24,500
North Idaho College	9	- 12	2,500	22,500	- 30,000
Collegiate Sports	4	- 6	4,500	18,000	- 27,000
High School Sports	8	- 10	2,500	20,000	- 25,000
Amateur Sports	8	- 10	2,000	16,000	- 20,000
Community	8	- 10	1,000	8,000	- 10,000
Flat Floor	7	- 10	2,000	14,000	- 20,000
Totals	88	- 113		234,500	- 302,000

Note: The base scenario represents the event and attendance levels estimated to be sustainable in a typical year of operations. The high scenario represents a "best case" year in which the facility is successful in attracting stronger event and attendance levels.

As shown, the tenant scenario assumes 30 to 35 home games per year with average attendance of approximately 3,000 per game. It should be noted that the number of games played could vary depending on the schedule of the league in which the tenant team participates.

While a sports tenant could add approximately 30 to 35 annual events, it is important to note that some of the events included in the baseline estimates would likely be displaced by the hockey team due to scheduling conflicts. Also, some events may not be able to be accommodated due to the presence of a permanent ice sheet in the facility. Therefore, it is estimated that non-tenant event levels would be reduced by approximately 16 events per year due to the presence of a tenant sports franchise, including one concert, one touring sports event, three NIC sports events, two high school games, two amateur sports events, two community events and five days of flat floor events. This would result in an estimated 88 to 113 total events per year, with attendance ranging from approximately 234,500 to 302,000.

Baseball Analysis

In addition to a multi-purpose indoor facility, the proposed sports complex is also envisioned to include a baseball venue comprised of two fields with spectator seating and amenities such as locker rooms and concessions stands. The baseball fields would be located in the Black Rock development, which is located immediately to the west of the Riverstone Development. The fields would be across the street from the proposed indoor facility site, allowing for shared parking between the two venues. A limited market demand analysis was conducted to provide a preliminary assessment of the potential market demand for two new baseball fields in Coeur d'Alene.

The proposed baseball fields could host three primary types of events:

- Tenant baseball team home games;
- Games and practices of local American Legion and other youth and amateur baseball teams; and,
- Baseball tournaments.

The following is an analysis of potential demand for tenant and non-tenant baseball activities at the proposed complex.

Tenant Baseball

The Spokane RiverHawks of the West Coast League (“WCL”) represent an opportunity for a new ballpark in Coeur d'Alene to attract a tenant baseball franchise. The ownership of the RiverHawks has indicated that the team would relocate to Coeur d'Alene if an appropriate facility is built.

The WCL consists of eight teams located in Washington, Oregon and British Columbia. Each team has historically played a 42-game season between early June and mid-August. The schedule will expand to 48 games for the 2009 season. Each team will play 24 home games and have the option to host up to six additional non-League games.

WCL teams are comprised of college baseball players who have not signed professional contracts. The WCL provides an opportunity for these players to refine their skills and attract the attention of professional scouts. The following table provides an overview of the WCL's markets and ballparks.

**West Coast League Overview
Sorted by Market Population**

Team	City	CBSA		Capacity
		Population ⁽¹⁾	Ballpark	
Spokane RiverHawks	Spokane, WA	436,600	Avista Stadium Patterson Baseball Complex	7,200 1,500
Kitsap BlueJackets	Bremerton, WA	242,700	Kitsap Fairgrounds and Special Event Center	1,200
Bellingham Bells	Bellingham, WA	180,100	Joe Martin Field	2,100
Kelowna Falcons	Kelowna, BC	165,600	Elks Stadium	1,250
Bend Elks	Bend, OR	136,900	Vince Genna Stadium	2,500
Wenatchee Apple Sox	Wenatchee, WA	103,200	Paul Thomas Field at Wenatchee Valley CC	1,200
Corvallis Knights	Coravallis, OR	81,100	Goss Stadium at Coleman Field	3,000
Moses Lake Pirates	Moses Lake, WA	79,600	Larson Field	1,234
Average - All		178,200		2,400
Average - Excluding Spokane		141,300		1,800
Coeur d'Alene Franchise	Coeur d'Alene, ID	121,800	Proposed Baseball Field	n/a

(1) CBSA = Core Based Statistical Area, defined as an urban core and adjacent areas that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

As shown, Spokane is the largest market in the WCL, with a market population of 436,600. Excluding Spokane, the average WCL market has a population of approximately 141,300. If the RiverHawks were to relocate to Coeur d'Alene the market would rank fifth among the eight markets in terms of population. The League's home ballparks range in capacity from 1,200 to 7,200 seats, with an average of 2,400 seats. Excluding Avista Stadium in Spokane, the average ballpark capacity decreases to 1,800 seats.

In 2008, the Spokane RiverHawks played 12 home games at Avista Stadium, which also serves as the home of the Class A Spokane Indians. The remaining nine home games were held at Gonzaga University's Patterson Baseball Complex. RiverHawks management indicated that this situation is not ideal, as the team faces scheduling conflicts at both venues. In addition, the large size of Avista Stadium is not conducive to WCL baseball, whose franchises do not typically draw attendance levels approaching Avista Stadium's capacity. The following table summarizes average per-game attendance by team during each of the four WCL seasons completed to date.

**West Coast League Attendance
Sorted by Four-Year Average**

Team	Average Attendance Per Home Game				Average
	2005	2006	2007	2008	
Bend Elks	840	1,286	990	1,430	1,137
Wenatchee Apple Sox	927	1,148	1,171	1,134	1,095
Kitsap BlueJackets	760	849	507	527	661
Moses Lake Pirates	--	479	652	591	574
Bellingham Bells	738	491	412	580	555
Kelowna Falcons	397	609	552	629	547
Corvallis Knights	--	--	454	638	546
Spokane RiverHawks	121	178	147	481	232
Aloha Knights ⁽¹⁾	120	84	--	--	102
Average - All	560	640	610	750	610
Average - Excluding Spokane	630	710	680	790	650

(1) The Aloha Knights relocated to Corvallis following the 2006 season.

As shown, the RiverHawks have drawn the lowest average attendance among teams that are still active in the League, despite playing in the largest market. Team representatives indicated that the relatively low attendance levels are due largely to competition in the market, particularly with the Spokane Indians. The RiverHawks are the only WCL team that plays in a market that is also home to another minor league baseball franchise.

Team representatives believe that relocating the franchise to Coeur d'Alene would have a positive impact on attendance levels, as the team would represent the highest level of baseball in the market, and would not compete as directly with the Indians. Specifically, team representatives estimate that they could draw attendance of 1,000 to 2,000 per game, depending on the capacity of the ballpark. The team would prefer at least 1,500 fixed seats, with room for additional expansion and/or grass berm seating to accommodate additional demand. Team representatives also indicated that a first-class ballpark with additional amenities such as group party decks could have a positive impact on attendance levels and would help the franchise sustain long-term success in the market.

Based on this analysis, it appears that Coeur d'Alene would represent a good demographic fit with the other markets currently hosting WCL franchises. The presence of the RiverHawks franchise would provide the proposed baseball component of the development with 24 to 30 annual events and could draw significant numbers of spectators to the development. The majority of these attendees are likely to reside in the immediate Coeur d'Alene area.

Non-Tenant Baseball

In addition to a WCL, new baseball fields developed as part of the proposed complex could host a number of amateur baseball events and activities. American Legion baseball could represent a primary user of new baseball fields in Coeur d'Alene. There are currently three Legion baseball teams in Coeur d'Alene. The teams utilize the City of Coeur d'Alene's McEuen Field for the majority of their games, while local high school facilities are used for practices. Local Legion baseball representatives indicated that they would like to start a fourth team in the local area, but they do not have enough fields available to schedule an additional team.

Each of the three Legion teams plays approximately 30 home games. In addition, Coeur d'Alene hosts two annual tournaments featuring five games per day over the course of four days. The tournaments consist of a mix of local and non-local teams, with several of the non-local teams making overnight stays for the duration of the tournament. Legion baseball representatives indicated that they use the vast majority of available hours at McEuen Field during the baseball season, and would likely utilize a second field if one were available.

McEuen Field is the only City-owned, full-size baseball field. City representatives indicated that Legion baseball activities account for the majority of the field's use, with a limited number of high school games also held at the Field. The land on which McEuen Field sits has been targeted for potential redevelopment, but the City has indicated that the Field will not be removed unless an equal or better facility is constructed. Based on existing and anticipated future demand, City representatives indicated that two new fields should be considered if a new baseball complex is developed.

Legion baseball and other potential youth and amateur baseball user groups generally have relatively basic facility needs. Amenities such as bleacher seating, a scorers' booth, concessions stands, batting cages and changing rooms are preferred, and would make the proposed fields more attractive for high school and amateur baseball tournaments.

Baseball Market Demand Conclusions

Based on the limited market demand analysis conducted for this study, it appears that demand exists for additional full-sized baseball fields in Coeur d'Alene, particularly if McEuen Field is redeveloped for non-baseball use. McEuen Field is heavily utilized by local Legion baseball programs, who would potentially expand their programs if additional fields were available. In addition, the proposed baseball complex would likely attract the Spokane RiverHawks as a tenant franchise, providing 24 to 30 additional events.

The development of two fields is likely warranted. A single field would essentially replace McEuen Field, which would allow local Legion programs to continue their current activities, but would not allow them to expand their programs through the formation of additional teams. Additionally, the presence of the RiverHawks as a tenant would decrease the field's availability for Legion activities, further limiting the future growth of Legion baseball. Based on the demand indicated by RiverHawks ownership and Legion baseball representatives, feedback from the City's Parks Department, the demographics of the Coeur d'Alene market and the relative shortage of full-sized baseball fields in the market, the addition of a two-field baseball complex appears to be market supportable.

V. Building Program Analysis

The purpose of this section is to present recommendations regarding a building program for the proposed multi-purpose event facility that would accommodate areas of demand identified in the Market Demand Analysis. In addition, this section includes a discussion of potential development alternatives for the Kootenai County Fairgrounds that may help support the operational viability of the Fairgrounds' facilities following the development of the proposed Riverstone facility.

Based on estimated market demand and the inventory of existing event venues in Coeur d'Alene, it is recommended that the proposed facility be designed with a primary focus on accommodating sports and spectator events. While many communities have developed multi-purpose facilities that incorporate significant meeting, ballroom and other flat floor space in addition to a spectator event venue, this option may not be market-supportable in Coeur d'Alene, as the market is already home to the Coeur d'Alene Resort, which offers a substantial amount of ballroom and meeting space, and the Kootenai County Fairgrounds, which offers flat floor exhibit facilities to accommodate local consumer events. The event market may not be large enough to support an additional venue with a largely overlapping market focus. However, it may be beneficial for the proposed Riverstone facility to incorporate a small level of ancillary meeting and breakout space to enhance its ability to attract large spectator events and tournaments that often use a limited amount of meeting space for temporary offices, press events and other such functions related to the primary event.

The following is a summary of key considerations and recommendations regarding a building program that would allow the facility to capture demand in the local market for a sports and spectator event venue.

Seating Capacity

The appropriate seating capacity for a spectator event venue depends on a number of factors, including the needs of tenant sports franchises (where applicable), capacities of competitive facilities in the region and the capacity required to attract touring events and special events such as high school and postseason tournaments and postseason games. Construction cost is also an important consideration, as the project cost is often proportional to the size of the venue.

As discussed in the market demand analysis, a new event facility in Coeur d'Alene could provide event promoters with a more intimate, lower cost alternative to the Spokane Arena. Therefore, the proposed facility should have a capacity that is small enough to effectively differentiate itself from Spokane Arena, but large enough to generate the level of revenue needed to sustain profitable events. The following table summarizes the seating capacities of existing event venues in the Spokane/Coeur d'Alene region.

Seating Capacities of Regional Facilities

Facility	Location	Seating Capacity
Spokane Arena	Spokane, WA	12,500
McCarthy Athletic Center	Spokane, WA	6,000
INB Performing Arts Center	Spokane, WA	2,700
Christiansen Gym	Coeur d'Alene, ID	2,000
Coeur d'Alene Casino Events Center	Worley, ID	1,800
Schuler Performing Arts Center	Coeur d'Alene, ID	1,200

The region is not currently home to a facility with a capacity between 2,700 and 12,500 seats that hosts a significant number of concerts and other touring events. Gonzaga University's McCarthy Athletic Center falls within that range, but rarely hosts non-University events and would be unlikely to compete with a new venue in Coeur d'Alene for touring entertainment events. A facility with approximately 6,000 seats for concerts would fill this niche, providing a smaller alternative to Spokane Arena, while remaining significantly larger than venues such as the Coeur d'Alene Casino and the INB Performing Arts Center. Discussions with event promoters indicate only marginal value in increasing capacity significantly beyond 6,000 seats.

Further support for a 6,000-seat venue is presented in terms of capacity requirements for non-touring events. These capacity requirements vary significantly across the types of events discussed in the market demand analysis:

- 5,000 to 6,000 seats would be sufficient for NCAA Division II and III national championship events.
- 3,500 is the minimum capacity for NJCAA wrestling events, although North Idaho College representatives estimate the event could draw 5,000 spectators.
- 1,500 to 2,000 seats would be sufficient to host NCAA basketball and volleyball championships.
- At least 3,000 seats in a configuration that accommodates 10 to 12 wrestling mats would be preferred for State high school wrestling championships
- 1,000 to 2,000 seats are sufficient for State high school volleyball events.
- 3,000 to 4,000 seats are required to host a USA Gymnastics national event
- 2,000 to 2,500 seats would likely accommodate a USA Wrestling event
- Attendance at high school graduations could range from 3,000 to 4,000, assuming 10 to 15 guests per graduate, based on estimates provided by school district representatives.

Based on the estimated needs of various touring and non-touring events and the capacities of existing event venues in the region, a facility with a capacity of 6,000 for concerts and sports events utilizing one playing court is likely to be sufficient to accommodate the majority of event demand in Coeur d'Alene. A significant portion of this seating should be retractable or portable, allowing the floor to be expanded for events utilizing multiple courts/mats, as well as large flat floor events.

Floor Size

Typical spectator arenas generally have an even floor measuring approximately 17,000 to 20,000 square feet, which is large enough to accommodate a hockey rink. A facility designed solely to accommodate a single basketball court could have an event floor encompassing as little as 6,000 to 7,000 square feet. While the proposed Coeur d'Alene event facility is not envisioned to have a permanent ice rink, the facility should be designed with the ability to retract or remove some seating to provide relatively large floor area to allow more flexibility in accommodating various types of events.

At a minimum, the event floor should be larger than the largest spaces offered at the Coeur d'Alene Resort and the Kootenai County Fairgrounds (15,000 and 17,000 square feet, respectively), allowing the new facility to host larger events than can be accommodated by existing venues. Based on conversations with flat floor event organizers, a facility offering 35,000 to 40,000 square feet of clear span space would provide a significant level of differentiation with the market's existing facilities and allow the market to capture larger flat floor events than are currently being accommodated at the Resort or the Fairgrounds.

A floor measuring 40,000 square feet would be capable of accommodating approximately eight wrestling mats simultaneously, which would allow the facility to host USA Wrestling competitions. State high school wrestling championships require approximately 52,000 to 62,000 square feet of floor space to accommodate 10 to 12 mats. However, this size of floor, along with spectator seating, may be difficult to incorporate into the facility that still offers adequate sightlines for concerts, basketball games and other events that would not require such a large floor.

Ultimately, the size of the facility's floor will need to be balanced against the need for adequate spectator seating. As the facility design process moves forward, project architects should be consulted to explore concepts that target up to 40,000 square feet of flat floor space without significantly compromising patron sight lines.

Premium Seating

Many modern sports and spectator venues incorporate premium seating as a means of generating revenue. The most frequently integrated type of premium seating in sports and multipurpose event venues are private suites (or luxury suites). Private suites typically consist of private seating and entertaining areas typically located above the lower level of seating, offering an unobstructed view of the playing surface. Typical amenities incorporated into private suites include 12 to 16 high-quality seats, parking passes, private restrooms, a wet bar and an upscale, catered food and beverage menu.

Club seats are another common type of premium seating. Club seats are typically defined as seats in an exclusive area within the seating bowl or a separate level overlooking the event surface. Club seats are typically wider and more comfortable than general seating areas, and typically include access to a private club within the facility.

While many of the comparable facilities discussed earlier in this report incorporate premium seating in the form of suites and/or club seats, it is important to note that the presence of a tenant franchise is often critical to the success of premium seating sales efforts. Tenant sports franchises create a high level of fan interest and provide a regular schedule of events for which premium seats can be utilized. Concerts and other special events add value to the premium seat purchase, but these events can vary significantly in number and genre. Without the regularly scheduled tenant sports events, premium seat holders may not receive value for their purchase in years in which the facility does not attract a strong number of special events.

Because the proposed Coeur d'Alene facility is not envisioned to host a full-time sports tenant, a typical premium seating program (such as annually-leased suites) may not be appropriate. However, certain premium offerings should be considered to provide an upscale offering for special events. An upscale reception area could be developed, offering a view of the event floor from the receptions area. Such a facility could be used to host receptions and other functions before events, or to host VIP personnel during events. For example, if the facility hosts a basketball game featuring regional collegiate programs, the respective athletic departments could use such a space to entertain their alumni and donors who live in the Coeur d'Alene area.

This type of space could also be used to generate revenue for certain events. Event patrons could be offered the ability to purchase a pass to attend a pre-event function offering complimentary food and beverage. If the space overlooks the event floor, it could be used to provide an upscale environment from which to view events. The event passes would be limited in number, allowing the patron the ability to purchase an exclusive, upscale experience while attending a concert or other event.

An upscale reception room could also be used on non-event days to host small meetings and banquets, and could provide breakout space during flat floor events. As noted previously, a full conference facility is not recommended, but this type of offering would provide the facility with additional event opportunities on days when the facility might otherwise be unused.

Other Building Program Considerations

In addition to the specific capacity, floor size and premium amenity offerings discussed previously, the following building program elements are also recommended:

- Sufficient concession points of sale. Current industry standards suggest 1 point of sale for every 300 seats.
- Sufficient restrooms (1 water closet/50 seats, 1 urinal/100 seats).
- Sufficient locker rooms and dressing rooms (at least four locker rooms, plus two to four smaller dressing rooms).
- Rigging grid capable of holding required poundage of touring acts with appropriate stage clearance.
- State-of-the-art audio, video and lighting equipment.
- Sufficient storage space for equipment, materials, supplies and other needs.
- Administrative offices for full-time and seasonal staff.
- Ticket or box office.

Fairgrounds Development Options

The development of a multi-purpose event facility meeting the building program specifications discussed herein would fill several areas of need in the Coeur d'Alene market. In evaluating the potential development of the proposed Riverstone facility, it is important to consider its potential interactions with and impacts on existing event venues in the market, including the Kootenai County Fairgrounds. As discussed in the market analysis, a new facility offering a relatively large, clear span flat floor area could potentially attract trade shows and other flat floor events that cannot be accommodated by the Fairground's existing facilities. In addition, some flat floor events may relocate from the Fairgrounds to the new facility, whose larger event space would allow event organizers to grow their events. Therefore, should the development of the proposed Riverstone facility proceed, it will be important to also consider the long-term needs and opportunities of the Fairgrounds.

The Fairgrounds Board has studied the potential development of a new event venue at the Fairgrounds, similar to the project now being envisioned at Riverstone. The best opportunity for the mutual success of both a new Riverstone facility and a new venue at the Fairgrounds is to identify distinct event niches that could be filled by each facility. Limiting the extent to which the two facilities pursue overlapping event markets would reduce the potential for competition between the two venues. The following is a discussion of development options that could be considered by the Fairgrounds Board if the proposed Riverstone facility project moves forward.

One option would be for the Fairgrounds to increase its focus on livestock events, investing in upgrades to its livestock facilities. However, it is unclear whether sufficient demand exists to significantly expand the Fairgrounds' livestock event levels. The market and financial feasibility of this option should be explored further prior to investing in livestock facilities to better understand demand in the market.

Another scenario may involve improvement and/or expansion of the Fairgrounds' flat floor exhibition facilities. Simply upgrading the level of amenities associated with existing exhibition facilities could draw a limited number of additional events to the Fairgrounds, and could help support increased rental rates, helping to sustain the Fairgrounds' revenue levels.

Consideration could also be given to developing a new exhibition facility on the Fairgrounds. A facility developed as a relatively basic, clear-span building could have significantly lower construction costs than a facility designed to accommodate spectator events. This option could allow the Fairgrounds to retain its existing flat floor events and attract newer, larger events. This could result in lower flat floor event levels for the proposed Riverstone facility. However, the Riverstone facility would still host concerts, sporting events and other spectator events, allowing the Riverstone facility and a potential Fairgrounds facility to carve out distinct event niches.

This scenario could also lead to synergies between the two buildings. As noted in the market demand analysis, sports tournament organizers often seek large floors that can accommodate multiple courts or mats. The presence of two facilities with large event floors could allow Coeur d'Alene to attract larger tournaments than would be possible if only one facility were developed.

Other opportunities for synergies between the proposed Riverstone facility and the Fairgrounds also exist. For example, a conference or trade show held at the Riverstone facility could utilize the Fairgrounds for outdoor demonstrations related to the primary event. For example, a Land Rover conference held at the Coeur d'Alene Resort used the Fairgrounds to hold vehicle demonstrations and other events that could not have been accommodated at the Resort. The same types of events could allow the proposed Riverstone facility and the Fairgrounds to achieve mutually beneficial relationships.

While a flat floor exhibition venue could potentially represent an opportunity for future development, the Fairgrounds may not be an appropriate location for a full convention center. As noted previously, large convention organizers typically require an attached or adjacent headquarters hotel, which is unlikely to be developed on the Fairgrounds. Further, a fairgrounds environ may not provide a good fit for corporate meetings, conventions and other such events. Therefore, if a flat floor facility were to be developed on the Fairgrounds in the future, it would likely be more appropriate to construct a relatively basic, clear span structure with restrooms, concessions and other patron amenities, rather than a convention facility with significant ballroom and meeting space.

VI. Financial Analysis

The intent of this section is to provide an estimate of the potential operating results of a new, multi-purpose event venue in Coeur d'Alene. Because facility design, configuration and cost estimates for the proposed facility have not yet been completed, the assumptions used in this analysis are based on the results of the market analysis, industry trends, knowledge of the marketplace and financial results from comparable facilities. Using this information, an evaluation of the potential operating results has been developed under the event and attendance scenarios discussed in Chapter IV. As noted in that chapter, the base scenario represents the event and attendance levels estimated to be sustainable in a typical year of operations, while the high scenario represents a "best case" year in which the facility is successful in attracting stronger event and attendance levels. All financial estimates are presented in 2008 dollars.

This presentation is designed to assist in estimating the financial operations of the proposed facility. Therefore, this analysis may not be useful for any other purpose. The assumptions disclosed herein are not all inclusive, but are those deemed significant to the operations of the facility. However, there will be differences between estimated and actual results, due to the fact that events and circumstances frequently do not occur as expected, and these differences may be material. As is the case in all studies of this type, the estimated results are based on competent and efficient facility management and assume that no significant changes in the various event markets will occur beyond those set forth in this report.

The remainder of this section presents the financial analysis under the following components:

- Operating Revenues,
- Operating Expenses,
- Estimated Financial Results, and
- Tenant Sports Impact

Operating Revenues

A new facility will potentially derive revenues through ticket sales, rental revenue, concessions and merchandise sales, parking fees, premium seating, advertising, naming rights and other such revenue streams. This section summarizes the estimates for each potential revenue source, identifying revenues that could be derived from facility events. The estimates presented herein relate to the event and attendance assumptions developed in Chapter IV. Two scenarios are presented throughout this analysis to reflect base and high level event estimates. The following table presents the key assumptions used in this financial analysis.

Summary of Key Financial Assumptions

Event Type	Rent Per Day		Arena Share		Per Capita Spending			
	Flat	% of Gate	Conc.	Merch.	Tickets	Concessions	Merchandise	
Concerts	\$3,000	6%	(1)	100%	25%	\$40.00	\$7.50	\$7.00
Family Shows	\$3,000	12%		100%	25%	\$15.00	\$2.50	\$1.00
Touring Sports	\$5,000	12%	(2)	100%	25%	\$25.00	\$4.50	\$2.50
North Idaho College	\$2,000	0%		100%	25%	\$4.00	\$2.50	\$1.00
Collegiate Sports	\$3,000	12%		100%	25%	\$25.00	\$2.50	\$1.00
High School Sports	\$2,000	0%		100%	25%	\$5.00	\$2.50	\$1.00
Amateur Sports	\$2,000	0%		100%	25%	\$2.00	\$2.50	\$0.50
Community	\$1,500	0%		100%	25%	\$0.00	\$0.50	\$0.00
Flat Floor	\$3,000	0%		100%	25%	\$0.00	\$0.50	\$0.00

(1) The published rental rate is assumed to be the greater of \$3,000 vs. 12% of gross gate. However, the effective percent of gate has been reduced to 6% to reflect typical industry discounting. Rent per concert has been capped at \$10,000.

(2) Rent per touring sports event has been capped at \$5,000 per performance.

Gate Receipts/Rental Revenue

Rental revenues often make up a significant portion of a facility’s operating cash flows. Typically, rental agreements incorporate a flat rental rate as well as a percentage of gate receipts generated by the event, as applicable. The rental rates used in the estimates are based largely on rates charged at comparable facilities. It is important to note the influence of rental rates of competitive facilities in the area on the ability to charge specific rental rates at a new facility. In order to be competitive with existing facilities in the region, particularly Spokane Arena, the proposed facility will have to offer a rental structure that offers reasonable, competitive rates to appeal to potential users.

The following exhibit summarizes the assumptions and calculations used to estimate potential annual gate receipts and rental revenue that could be generated by a new event facility in Coeur d’Alene.



Gate Receipts/Rental Revenue

Base Scenario								
Event Type	Annual Events	Average Attendance	Annual Paid Attendance	Average Ticket Price	Gross Ticket Revenue	Facility Share ⁽¹⁾		Facility Rental Revenue
						Percentage	Flat Fee	
Concerts	6	4,500	27,000	\$40.00	\$1,080,000	6.0%	\$10,000 ⁽²⁾	\$60,000
Family Shows	4	1,500	6,000	15.00	90,000	12.0%	\$3,000	12,000
Touring Sports	6	3,500	21,000	25.00	525,000	12.0%	\$5,000 ⁽²⁾	30,000
North Idaho College	12	2,500	30,000	4.00	120,000	0.0%	\$2,000	24,000
Collegiate Sports	4	4,500	18,000	25.00	450,000	12.0%	\$3,000	54,000
High School Sports	10	2,500	25,000	5.00	125,000	0.0%	\$2,000	20,000
Amateur Sports	10	2,000	20,000	2.00	40,000	0.0%	\$2,000	20,000
Community	10	1,000	10,000	0.00	0	0.0%	\$1,500	15,000
Flat Floor	12	2,000	24,000	0.00	0	0.0%	\$2,000	24,000
Total - Base Scenario	74		181,000		\$2,430,000			\$259,000

High Scenario								
Event Type	Annual Events	Average Attendance	Annual Paid Attendance	Average Ticket Price	Gross Ticket Revenue	Facility Share ⁽¹⁾		Facility Rental Revenue
						Percentage	Flat Fee	
Concerts	8	4,500	36,000	\$40.00	\$1,440,000	6.0%	\$10,000 ⁽²⁾	\$80,000
Family Shows	6	1,500	9,000	\$15.00	135,000	12.0%	\$3,000	18,000
Touring Sports	8	3,500	28,000	\$25.00	700,000	12.0%	\$5,000 ⁽²⁾	40,000
North Idaho College	15	2,500	37,500	\$4.00	150,000	0.0%	\$2,000	30,000
Collegiate Sports	6	4,500	27,000	\$25.00	675,000	12.0%	\$3,000	81,000
High School Sports	12	2,500	30,000	\$5.00	150,000	0.0%	\$2,000	24,000
Amateur Sports	12	2,000	24,000	\$2.00	48,000	0.0%	\$2,000	24,000
Community	12	1,000	12,000	\$0.00	0	0.0%	\$1,500	18,000
Flat Floor	15	2,000	30,000	\$0.00	0	0.0%	\$2,000	30,000
Total - High Scenario	94		233,500		\$3,298,000			\$345,000

(1) Rent per event is the greater of the specified percentage of gross ticket revenue or the stated flat fee.

(2) Concert and Touring Sports rent flat fee represents the cap or maximum rental fee per event.

Based on the event and attendance estimates developed in Chapter IV and the rental assumptions outlined in the table, annual gate receipts/rental revenue is estimated to approximate \$259,000 to \$345,000 at a new event facility in Coeur d'Alene.

Concessions

Concessions revenue consists of sales of various food and beverage items at concession stands throughout the facility. Revenue assumptions are based on estimated event and attendance levels, concession spending at comparable facilities and discussions with event promoters and facility managers.

Based on industry trends, the profit margin on concessions generally approximates 40 percent of gross sales, with the remaining percentage being allocated to the vendor to cover the cost of labor and merchandise. The profit generated by concessions typically is shared between facility management, facility tenants (where applicable) and event promoters. The percentage of



concession profits allocated to facility tenants or event promoters can often be a key negotiating point when developing rental agreements suitable for both the facility and the tenant or promoter.

For purposes of this analysis, it is assumed that the facility would retain all concessions revenue, net of cost of goods sold. The following table summarizes the estimated annual concessions revenue that could be generated by the proposed facility.

Concessions Revenue

Base Scenario							
<u>Event Type</u>	<u>Annual Events</u>	<u>Average Attendance</u>	<u>Annual Attendance</u>	<u>Average Spending Per Capita</u>	<u>Gross Concessions Revenue</u>	<u>Facility's Share</u>	<u>Net Facility Revenue</u>
Concerts	6	4,500	27,000	\$7.50	\$202,500	40.0%	\$81,000
Family Shows	4	1,500	6,000	2.50	15,000	40.0%	6,000
Touring Sports	6	3,500	21,000	4.50	94,500	40.0%	37,800
North Idaho College	12	2,500	30,000	2.50	75,000	40.0%	30,000
Collegiate Sports	4	4,500	18,000	2.50	45,000	40.0%	18,000
High School Sports	10	2,500	25,000	2.50	62,500	40.0%	25,000
Amateur Sports	10	2,000	20,000	2.50	50,000	40.0%	20,000
Community	10	1,000	10,000	0.50	5,000	40.0%	2,000
Flat Floor	12	2,000	24,000	0.50	12,000	40.0%	4,800
Total - Base Scenario	74		181,000		\$561,500		\$224,600

High Scenario							
<u>Event Type</u>	<u>Annual Events</u>	<u>Average Attendance</u>	<u>Annual Attendance</u>	<u>Average Spending Per Capita</u>	<u>Gross Concessions Revenue</u>	<u>Facility's Share</u>	<u>Net Facility Revenue</u>
Concerts	8	4,500	36,000	\$7.50	\$270,000	40.0%	\$108,000
Family Shows	6	1,500	9,000	2.50	22,500	40.0%	9,000
Touring Sports	8	3,500	28,000	4.50	126,000	40.0%	50,400
North Idaho College	15	2,500	37,500	2.50	93,750	40.0%	37,500
Collegiate Sports	6	4,500	27,000	2.50	67,500	40.0%	27,000
High School Sports	12	2,500	30,000	2.50	75,000	40.0%	30,000
Amateur Sports	12	2,000	24,000	2.50	60,000	40.0%	24,000
Community	12	1,000	12,000	0.50	6,000	40.0%	2,400
Flat Floor	15	2,000	30,000	0.50	15,000	40.0%	6,000
Total - High Scenario	94		233,500		\$735,750		\$294,300

As shown, it is estimated that a facility in Coeur d'Alene could retain approximately \$225,000 to \$294,000 per year in food and beverage revenue.



Merchandise

Merchandise sales consist of clothing, souvenirs, programs and other miscellaneous items sold during events at the facility. For purposes of this analysis, a profit margin of 25 percent has been assumed, with the remaining 75 percent covering cost of goods sold, consistent with industry averages. As with concession revenue, the profit margin may be split between facility management and the tenant or event promoter. This split percentage can also be a key negotiating issue in developing facility rental agreements. For purposes of this analysis, it is assumed that the facility would retain 30 percent of net merchandise revenue from all events held at the facility. The following table summarizes the estimated gross and net merchandise revenue that could be generated at the proposed facility.

Merchandise Revenue

Base Scenario									
Event Type	Events	Average Attendance	Total Attendance	Average Spending Per Capita	Gross Merchandise Revenue	Profit Margin	Net Merchandise Revenue	Facility's Share	Facility Merchandise Net Revenue
Concerts	6	4,500	27,000	\$7.00	\$189,000	25%	\$47,250	30%	\$14,175
Family Shows	4	1,500	6,000	1.00	6,000	25%	1,500	30%	450
Touring Sports	6	3,500	21,000	2.50	52,500	25%	13,125	30%	3,938
North Idaho College	12	2,500	30,000	1.00	30,000	25%	7,500	30%	2,250
Collegiate Sports	4	4,500	18,000	1.00	18,000	25%	4,500	30%	1,350
High School Sports	10	2,500	25,000	1.00	25,000	25%	6,250	30%	1,875
Amateur Sports	10	2,000	20,000	0.50	10,000	25%	2,500	30%	750
Community	10	1,000	10,000	0.00	0	25%	0	30%	0
Flat Floor	12	2,000	24,000	0.00	0	25%	0	30%	0
Total - Base Scenario	74		181,000		\$330,500		\$82,625		\$24,788

High Scenario									
Event Type	Events	Average Attendance	Total Attendance	Average Spending Per Capita	Gross Merchandise Revenue	Profit Margin	Net Merchandise Revenue	Facility's Share	Facility Merchandise Net Revenue
Concerts	8	4,500	36,000	\$7.00	\$252,000	25%	\$63,000	30%	\$18,900
Family Shows	6	1,500	9,000	1.00	9,000	25%	2,250	30%	675
Touring Sports	8	3,500	28,000	2.50	70,000	25%	17,500	30%	5,250
North Idaho College	15	2,500	37,500	1.00	37,500	25%	9,375	30%	2,813
Collegiate Sports	6	4,500	27,000	1.00	27,000	25%	6,750	30%	2,025
High School Sports	12	2,500	30,000	1.00	30,000	25%	7,500	30%	2,250
Amateur Sports	12	2,000	24,000	0.50	12,000	25%	3,000	30%	900
Community	12	1,000	12,000	0.00	0	25%	0	30%	0
Flat Floor	15	2,000	30,000	0.00	0	25%	0	30%	0
Total - High Scenario	94		233,500		\$437,500		\$109,375		\$32,813

As shown, a new event facility in Coeur d'Alene is estimated to retain approximately \$25,000 to \$33,000 in net merchandise revenue on an annual basis.

Parking

Based on conversations with project representatives, it is assumed that approximately 1,500 parking spaces would be available in close proximity to the proposed facility, and that parking fees would be charged at most arena events. For purposes of this analysis, a \$3.00 per car charge has been assumed for all events with the exception of community events. It is estimated that one car would be parked for every 3.5 event attendees. The facility is assumed to retain all parking revenue, net of a 20 percent cost of goods sold attributable to parking attendant labor. The following table summarizes the estimated annual parking revenue that could be generated by events held at the proposed facility.

Parking Revenue

Base Scenario									
Event Type	Events	Average Attendance	Persons Per Car	Parking Demand per Event	Parking Inventory (Spaces)	Parking Fee	Gross Parking Revenue	Profit Margin	Facility Parking Net Revenue
Concerts	6	4,500	3.5	1,286	1,500	\$3.00	\$23,143	80%	\$18,514
Family Shows	4	1,500	3.5	429	1,500	3.00	5,143	80%	4,114
Touring Sports	6	3,500	3.5	1,000	1,500	3.00	18,000	80%	14,400
North Idaho College	12	2,500	3.5	714	1,500	3.00	25,714	80%	20,571
Collegiate Sports	4	4,500	3.5	1,286	1,500	3.00	15,429	80%	12,343
High School Sports	10	2,500	3.5	714	1,500	3.00	21,429	80%	17,143
Amateur Sports	10	2,000	3.5	571	1,500	3.00	17,143	80%	13,714
Community	10	1,000	3.5	286	1,500	0.00	0	80%	0
Flat Floor	12	2,000	3.5	571	1,500	3.00	20,571	80%	16,457
Total - Base Scenario	74						\$146,571		\$117,257

High Scenario									
Event Type	Events	Average Attendance	Persons Per Car	Parking Demand per Event	Parking Inventory (Spaces)	Parking Fee	Gross Parking Revenue	Profit Margin	Facility Parking Net Revenue
Concerts	8	4,500	3.5	1,286	1,500	\$3.00	\$30,857	80%	\$24,686
Family Shows	6	1,500	3.5	429	1,500	3.00	7,714	80%	6,171
Touring Sports	8	3,500	3.5	1,000	1,500	3.00	24,000	80%	19,200
North Idaho College	15	2,500	3.5	714	1,500	3.00	32,143	80%	25,714
Collegiate Sports	6	4,500	3.5	1,286	1,500	3.00	23,143	80%	18,514
High School Sports	12	2,500	3.5	714	1,500	3.00	25,714	80%	20,571
Amateur Sports	12	2,000	3.5	571	1,500	3.00	20,571	80%	16,457
Community	12	1,000	3.5	286	1,500	0.00	0	80%	0
Flat Floor	15	2,000	3.5	571	1,500	3.00	25,714	80%	20,571
Total - High Scenario	94						\$189,857		\$151,886

As shown, annual parking revenue retained by the facility is estimated to range from \$117,000 to \$152,000.

Advertising

Advertising at spectator venues is typically generated from two sources: electronic displays and panel displays. Electronic displays are often located on scoreboards, outdoor marquees and interior fascia, and typically flash advertisements for a specified period of time. Panel displays can be found attached to scoreboards, outdoor marquees, scorer's tables, concourses, interior fascia or a number of other locations within a facility. Ultimately, the rates the proposed facility is able to charge for advertising will rely on factors such as the total estimated number of events and total attendance at the facility, the number of televised events at the facility, and the amount of tie-ins such as program advertising and public address announcements that are included with advertising packages.

Based on factors such as advertising at comparable arenas, the estimated event and attendance levels for the facility and the size and corporate inventory of the Coeur d'Alene/Spokane market, it is estimated that the arena could generate approximately \$100,000 to \$125,000 in gross annual advertising revenue. After accounting for sales commissions and direct costs associated with advertising and sponsorship packages, it is estimated that the arena could retain approximately \$90,000 to \$113,000 annual advertising revenue, net of sales commissions and other related costs.

Naming Rights

Naming rights represent another potential source of revenue for a new facility in Coeur d'Alene. Many public assembly facilities have generated significant revenues through the sale of facility naming rights. Under a naming rights agreement, a corporation typically makes a specified annual payment in exchange for the corporation's name being attached to the facility. In addition, the corporate partner often receives added amenities, such as a event tickets, signage and broadcast advertising. The following table summarizes several recent naming rights agreements at selected small and mid-market arenas.

**Naming Rights Agreements at Selected Arenas
in Markets with Populations Under 500,000**

Venue	Capacity	Location	Metro Area Population	Price	Term	Annual Average
Verizon Wireless Arena	11,000	Manchester, NH	406,200	\$11,000,000	15	\$733,333
CenturyTel Center	13,200	Bossier City, LA	389,000	5,000,000	10	500,000
i wireless Center	12,000	Moline, IL	374,900	4,250,000	10	425,000
Reading Sovereign Center	9,000	Reading, PA	403,200	1,500,000	5	300,000
Sovereign Bank Arena	10,500	Trenton, NJ	370,200	2,675,000	10	267,500
John Labatt Centre	9,000	London, ON	432,000	2,225,000	10	222,500
BancorpSouth Center	10,000	Tupelo, MS	131,800	2,500,000	12	208,333
Mile One Centre	7,000	St. John's, NF	181,100	1,500,000	10	150,000
Alerus Center	22,000	Grand Forks, ND	97,200	3,000,000	20	150,000
Big Sandy Arena	5,800	Huntington, WV	285,600	1,400,000	10	140,000
US Cellular Center	10,000	Cedar Rapids, IA	249,100	625,000	5	125,000
Midwest Wireless Civic Center	8,100	Mankato, MN	89,800	2,000,000	20	100,000
Budweiser Events Center	7,200	Loveland, CO	275,600	1,500,000	20	75,000
Resch Center	10,000	Green Bay, WI	301,900	4,875,000	n/a	n/a
Tyson Events Center	10,110	Sioux City, IA	142,300	4,000,000	n/a	n/a
Average				\$3,203,000	12	\$261,300
Median				\$2,500,000	10	\$208,333

Source: Revenues from Sports Venues

As shown, the average naming rights agreement analyzed had a total value of approximately \$3.2 million, with the average agreement having a term of 12 years. The average annual revenue resulting from these agreements approximated \$261,300, with a median of approximately \$208,300.

It may be difficult for the proposed Coeur d'Alene facility to generate this level of naming rights revenue, particularly if the facility lacks a tenant sports franchise. The presence of a sports tenant results in the facility's name being mentioned in broadcast and print media throughout the markets in the tenant's league or conference. Without a tenant team, this exposure is likely to be reduced, resulting in lower naming rights revenues. Due to the uncertain nature of naming rights for the proposed facility, naming rights revenue has not been included in the estimated operating pro-forma. However, should a partner be identified, naming rights could represent a significant component of project funding or operating revenues.

Other Revenues

In addition to the revenue streams directly related to events held at the facility, as noted above, the proposed facility could also generate some level of other revenues through various avenues. These revenues may include box office fees, fees charged for providing various services to facility users and other such sources. These miscellaneous sources are estimated to generate an additional \$100,000 to \$125,000 per year at the proposed Coeur d'Alene facility.

Operating Expenses

The following estimates represent the potential operating expenses at a new facility in Coeur d'Alene, and are based on an analysis of operating expenses at comparable facilities. The assumptions made in this section are based on industry averages and results at comparable facilities.

Salaries, Wages and Benefits

Salary and wage estimates are based on estimated staffing levels, industry average salaries and wages and local demographic characteristics. Estimated salaries and wages are assumed to account for full- and part-time operating staff for which expenses are not directly reimbursed by facility users. The following table summarizes the estimated staff positions that could be required to operate the proposed facility, as well as the resulting annual expenses.

Estimated Staffing Expenses (Base Scenario)

<u>Position</u>	<u>Employees</u>	<u>Salary</u>	<u>Total Salaries</u>
General Manager	1	\$70,000	\$70,000
Administrative Assistant	1	30,000	30,000
Director of Operations	1	45,000	45,000
Business Manager	1	45,000	45,000
Director of Sales & Marketing	1	45,000	45,000
Sales Asst./Event Coordinator	1	35,000	35,000
Mechanical/Maintenance	2	30,000	60,000
Janitorial	2	25,000	50,000
Total Full Time Salaries	10		\$380,000
Benefits Factor			1.25
Total Full Salaries & Benefits			\$475,000
Part Time Labor ⁽¹⁾			75,000
Total Salaries, Wages & Benefits			\$550,000

(1) Excludes event day costs that are assumed to be reimbursed by the event promoter.

As shown, based on an estimated 10 full-time staff members, annual full-time salaries could approximate \$380,000. Assuming a 1.25 benefits multiplier, this would result in total full-time staffing expenses of approximately \$475,000. In addition, approximately \$75,000 in part time labor expenses are estimated to be incurred on an annual basis, excluding certain part time labor expenses that would be reimbursed by event promoters.

It should be noted that the staffing estimates presented in the table reflect the base event and attendance operating scenario. Attaining the event and attendance levels estimated in the high scenario would likely require higher staffing costs, as the additional event load would result in higher costs associated with marketing, event coordination, maintenance, janitorial and other related expenses. For purposes of this analysis, it is estimated that total salaries, wages and benefits expenses would increase by approximately 10 percent in the high scenario, resulting in annual costs of approximately \$605,000.

Other Operating Expenses

The following are descriptions of the other specific expense line-items for which estimates have been prepared.

- *Utilities* - Utilities often represent one of the largest expenses incurred by facility operators. Through an analysis of operations at comparable facilities, cost estimates for utilities including electricity, gas, water, steam, trash removal and other such costs have been prepared.
- *Repairs and Maintenance* - General maintenance and service of a facility, equipment and surrounding areas are primarily the responsibility of facility operations personnel, and are often performed by in-house personnel. More specialized needs, such as HVAC system maintenance, electrical work, and maintenance of other mechanical systems often must be contracted out to specialized third parties.
- *Materials and Supplies* - Includes items needed for administrative duties, cleaning and general maintenance throughout the facility. While event specific expenses are often billed directly to event organizers and promoters, general materials and supplies are necessary for day-to-day upkeep and operation of the facility.
- *Insurance* - The insurance expense estimate includes property and liability insurance for the proposed facility. While each event is generally required to carry its own liability insurance, facilities often carry additional insurance to cover areas such as common areas, restrooms and other facility components. Insurance costs will vary in proportion to the number of events and total attendance at the facility.
- *General and Administrative* - Consist of various office and administrative expenses incurred as a result of day-to-day facility operations. Such expenses typically include travel, telephone, printing, permits and other miscellaneous services.

- *Management Fee* - It is possible that a professional management firm would be retained to manage the new arena. For purposes of this analysis, it is assumed that third-party firm would manage the proposed facility and would receive a management fee of approximately \$75,000 per year. This estimate is based on conversations with industry representatives and a review of management fees paid by comparable facilities and could vary depending on the terms of the facility's management contract. Should in-house management be utilized, this expense would be eliminated, but higher salaries costs could be incurred due to the need to hire additional expertise internally.

In addition to these operating expenses, it is important to consider the future capital repair needs associated with the proposed facility. Based on conversations with sports facility architects and experience with comparable facilities, an annual capital reserve contribution approximately equal to 0.5 percent of construction cost is typically sufficient to meet a facility's long-term capital needs. Assuming a project cost of approximately \$25 million, an annual capital reserve contribution of approximately \$125,000 may be necessary to fund future capital needs for the facility.

The following table summarizes the estimated operating expenses associated with a new, multi-purpose event facility in Coeur d'Alene.

Estimated Annual Operating Expenses		
	Base	High
Salaries & wages	\$550,000	\$605,000
Utilities	200,000	220,000
Repairs & maintenance	50,000	55,000
Materials & Supplies	30,000	33,000
Insurance	50,000	50,000
General & administrative	100,000	110,000
Management Fee	75,000	75,000
Other	0	0
Total Operating Expenses	\$1,055,000	\$1,148,000
Capital Repairs	125,000	125,000
Total Incl. Capital Repairs	\$1,180,000	\$1,273,000

As shown, annual operating expenses are estimated to total approximately \$1.2 to \$1.3 million. Including the recommended contribution to a capital repair fund, this total would increase to approximately \$1.3 to \$1.4 million per year.

Estimated Financial Results

The total revenues and expenses estimated in this section are summarized in the following exhibit.

**Estimated Annual Financial Operations
Proposed Coeur d'Alene Event Facility
(2008 Dollars)**

	Base	High
<i>Revenues</i>		
Rent	\$259,000	\$345,000
Food and Beverage	225,000	294,000
Parking	117,000	152,000
Advertising	90,000	113,000
Merchandise	25,000	33,000
Other	100,000	125,000
Total Revenues	\$816,000	\$1,062,000
<i>Expenses</i>		
Salaries & wages	\$550,000	\$605,000
Utilities	200,000	220,000
Repairs & maintenance	50,000	55,000
Materials & Supplies	30,000	33,000
Insurance	50,000	50,000
General & administrative	100,000	110,000
Management Fee	75,000	75,000
Total Expenses	\$1,055,000	\$1,148,000
Net Profit (Loss)	(\$239,000)	(\$86,000)
Capital Repairs	125,000	125,000
Net Profit (Loss) Including Capital Repairs	(\$364,000)	(\$211,000)

Note: The base scenario represents the event and attendance levels estimated to be sustainable in a typical year of operations. The high scenario represents a "best case" year in which the facility is successful in attracting stronger event and attendance levels.

As shown in the exhibit, it is estimated that operations of the proposed facility could result in a negative net cash flow of approximately \$364,000 under the base scenario or \$211,000 under the high scenario. It should be noted that the financial estimates presented herein do not include potential debt service payments related to the funding of the project. Additional discussion of potential project funding can be found in Chapter VII.

In order to put these estimated financial results in perspective, the following exhibit compares the annual revenues, expenses and net losses incurred by four comparable facilities. In order to provide direct comparisons, capital repairs expenses have been excluded from the Coeur d'Alene facility estimates, as capital repairs expenses were not included in the operating expense information provided by the comparable facilities.

Comparison of Estimated Financial Operating Results

Facility	Operating Revenues	Operating Expenses	Net Profit (Loss)
Coeur d'Alene Estimate (High)	\$1,062,000	(\$1,148,000)	(\$86,000) ⁽¹⁾
Mid-America Center	\$1,215,000	(\$1,308,000)	(\$93,000)
Swiftel Center	\$1,162,000	(\$1,367,000)	(\$205,000)
Coeur d'Alene Estimate (Base)	\$816,000	(\$1,055,000)	(\$239,000) ⁽¹⁾
Cabarrus Event Center	\$649,000	(\$1,160,000)	(\$511,000)
Five Flags Center	\$392,000	(\$1,091,000)	(\$699,000)
Average (Excl. Coeur d'Alene)	\$854,500	(\$1,231,500)	(\$377,000)

(1) Excludes capital repair expenses.

As shown, the estimated operating loss of \$239,000 under the Base scenario would rank near the midpoint among the four comparable facilities, while the High scenario estimated operating loss of \$86,000 would be the smallest deficit among the peer facilities reviewed. The following notes should be considered to provide context to the revenue and expense figures presented in the table:

- The Mid-America Center generates the highest revenues among the peer facilities. The Center is the only facility included in the analysis that has a sports tenant and offers premium seating. Approximately \$200,000 of the Center’s revenue was derived from premium seating sales in the year analyzed. Removing this premium seating revenue would result in a significantly higher operating loss.
- The Swiftel Center has the highest operating expenses among the facilities included in the analysis. While the facility does not have a tenant sports franchise or a premium seating program, it has attracted strong event levels and generates relatively high annual revenues. In 2007, the facility’s operations resulted in a negative cash flow of approximately \$205,000. Based on conversations with facility representatives, the Center’s historical annual operating subsidy has totaled upwards of \$300,000 per year.
- The Cabarrus Event Center and the Five Flags Center have struggled to generate operating revenues due largely to a relatively low number of major spectator events held at the facilities. The Five Flags Center’s revenues have been negatively impacted by the opening of the competitive Grand River Center convention facility in Dubuque.

Based on this analysis, the operating losses estimated to be incurred by a new event facility in Coeur d’Alene are generally in line with those experienced by comparable venues in other markets. While profitability could be considered a goal of the facility, for planning purposes it may be appropriate to identify means of covering potential operating losses. While public investment may be required to fund the construction and ongoing operations of the facility, the events and activities associated with the facility could generate significant economic benefits for the community. The following chapter estimates the economic impacts that could result from the ongoing operations of the proposed facility.



Tenant Sports Impact

In order to estimate the impact a tenant sports franchise could have on the financial performance of the proposed facility, a scenario was developed based on the second set of event and attendance estimates presented in the market demand analysis, which included 30 to 35 tenant hockey events with average attendance of 3,000 per game. These estimates also assumed reductions in certain non-tenant event levels due to scheduling conflicts with the tenant team and the potential inability to host certain events while a permanent ice sheet is in place.

The financial estimates for the tenant scenario are based on the following estimates and assumptions:

- Team pays \$2,000 per game in rent to the facility.
- Per capita spending levels include \$12.00 on tickets, \$5.00 on concessions and \$2.00 on merchandise.
- The presence of a tenant would allow the facility to implement a premium seating program consisting of eight suites priced at \$25,000 to \$30,000 per year, which would include tickets to all publicly ticketed events held at the facility.
- Advertising revenues retained by the arena would increase by approximately \$50,000 per year over the levels estimated in the “no tenant” scenario.
- Expenses related to salaries and wages, repairs and maintenance, materials and supplies, and general and administrative costs would increase by 10 percent due to increased event and attendance levels.
- Utilities expenses would increase by approximately \$100,000 due to costs associated with maintaining a permanent ice sheet throughout the hockey season.

It should be noted that these estimates and assumptions are based on operating information from various minor league and junior hockey teams and could vary depending on the specific league, the level of support in the market and other such factors.

The following exhibit summarizes the estimated annual revenues and expenses that could result from the tenant scenario, based on the estimates and assumptions outlined above.

Estimated Annual Financial Operations
Proposed Coeur d'Alene Event Facility - Tenant Scenario
2008 Dollars

	"No Tenant" Scenario		With Tenant		Incremental	
	Base	High	Base	High	Base	High
<i>Revenues</i>						
Rent	\$259,000	\$345,000	\$277,000	\$373,000	\$18,000	\$28,000
Premium Seating	0	0	110,000	122,000	110,000	122,000
Food and Beverage	225,000	294,000	276,000	361,000	51,000	67,000
Parking	117,000	152,000	155,000	200,000	38,000	48,000
Advertising	90,000	113,000	135,000	158,000	45,000	45,000
Merchandise	25,000	33,000	35,000	45,000	10,000	12,000
Other	100,000	125,000	100,000	125,000	0	0
Total Revenues	\$816,000	\$1,062,000	\$1,088,000	\$1,384,000	\$272,000	\$322,000
<i>Expenses</i>						
Salaries & wages	\$550,000	\$605,000	\$605,000	\$665,500	\$55,000	\$60,500
Utilities	200,000	220,000	300,000	330,000	100,000	110,000
Repairs & maintenance	50,000	55,000	55,000	60,500	5,000	5,500
Materials & Supplies	30,000	33,000	33,000	36,300	3,000	3,300
Insurance	50,000	50,000	50,000	50,000	0	0
General & administrative	100,000	110,000	110,000	121,000	10,000	11,000
Management Fee	75,000	75,000	75,000	75,000	0	0
Total Expenses	\$1,055,000	\$1,148,000	\$1,228,000	\$1,338,300	\$173,000	\$190,300
Net Profit (Loss)	(\$239,000)	(\$86,000)	(\$140,000)	\$45,700	\$99,000	\$131,700
Capital Repairs	125,000	125,000	125,000	125,000	0	0
Net Profit (Loss) Including Capital Repairs	(\$364,000)	(\$211,000)	(\$265,000)	(\$79,300)	\$99,000	\$131,700

Note: The base scenario represents the event and attendance levels estimated to be sustainable in a typical year of operations. The high scenario represents a "best case" year in which the facility is successful in attracting stronger event and attendance levels.

As shown, a facility operating with a tenant hockey franchise that is able to meet the attendance and spending estimates discussed previously is estimated to incur an operating loss of approximately \$140,000 in the base scenario, prior to capital repairs or debt expenses. This represents a \$99,000 improvement over the "no-tenant" base scenario. Under the high scenario, a facility with a tenant is estimated to generate an operating profit of approximately \$45,700 before capital repairs and debt, compared to an operating loss of \$86,000 under the "no-tenant" scenario.

As noted previously, the estimates and assumptions underlying these financial estimates are based on operating information from various minor league and junior hockey teams and could vary depending on the specific league, the level of support in the market and other such factors. It is also important to note that the actual financial impact of a tenant franchise would be highly dependent on the terms of the lease agreement between the team's owners and the proposed facility. If the tenant franchise retains higher percentages of revenues and/or pays reduced rent and other expenses, the financial estimates presented herein may be impacted materially.

VI. Economic and Fiscal Impact Analysis

Typically, the economic and fiscal benefits generated by public assembly facilities are among the primary determinants regarding the decision to construct a new facility. The key issues addressed in the following section are:

- Overview of Economic Impacts;
- Construction-Related Impacts;
- Operations-Related Impacts; and,
- Non-Quantifiable Benefits.

The annual operations of an event facility can provide significant benefits to an area. Typically, and for the purposes of this report, quantifiable effects are characterized in terms of economic impacts and fiscal impacts. Economic impacts are conveyed through measures of direct spending, total output, personal earnings, and employment. These specific terms are defined later in this section. Fiscal impacts denote changes in tax revenues. Based on the applicable area tax rates, the potential fiscal benefits associated with this project have also been estimated.

The economic and fiscal impacts generated by a new facility most visibly begin with patron spending on tickets, concessions, merchandise and parking. Other spending patterns, including visiting team expenditures and spending at local establishments also impact the local economy and have been included in this analysis.

Direct spending on construction typically consists of a large number of purchases of materials and labor. Since these large purchases tend to take place at one time, a distinct and visible impact on the community is typically created during the construction phase. The annual operating period impacts are typically less obvious than those generated during construction since the direct spending is being spread over the life of the facility, but are often more relevant, as these impacts represent a permanent change in the economy.

Overview of Economic Impacts

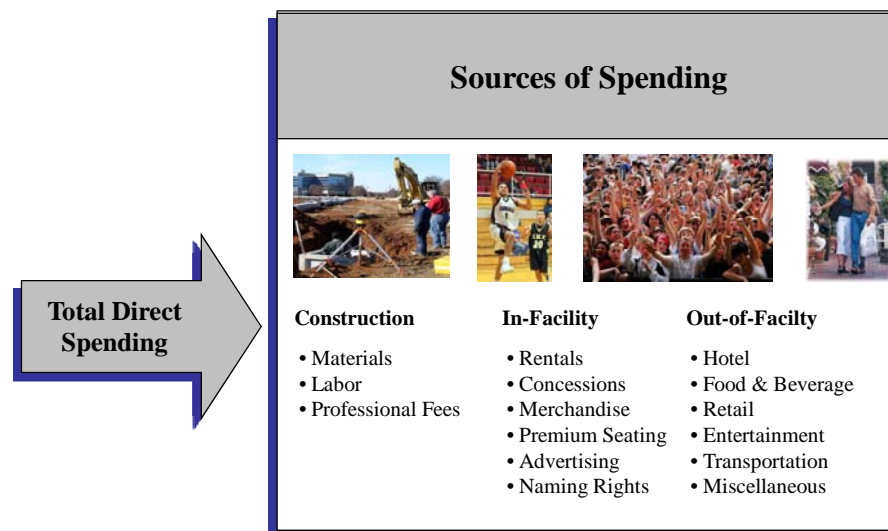
Economic impacts are typically conveyed through measures of direct spending, total output, personal earnings and employment. Each of the measures of economic impact is defined below:

- **Direct spending** represents spending generated by the proposed facility including construction-related spending on labor and materials as well as spending during annual operations consisting of in-facility expenditures on facility rentals, food and beverage and advertising; and out-of-facility spending on hotels, food and beverages, retail, transportation, entertainment and other expenditures.
- **Total output** represents the total direct, indirect and induced spending effects generated by the proposed facility.
- **Personal earnings** represent the wages and salaries earned by employees of businesses impacted by the proposed facility.
- **Employment** is expressed in terms of person years of employment and is based on project spending. Person years are defined as one year of employment, or 2,080 annual hours, and may be full- or part-time.

Direct Spending

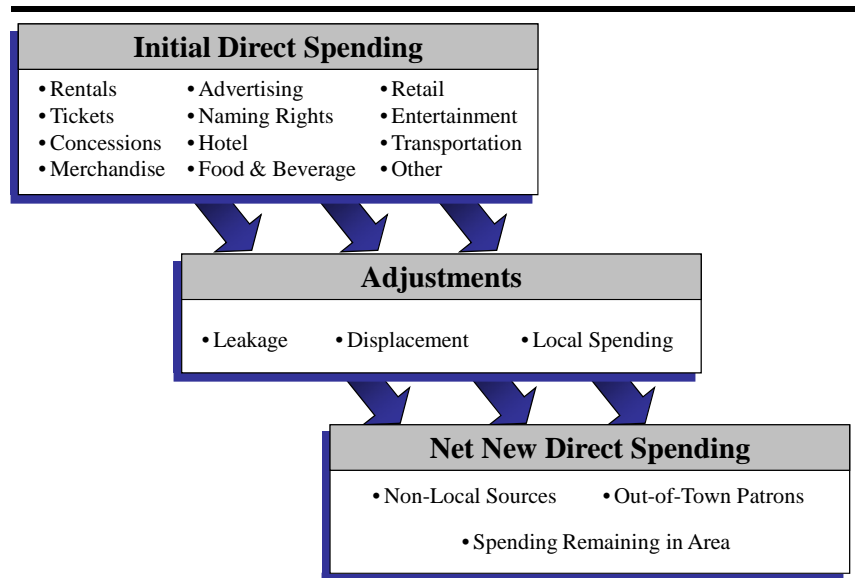
The operation of a sports and event facility can impact the local economy in a variety of ways. As outlined in the following exhibit, initial direct spending is generated during construction on materials and labor and during operations at events on facility rentals, food and beverage and advertising, as well as before and after events throughout local hotel, restaurant, retail and other establishments.

Direct Spending



In order to estimate the incremental economic and fiscal impact benefits generated to the local economy as a result of proposed event facility development in Coeur d’Alene, certain adjustments must be made to initial direct spending to reflect the fact that all spending is not likely to impact the local economy. The following exhibit summarizes the adjustments made to initial direct spending in order to determine net new direct spending impacting the local economy.

Direct Spending Adjustments



As illustrated in the exhibit above, adjustments must be made to account for the fact that a portion of spending associated with the proposed facility will be made by local residents and, therefore, likely represents money already spent in the economy in another form. This phenomenon is called displacement and reduces the overall net new impacts. This type of spending is not considered net new to the local economy.

Additionally, not all spending associated with the proposed facility will take place in the local economy. A portion of this spending is likely to occur outside the immediate area. For example a family visiting Coeur d’Alene for an event at the proposed facility may stay in a hotel in Spokane, or may spend a portion of their entertainment budget at attractions outside of Coeur d’Alene. This phenomenon is called leakage and reduces the overall impact.

Throughout the remainder of this section, the economic and fiscal impacts estimated to be generated by the ongoing operations of the proposed facility are discussed in terms of “gross” impacts and “net new” impacts. Gross impacts represent the total spending and resulting economic impacts. Net new impacts are the estimated impacts after making the aforementioned adjustments. Therefore, net new impacts represent the portion of the gross impacts that are estimated to be “new” to the local economy and would not have taken place if not for the development and operations of the facility.

Multiplier Effects

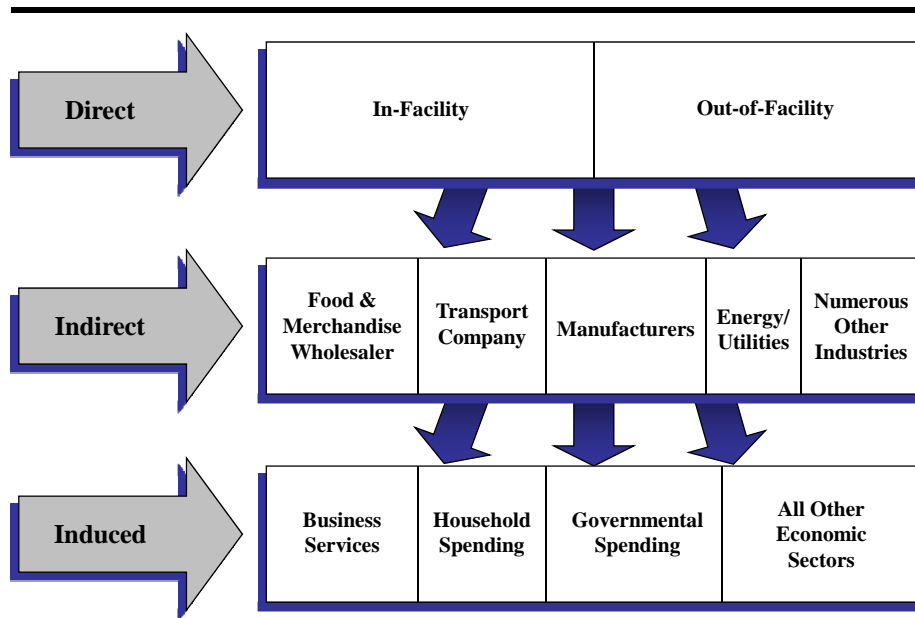
Economic impacts associated with the proposed facility will likely be further increased through re-spending of the net new direct spending. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with the direct spending and continuing through each successive round of re-spending.

Successive rounds of re-spending are generally discussed in terms of their indirect and induced effects on the area economy. Each is discussed in more detail as follows:

- **Indirect effects** consist of the re-spending of the initial or direct expenditures. These indirect impacts extend further as the dollars constituting the direct expenditures continue to change hands. This process, in principle, could continue indefinitely. However, recipients of these expenditures may spend all or part of it on goods and services outside the market area, put part of these earnings into savings, or pay taxes. This spending halts the process of subsequent expenditure flows and does not generate additional spending or impact within the community after a period of time. This progression is termed leakage and reduces the overall economic impact. Indirect impacts occur in a number of areas including the following:
 - Wholesale industry as purchases of food and merchandise products are made;
 - Transportation industry as the products are shipped from purchaser to buyer;
 - Manufacturing industry as products used to service the arena, vendors and others are produced;
 - Utility industry as the power to produce goods and services is consumed; and,
 - Other such industries.
- **Induced effects** consist of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of the proposed facility. Specifically, as the economic impact process continues, wages and salaries are earned, increased employment and population are generated, and spending occurs in virtually all business, household and governmental sectors. This represents the induced spending impacts generated by direct expenditures.

The concept of direct, indirect and induced spending is further illustrated below.

Multiplier Effect



The appropriate multipliers to be used are dependent upon certain regional characteristics and also the nature of the expenditure. An area which is capable of producing a wide range of goods and services within its border will have high multipliers, a positive correlation existing between the self-sufficiency of an area's economy and the higher probability of re-spending occurring within the region. If a high proportion of the expenditures must be imported from another geographical region, lower multipliers will result. The multiplier estimates used in this analysis are based on the IMPLAN system, which is currently used by hundreds of universities and government entities throughout the country. IMPLAN is a computer program that performs regional input-output analysis based on approximately 440 industry interrelationships. For purposes of this report, multipliers specific to Kootenai County have been used.

Fiscal Impacts

In addition to the economic impacts generated by the proposed facility throughout the market area, the public sector also benefits from increased tax revenues. In preparing estimates of fiscal impacts, total tax revenues attributable to the direct spending generated by the development were estimated. In addition, estimates of the effect of total output and earnings on the tax collections have been estimated. Tax revenues are based on the current applicable tax rates. Future changes in these rates would have an impact on the resulting tax collections. The sources of tax revenue focused on in this report are outlined below:

- **Sales** tax is assessed at a total rate of 6.0 percent, which is collected by the State.
- **Hotel/Motel** tax is assessed at a rate of 2.0 percent of spending on hotels. Hotel tax revenues are collected by the State, with approximately 50 percent of collections allocated back to the local area to support the travel and convention industries.
- **Individual Income** taxes are collected by the State. Based on historical State-wide personal income data and personal income tax collections, an effective personal income tax rate of 3.43 percent has been applied to personal income estimated to be generated by the presence of the facility.
- **Corporate Net Income** taxes are also collected by the State. Based on historical State gross domestic product data and corporate tax collections, an effective corporate net income tax rate of 0.41 percent has been applied to output generated by the presence of the arena.

Additional taxes may apply, but have not been quantified in this analysis.

Construction-Related Impacts

The impact of the construction phase is determined by the volume and nature of the construction expenditures as well as the geographic region in which they take place. For purposes of this analysis, a project cost estimate of \$25.0 million has been utilized. This estimate is based on conversations with project representatives and costs of comparable facility development projects and could change significantly depending on the final design of the facility.

In estimating net new construction impacts to the local economy, it was estimated that 25 percent of construction materials would be purchased in the Coeur d’Alene area and 50 percent of construction labor would be derived from the Coeur d’Alene area. For purposes of this analysis, projects costs were estimated to consist of 50 percent materials and 50 percent labor. As summarized in the following table, it is estimated that construction of the proposed facility would result in approximately \$9.4 million in direct spending taking place locally.

Estimated Direct Spending During Construction Period	
Estimated Project Costs	\$25,000,000
Percentage Materials	50%
Percentage Labor	50%
Amount Materials	\$12,500,000
Amount Labor	\$12,500,000
Percent Spent Locally	
Materials	25%
Labor	50%
Amount Spent Locally	
Materials	\$3,125,000
Labor	\$6,250,000
Total	\$9,375,000

Based on this direct spending estimate, the following table summarizes the net new economic and fiscal impacts estimated to occur during the construction period. These impacts represent one-time impacts to the local economy and will *not* recur on an on-going basis.

Estimated Construction Period Impacts

Economic Impacts		
	<u>Multiplier</u>	<u>Impact</u>
Output	1.514	\$14,190,000
Employment	14.015 ⁽¹⁾	130
Earnings	0.534	\$5,002,000
Fiscal Impacts		
Sales Taxes		\$307,000
Personal Income Tax		172,000
Corporate Income Tax		59,000
Estimated Tax Receipts		\$538,000

(1) Represents full and part-time jobs supported per \$1.0 million in direct spending.

As shown, the development of the proposed facility is estimated to generate approximately \$14.2 million in output within the local area over the course of the construction period. This level of economic activity would support approximately 130 full- and part-time jobs with \$5.0 million in total earnings. In addition to these local economic impacts, approximately \$538,000 in taxes are estimated to be generated during the construction period.

Operations-Related Impacts

The operations of the proposed facility can represent a beneficial source of annual impacts to the community. Specifically, the annually recurring impacts of a sports and entertainment facility begin with the initial direct spending made during operations on facility rentals, food and beverage, merchandise, advertising, naming rights and other income as well as expenditures made before and after events throughout local hotels, restaurants, retail and other establishments.

As an initial step in the economic impact analysis, the gross and net new spending taking place within the proposed facility was determined based on the financial estimates presented in the previous section. As noted previously, direct spending includes expenditures on tickets, concessions and other items occurring within the facility, as well as out-of-facility expenditures made by patrons at area establishments before and after attending events. The in-facility spending estimates are pulled directly from the financial model discussed in detail in Chapter V based on the event, attendance and per capita spending estimates included in the model.



In order to estimate the out-of-facility spending, the percentage of event attendees who would likely be local residents or non-local visitors was estimated, as visitors are likely to demonstrate higher out-of-facility spending levels as compared to local residents, particularly if the non-resident visitors make an overnight stay. The table to the right summarizes the percentages of attendees who are assumed to consist of local residents, daily visitors (non-residents who do not make an overnight stay), and overnight guests (who spend the night in Coeur d’Alene before and/or after attending an event at the facility).

Estimated Origin of Event Attendees

Event Type	Coeur d’Alene Residents	Daily Visitors	Overnight Guests
Concerts	40%	45%	15%
Family Shows	40%	57%	3%
Touring Sports	40%	57%	3%
NIC Athletics	75%	23%	2%
Collegiate Sports	50%	30%	20%
High School Sports	40%	30%	30%
Amateur Sports	50%	20%	30%
Community Events	75%	22%	3%
Flat Floor	50%	47%	3%

As shown, the majority attendees of NIC games and community events are estimated to be Coeur d’Alene residents, while 40 to 50 percent of other event attendees are estimated to be local in origin. The estimated expenditures made by these local residents are included in the “gross” impact estimates presented herein, but are excluded from the “net new” impacts, as they do not represent money that is new to the local economy.

NIC games, community events, family shows, touring sports and flat floor events are not estimated to generate significant numbers of overnight guests. Concerts are assumed to draw a higher percentage of overnight guests, as concerts typically draw attendees from a larger area than the aforementioned events. Collegiate, high school and amateur sports are estimated to attract the largest percentage of overnight guests, as many of these events would consist of multi-day tournaments and other events featuring teams and participants from a relatively wide geographic area.

The table to the right summarizes the estimated out-of-facility daily spending per attendee, broken down by attendee origin and type of spending. As shown, local resident are estimated to spend an average of \$10 outside of the facility before and after attending events, while daily visitors are estimated to spend approximately \$20 during their visit to Coeur d’Alene. Overnight guests are estimated to spend an average of \$98 per day, which includes an estimated \$36 per person in hotel spending.

Estimated Daily Out-of-Facility Spending Per Capita

Event Type	Coeur d’Alene Residents	Daily Visitors	Overnight Guests
Hotels	\$0.00	\$0.00	\$36.00 ⁽¹⁾
Meals	5.00	8.00	25.00
Entertainment	2.00	2.25	7.00
Transportation	2.00	2.75	8.00
Retail	1.00	7.00	22.00
Total	\$10.00	\$20.00	\$98.00

(1) Assumes a \$90 average room rate divided by 2.5 persons per room.



Based on the in-facility spending estimates discussed in Chapter V and the out-of-facility spending assumptions discussed herein, the following table summarizes the gross direct spending estimated to be generated by the annual operations of the proposed facility, as well as the portion of the direct spending that is estimated to be net new to the local economy. It should be noted that these estimates do *not* assume the presence of a full-time tenant sports franchise.

Estimated Gross and Net New Direct Spending

Spending Type	Gross Impacts		Net New Impacts	
	Base	High	Base	High
Tickets and Rent	\$2,469,000	\$3,346,000	\$904,000	\$1,232,000
Advertising	100,000	125,000	50,000	63,000
Food & Beverage ⁽¹⁾	2,214,000	2,866,000	1,110,000	1,439,000
Retail ⁽²⁾	1,461,000	1,897,000	909,000	1,179,000
Transportation ⁽³⁾	699,000	901,000	329,000	425,000
Hotel	1,045,000	1,341,000	813,000	1,044,000
Entertainment	496,000	639,000	233,000	301,000
Total Direct Spending	\$8,484,000	\$11,115,000	\$4,348,000	\$5,683,000

(1) Includes in-facility concessions spending as well as out-of-facility food and beverage expenditures

(2) Includes in-facility merchandise spending as well as out-of-facility retail expenditures

(3) Includes spending on parking at the facility as well as out-of-facility transportation-related expenditures

After the potential direct spending levels had been estimated, multipliers were applied to the direct spending estimates for each type of spending. The multipliers provide estimates of the total output generated by the direct spending, as well as the number of jobs and resulting personal income supported by the increase in economic activity. In addition, estimates were developed regarding the annual tax revenues that could be collected as a result of the operations of the proposed facility based on estimated taxable spending and the applicable tax rates. The following table summarizes the resulting estimated economic and fiscal impacts associated with annual facility operations.

Estimated Annual Economic Impacts

	Gross Impacts		Net New Impacts	
	Base	High	Base	High
Direct Spending	\$8,484,000	\$11,115,000	\$4,348,000	\$5,683,000
Total Output	\$13,334,000	\$17,506,000	\$6,715,000	\$8,793,000
Jobs ⁽¹⁾	280	380	130	170
Personal Earnings	\$4,115,000	\$5,380,000	\$2,156,000	\$2,813,000
Tax Revenues				
Sales	\$560,000	\$736,000	\$278,000	\$364,000
Hotel/Motel	20,000	25,000	15,000	20,000
Individual Income	141,000	185,000	74,000	96,000
Corporate Income	55,000	72,000	28,000	36,000
Total Tax Revenues:	\$776,000	\$1,018,000	\$395,000	\$516,000

(1) Includes full and part-time jobs.

As shown, gross direct spending, including in-facility and out-of-facility spending, is estimated to total approximately \$8.5 to \$11.1 million per year, which would generate approximately \$13.3 to \$17.5 million in total output. This level of economic activity would support 280 to 380 full- and part-time jobs with annual earnings of \$4.1 to \$5.4 million. Taxes generated by the presence of the facility are estimated to total approximately \$776,000 to \$1.0 million annually.

In terms of net new impacts, approximately \$4.3 to \$5.7 million of the estimated direct spending is estimated to be new to the Coeur d'Alene-area economy. This would generate approximately \$6.7 to \$8.8 million in net new output and support 130 to 170 new full and part-time jobs with \$2.2 to \$2.8 million in earnings. Further, approximately \$395,000 to \$516,000 in net new tax revenues are estimated to be generated on an annual basis.

Tenant Sports Impact

The market demand and financial analyses presented in previous chapters of this report included the development of a scenario in which the proposed facility is home to a tenant sports franchise. The following table summarizes the estimated annual fiscal and impacts resulting from the operations of the facility under that scenario in comparison to the “no-tenant” economic impact estimates presented previously.

Estimated Annual Economic Impacts

	Gross Impacts					
	"No-Tenant" Scenario		With Tenant		Increment	
	Base	High	Base	High	Base	High
Direct Spending	\$8,484,000	\$11,115,000	\$10,512,000	\$13,722,000	\$2,028,000	\$2,607,000
Total Output	\$13,334,000	\$17,506,000	\$16,639,000	\$21,737,000	\$3,305,000	\$4,231,000
Jobs ⁽¹⁾	280	380	360	480	80	100
Personal Earnings	\$4,115,000	\$5,380,000	\$5,054,000	\$6,592,000	\$939,000	\$1,212,000
Tax Revenues						
Sales	\$560,000	\$736,000	\$690,000	\$904,000	\$130,000	\$168,000
Hotel/Motel	20,000	25,000	19,000	25,000	(1,000)	0
Individual Income	141,000	185,000	173,000	226,000	32,000	41,000
Corporate Income	55,000	72,000	69,000	90,000	14,000	18,000
Total Tax Revenues:	\$776,000	\$1,018,000	\$951,000	\$1,245,000	\$175,000	\$227,000

	Net New Impacts					
	"No-Tenant" Scenario		With Tenant		Increment	
	Base	High	Base	High	Base	High
Direct Spending	\$4,348,000	\$5,683,000	\$4,653,000	\$6,154,000	\$305,000	\$471,000
Total Output	\$6,715,000	\$8,793,000	\$7,218,000	\$9,555,000	\$503,000	\$762,000
Jobs ⁽¹⁾	130	170	140	190	10	20
Personal Earnings	\$2,156,000	\$2,813,000	\$2,298,000	\$3,036,000	\$142,000	\$223,000
Tax Revenues						
Sales	\$278,000	\$364,000	\$293,000	\$389,000	\$15,000	\$25,000
Hotel/Motel	15,000	20,000	15,000	20,000	0	0
Individual Income	74,000	96,000	79,000	104,000	5,000	8,000
Corporate Income	28,000	36,000	30,000	39,000	2,000	3,000
Total Tax Revenues:	\$395,000	\$516,000	\$417,000	\$552,000	\$22,000	\$36,000

(1) Includes full and part-time jobs.

As detailed in the previous table, the gross economic impacts resulting from facility operations are estimated to increase significantly if the facility attracts a sports tenant, due largely to increased in-facility spending on tickets, concessions and merchandise. However, on a “net new” basis, the incremental impacts are estimated to be limited. This is due to the likelihood that the majority of tenant sports attendees would likely be local residents. In addition, a portion of the non-tenant events assumed to be displaced by a tenant team would likely consist of concerts, sports tournaments and other events that may have drawn attendees from outside of the local area. Therefore, while a sports tenant is estimated to generate higher levels of total economic activity, a relatively small portion of that activity would be new to the local economy.

Non-Quantifiable Benefits

A new event facility and the events it attracts create direct and indirect economic benefits in the geographical area in which it is located. As previously discussed, many of those benefits are explicit, and their impact can be estimated. However, non-quantifiable benefits must also be considered in a comprehensive review of the economic benefits derived from the proposed facility.

The effects of attracting additional events and event attendees to the Coeur d’Alene area could impact numerous industries and enhance economic activity throughout the community. Primary visitor industries, including entertainment, restaurants, retail establishments and related industries can benefit directly from the proposed new facility. Indirect effects can benefit various support industries, including the wholesale, distribution, manufacturing, and other industries.

In addition to positively impacting visitor industries, several additional potential qualitative benefits can result from the presence of a new event facility. In order to understand the impacts experienced by other markets that have developed comparable facilities in recent years, interviews were conducted with a variety of stakeholders in these communities, including representatives of their respective municipalities, convention and visitors bureaus, chambers of commerce, development corporations and other such organizations. The following are examples of the non-quantifiable impacts identified through these interviews:

- **Quality of life** – A new event facility provides diversified activities for local residents and families, which can make Coeur d’Alene a more attractive and enjoyable place to reside. This can assist in retaining and attracting an educated workforce, particularly younger adults who often desire sports and entertainment amenities.

- **Community asset** - Developing a state-of-the-art facility provides local residents, businesses and community organizations with a new venue for a wide variety of community gatherings, corporate events and various other uses. Based on the results of the market feasibility analysis, it is estimated that the proposed arena could host approximately 10 to 12 community and other miscellaneous events, accounting for 13 to 14 percent of total estimated events. In this way, the facility can provide benefits for citizens who may not attend sports and entertainment events.
- **Business opportunities** – The facility would create new advertising opportunities for local businesses, helping to increase their visibility locally and throughout the region.
- **Economic development** – A new facility can enhance economic growth and ancillary private sector development spurred by the operations and activities associated with the proposed facility. In the case of the proposed Coeur d’Alene facility, patrons attending events at the venue could help support the existing and planned development already taking place at Riverstone.
- **Exposure and reputation** - A new event facility could attract more prestigious and visible events to Coeur d’Alene, providing increased exposure for the community. In addition, developing a state-of-the-art event and entertainment venue could help foster a perception of Coeur d’Alene as a vibrant community.

While it is clear that these benefits have significant value, it is difficult to quantify the specific impact they have on the local market. However, they should be considered along with the quantitative impacts presented earlier in this report when evaluating the overall impact the proposed facility could have on the Coeur d’Alene area.

VII. Funding Analysis

The purpose of this section is to summarize the typical funding sources that have been used to fund public assembly facilities in other communities as well as quantify potential sources of funds that could be used for a new event facility in Coeur d'Alene. This chapter has been divided into the following sections:

- Financing Techniques and Vehicles;
- Comparable Facility Funding;
- Analysis of Potential Coeur d'Alene-Specific Funding Sources
- Summary

Financing Techniques and Vehicles

The development and financing of sports and entertainment facilities throughout the country in recent years has largely relied on a combination of both public and private sector financing. With the enhanced revenue-generating capabilities of new sports and entertainment facilities, the expanding facility operating and tenant revenue streams have encouraged public/private partnerships whereby public sector financing vehicles are supplemented with private sector revenue streams. In many cases, a public entity will issue some form of bond to wholly or partially finance the construction of the facility. In professional sports facilities, the revenue streams generated by the facility are often allocated towards the professional sports tenant, with the public sector often retaining only a portion of the revenues generated by a facility to be used for facility operation, maintenance and debt service. In these instances, the annual debt service required to retire the bonds is often sourced from a general fund and/or various tax revenues including sales, hotel/motel, restaurant, entertainment and other taxes, and to the extent available, any excess operating revenues generated by the facility. Financing mechanisms typically used in funding public assembly facilities are summarized below.

Revenue Bonds

A frequently used method of sports and event facility financing is the issuance of revenue bonds. Revenue bonds are special obligations issued by municipalities, counties and states for which payment is dependent upon a particular source of funds, such as revenues generated by the project, to provide the amount needed for bond repayment. The issuer of the bonds pledges to the bondholders the revenues generated by the project being financed. No pledge of state or local ad valorem tax revenues is required; however, other taxes may be assessed and/or pledged in whole or in part by a municipality or by the state, often with legislative approval, to provide funds necessary to pay off the revenue bond offering. It may be the case, however, that any change in tax rates or allocation would have to be approved by public referendum.

The major disadvantage associated with revenue bonds relates to interest rates that are typically higher than those associated with general obligation bonds. This is largely due to the fact that revenue bonds are not backed by the full faith and credit of the issuing entity. In addition, funding of a debt service reserve and other credit enhancement out of bond proceeds makes the required bond size larger with higher annual debt service payments.

Revenue bond financing may be structured in such a way that payments may be tied to a lower variable rate in the initial years of operation and converted to a higher fixed rate in later years. This is often advantageous in situations where the particular revenue stream or streams that are pledged to bond debt service are expected to increase annually.

The viability of revenue bonds to fund a facility in Coeur d'Alene would depend on the ability to identify revenue streams to back the bonds. As detailed in the financial analysis, the facility is unlikely to generate excess operating revenues to allocate toward debt. Therefore, tax revenues would likely be required to cover debt service.

General Obligation Bonds

General obligation bonds are backed by a pledge of ad valorem taxes of the issuer. This pledge is generally supported by a commitment from the issuer to repay the principal and interest through whatever means may be necessary, including levying additional taxes. The advantages associated with general obligations bonds revolve around the strength of the credit. It typically results in a simple financing that lowers the cost of issuance and reduces the bond size, since a debt service reserve fund is often not required. Also, the strength of the pledge provides a higher credit rating and, therefore, a lower cost of financing the project.

Similar to revenue bonds, general obligation bond financing may also be structured with a lower variable interest rate in the early years of the project with conversion to a fixed rate in later years; however, this could require legislation to be enacted. The primary disadvantage associated with general obligation indebtedness is that the bonding capacity for other capital needs is reduced. Projects financed with general obligation bonds typically need voter approval. The public may perceive a project such as an arena as less essential than improved streets, libraries, or fire and police protection, especially if it will necessitate property tax increases.

Per State statutes, in order to issue general obligation debt to finance facility construction, the issuance would have to be approved through a referendum with a super majority (2/3 vote). However, the need for a referendum could be eliminated through the establishment of a Parks and Recreation ("P&R") District. A P&R District would have its own authorities, taxing powers and debt capacity, although the District could only issue property taxes and not hotel or other taxes. The Lake City Development Corporation ("LCDC") could issue debt without a 2/3 vote if the revenue backing the debt comes from the P&R District. Essentially, the P&R District would lease the facility from the LCDC, with the rent payments from the P&R District used to pay debt on the bonds.

The P&R District could generate the money it uses to make the lease payments through streams such as TIF funds, revenue from a parking facility, franchised vendors, ticket taxes, use fees, etc. Also, because the P&R District would have independent debt capacity, it could establish a tax levy and allocate a portion of the revenue from the levy toward the lease payments. While this would allow the project to utilize property tax revenues without a public referendum, such a plan may face political opposition due to dedicating property taxes toward the project.

Tax Increment Financing (TIF)

Tax increment financing (TIF) involves capturing assessed valuation growth within a specific area (i.e. TIF district) related to a particular development. TIF often requires enactment of legislation by the State legislature. Typically, a redevelopment agency delineates a project area and declares a base year. The existing base-assessed valuation is taxed as before by each overlapping taxing entity covering a portion of the project area. The additional assessed valuation, added to the tax rolls over the base, is taxed at the same rate as the base valuation. However, the property tax revenues attributed to the new incremental assessed valuation are remitted to the redevelopment agency and used to pay debt service.

TIF has become a popular means of financing development projects, as it captures only incremental revenue rather than relying on existing tax revenues. However, TIF sometimes faces opposition, as it may deny school districts, fire departments and other property tax beneficiaries of additional revenue they would have received as a result of new development had that new revenue not been dedicated to project funding.

The State of Idaho's urban renewal statutes allow 100 percent of any property tax increment generated by a project to be leveraged for TIF funding, making TIF a useful development tool. TIF was used to fund a portion of the initial phase of development at Riverstone. Specifically, the LCDC financed approximately \$6.7 million in improvements backed by incremental property taxes collected in the Riverstone area as a result of the new development. Approximately 75 percent of these incremental property tax revenues are dedicated to retire debt associated with the Riverstone project, with the remaining 25 percent allocated to other projects.

It should be noted that Idaho statutes require that TIF funds be allocated toward public projects that have "public benefit". In the case of the initial Riverstone financing, TIF revenues could be used to public improvements (such as streets), but could not be allocated directly to private portions of the development. Similarly, if the proposed event facility is privately owned, TIF funds could not be dedicated toward facility construction, but could be used for parking, streets and other public areas. However, it should be noted that the implementation of parking fees could impact the ability to dedicate TIF funds toward the development of parking facilities. The decision on whether the parking facilities qualify for TIF funding may ultimately depend on the frequency and magnitude of parking fees assessed at the facility.

If the facility is publicly owned, TIF funds may be able to be dedicated directly to facility construction. Because the “public benefit” clause in the State’s TIF statutes is not explicitly defined, there is some question as to whether the facility would qualify as a public amenity. However, based on conversations with representatives of the LCDC and other organizations with knowledge of Idaho statutes, it is generally believed that TIF funds could be allocated toward facility construction.

State Tourism/Economic Development Funds

While financing of sports and event facilities is generally conducted locally, in some cases, state funds have been allocated toward facility development projects. There may be limited opportunities for a facility in Coeur d’Alene to capture state funding. The State of Idaho collects a two percent hotel tax, with 50 percent of collections returned to municipalities through a competitive grant process. Most of the money allocated back to Coeur d’Alene is used by the Chamber of Commerce for cooperative tourism marketing efforts. While a portion of this revenue could be allocated toward the proposed facility, it is not anticipated to be a major source of funding for the project.

The State also allocates funds for rural development, although it is unlikely that the proposed event facility project would qualify for such an award. The fund only distributes approximately \$5 million per year state-wide, and therefore would provide a minimal funding source if funds were made available to the project.

Resort City Tax

Resort City Taxes are a local tax option that can be imposed by cities that receive a major of their economic well-being from the tourism industry. These taxes can be assessed on anything that is subject to sales tax in Idaho, or can be limited to certain items such as hotel room rentals, alcoholic drinks or other such spending categories. At this time, the ability to implement Resort City Taxes is limited to cities with populations of less than 10,000, making Coeur d’Alene ineligible. Therefore, Resort City taxes do not represent a viable source of facility funding unless the State legislature increases the population threshold to a level that includes Coeur d’Alene.

Hotel Taxes

While Coeur d’Alene cannot establish a Resort City tax without legislative changes, local hotel taxes could be implemented by establishing an Auditorium District. If an Auditorium District is established, it would have the ability to assess a room tax of up to five percent. In order to establish an Auditorium District in Coeur d’Alene, the County Commissioners would have to be petitioned, followed by a referendum with a simple majority (50 percent).

Once the referendum has passed, the District would have a five-member board of directors, which would have the authority over the hotel tax collections. The revenue has to be used for a planned facility, although facility development would not have to be underway yet. The District could begin to draw revenue from the tax through the planning process. The District could be defined as the City limits, the County, the School District or any other line. In establishing the District's borders, consideration would need to be given to where the community's hotels are located currently and where they may be developed in the future.

While Auditorium Districts provide Idaho municipalities with a means of funding facility development projects, few such districts have actually been established. Specifically, Boise and Pocatello are the only communities that have utilized Auditorium District taxes to develop facilities in recent years. The establishment of Auditorium Districts in other cities has been met with strong resistance from certain local and state interests, particularly hoteliers. However, the establishment of a District in Coeur d'Alene should be explored, as the ability to implement a hotel tax could generate significant revenue for the project. The concerns of local hoteliers would need to be weighed against the potential increase in hotel demand resulting from the operations of the proposed facility.

Private/Public Equity

The financing of sports and event facilities often combines private and public equity contributions and debt that is supported by the revenues produced by the use of the facility itself. Private sources of equity can include cash equity contributions, land contributions, and upfront payments such as naming rights, pouring rights, concessionaire fees and premium seating deposits. Equity from local businesses, franchises, and joint venture partnerships has contributed to several facility financings throughout the country.

As discussed in the Financial Analysis, potential revenues from advertising and other private revenue streams generated by the facility have been used to cover facility operating costs and capital repairs. However, opportunities to use private funds to cover a portion of facility development costs may exist, particularly if a naming rights partner can be identified. Other private funding options could include a facility fee, corporate donations, developer contributions and other such private revenue sources.

Comparable Facility Funding

A review of total project costs and sources of financing for recently-built municipal sports and event venues provides an understanding of the necessary funding levels and the potential funding sources that could be used for construction of a new facility in Coeur d'Alene. While some of the venues discussed herein are larger in scope than the envisioned Coeur d'Alene facility, each case study provides insight as to potential funding sources and structures.

The following table presents a summary of total project costs and public/private sector funding allocations for a number of facility development projects throughout the country. For purposes of this analysis, all funds directly related to the presence of the facility (i.e. lease payments, ticket surcharges, parking revenue, etc.) are considered “private” while those funds purely related to public funds (i.e. tax revenues) are considered “public” funds. The amount of funding participation by both the public and private sectors should be considered together with the revenue allocations set forth in the operating lease agreements to gain a full understanding of the financial responsibilities of each party throughout the term of the lease.

Comparable Facility Financing Comparison

Facility	Location	Year Opened	Capacity	Project Cost	Participation		Participation	
					Public %	Private %	Public \$	Private \$
Budweiser Events Center	Loveland, CO	2003	7,200	\$25.0	100%	0%	\$25.0	\$0.0
Ford Arena	Beaumont, TX	2003	9,700	32.0	100%	0%	32.0	0.0
Laredo Entertainment Center	Laredo, TX	2002	9,600	35.5	100%	0%	35.5	0.0
Sovereign Bank Arena	Trenton, NJ	1999	10,500	47.0	100%	0%	47.0	0.0
Cabarrus Arena & Event Center	Concord, NC	2002	5,000	25.1	100%	0%	25.1	0.0
Swiftel Center	Brookings, SD	2000	6,500	13.1	100%	0%	13.1	0.0
Sovereign Center	Reading, PA	2001	9,000	36.5	95%	5%	34.6	1.9
Resch Center	Green Bay, WI	2002	10,000	50.4	90%	10%	45.3	5.1
Arena at Harbor Yard	Bridgeport, CT	2001	10,000	60.0	87%	13%	52.0	8.0
Verizon Wireless Arena	Manchester, NH	2001	11,000	65.0	85%	15%	55.0	10.0
Tyson Events Center (1)	Sioux City, IA	2003	10,110	53.0	62%	38%	33.0	20.0
Giant Center	Hershey, PA	2002	10,500	85.0	59%	41%	50.0	35.0
Everett Events Center (2)	Everett, WA	2003	10,000	71.5	53%	47%	37.6	33.9
CenturyTel Center	Bossier City, LA	2000	13,200	60.0	47%	53%	28.0	32.0
Average			9,500	\$47.1	84%	16%	\$36.7	\$10.4
Average (Arena-only) ⁽³⁾			9,400	\$44.6	88%	12%	\$36.9	\$7.7

(1) Project cost includes the conversion of an existing auditorium into a recreation facility.

(2) Project cost includes the development of an ancillary ice sheet and a conference center.

(3) Excludes construction projects in Sioux City and Everett, which included the development of ancillary facilities in addition to the arena.

Note: All dollar figures are in millions.

Source: Interviews with facility and municipality representatives; industry publications.

As shown, the majority of the facilities analyzed were constructed using a significant level of public funding. Just one facility, the CenturyTel Center in Bossier City, Louisiana, utilized more private than public funding sources. On average, the public sector funded approximately 84 percent of the total project costs for these facilities, compared to approximately 16 percent from private funds. The following exhibit summarizes the unit of government from which public funding contributions were made to construct the facilities analyzed herein.

Summary of Public Funding of Comparable Facilities

Facility	Location	Year Opened	Capacity	Public Contribution				Total
				State	County	City	Other	
Verizon Wireless Arena	Manchester, NH	2001	11,000	--	--	55.0	--	55.0
Arena at Harbor Yard	Bridgeport, CT	2001	10,000	35.0	--	17.0	--	52.0
Giant Center	Hershey, PA	2002	10,500	25.0	25.0	--	--	50.0
Sovereign Bank Arena	Trenton, NJ	1999	10,500	--	47.0	--	--	47.0
Resch Center	Green Bay, WI	2002	10,000	1.5	42.5	1.2	--	45.2
Everett Events Center (1)	Everett, WA	2003	8,200	--	11.3	26.3	--	37.6
Laredo Entertainment Center	Laredo, TX	2002	9,600	--	--	35.5	--	35.5
Sovereign Center	Reading, PA	2001	9,000	14.0	--	16.6	4.0	34.6
Tyson Events Center (2)	Sioux City, IA	2003	10,110	21.8	0.2	9.0	2.0	33.0
Ford Arena	Beaumont, TX	2003	9,700	--	32.0	--	--	32.0
CenturyTel Center	Bossier City, LA	2000	13,200	--	--	28.0	--	28.0
Cabarrus Arena and Event Center	Concord, NC	2002	5,000	--	25.1	--	--	25.1
Budweiser Events Center	Loveland, CO	2003	7,200	--	25.0	--	--	25.0
Swiftel Center	Brookings, SD	2000	6,500	--	1.0	12.0	--	13.0
Average			9,300	\$19.5	\$23.2	\$22.3	\$3.0	\$36.6
Average (Arena-only)⁽³⁾			9,400	\$18.9	\$28.2	\$23.6	\$4.0	\$36.9
Median			9,900	\$21.8	\$25.0	\$17.0	\$3.0	\$35.1
Median (Arena-only)⁽³⁾			9,900	\$19.5	\$25.1	\$17.0	\$4.0	\$35.1

(1) Project cost includes the development of an ancillary ice sheet and a conference center.

(2) Project cost includes the conversion of an existing auditorium into a recreation facility.

(3) Excludes construction projects in Sioux City and Everett, which included the development of ancillary facilities in addition to the arena.

Note: All dollar figures are in millions.

Source: Interviews with facility and municipality representatives; industry publications.

As shown in the exhibit, city and county contributions represent the most common sources of public funding, with each unit of government participating in nine of the 14 construction projects analyzed. Excluding construction projects involving the development of ancillary facilities in addition to the arena, the average city contribution toward facility funding approximated \$23.6 million, while the average county contribution was approximately \$28.2 million. State governments contributed to five of the facility projects analyzed, respectively, while two facilities received other public contributions.

Budweiser Events Center

The Budweiser Events Center was constructed as part of a larger fairgrounds development in Larimer County, Colorado. Two County-wide referendums were approved prior to development. The first approved the funding of the purchase of the land for the new fairgrounds through a 0.1% County sales tax increase for one year. The following year, a second referendum approved a 0.15% County sales tax for 20 years to fund arena construction.

The total cost for Phase I of the project, which included the Events Center as well as a smaller horse arena, several multipurpose pavilions and other such venues was approximately \$62.9 million, including land acquisition. The Events Center accounted for \$25.0 million, consisting of \$22.0 million in hard costs and \$3.0 million in soft costs. The cost specific to the Events Center does not include any land acquisition.

When the sales tax was originally approved, the County board established a requirement that \$3.0 million in private funding had to be raised within a one-year period. If this goal was not met, the sales tax would be repealed and tax revenues for that year would be returned to County residents. Through several fundraisers, the goal was met and the tax was allowed to remain in place. However, much of the pledges were in-kind or were for future promises. Approximately \$8.0 to \$10.0 million was raised on paper, but only about \$60,000 materialized during arena construction. This revenue, along with any other promised contributions that materialize are used to help cover operating costs for the Events Center.

The revenues received from the sales tax are enough to cover debt service on the \$62.9 million total Phase I development cost, as well as operating reserves, capital reserves and a \$750,000 operating subsidy. If sales tax revenues remain at their current levels for the entire 20 year period, it is anticipated that approximately \$10.0 to \$16.0 million in surplus revenues will exist at the end of that period.

The County plans to complete Phase II of the project in the future. This would include the development of an outdoor rodeo arena, which would also be capable of hosting large concerts that do not currently fit in the arena. The County expects to pay for Phase II through surplus sales tax revenue as well as revenue received from ancillary development on the site, including a recently announced hotel to be constructed in the near future.

Ford Arena

Ford Arena in Beaumont, Texas was developed as part of Ford Park, a \$55.0 million sports and entertainment complex, which also includes an amphitheatre, festival grounds and a softball/baseball field complex. Arena construction accounted for approximately \$32.0 million of the total development cost. The entire project was funded by Certificates of Obligation issued by Jefferson County. The Certificates are backed by general County revenue, not by a specific tax or revenue stream. County representatives indicated that, while a referendum would have been required to issued general obligations bonds, they did not need a referendum to approve the COO issuance.

Laredo Entertainment Center

The Laredo Entertainment Center opened in 2002 and was constructed at a cost of \$35.5 million. A private entity known as Arena Ventures originally considered building a privately funded arena and bringing a tenant hockey franchise to Laredo. However, they lacked the capital to build the arena, so a public/private partnership was established to build the facility.

The land for the arena was donated to the City by the land owners in exchange for the City building some additional roads in the area. The City then issued bonds backed by a 0.25% City sales tax to fund arena construction. The tax was implemented solely for arena construction and was approved through a City-wide referendum. The total bond issue approximated \$40.0 million, with additional funds used on street improvements and other such projects.

Ten percent of all parking revenue as well as revenue generated by a 25-cent seat use fee for all paid tickets goes to an account shared by the City and Arena Ventures. Arena Ventures must match any revenues raised by these sources up to \$125,000 per year and deposit it in the same fund. This fund can only be used for capital repairs and other such expenses at the arena. Both the City and Arena Ventures must agree to any withdrawals from this account.

Sovereign Bank Arena

Sovereign Bank Arena in Trenton, New Jersey opened in 1999 and was built at a cost of \$47 million, which included \$38 million for arena construction, \$3.0 million for land acquisition and site preparation, including the demolition and removal of several buildings, and \$6.0 million for engineering and other soft costs.

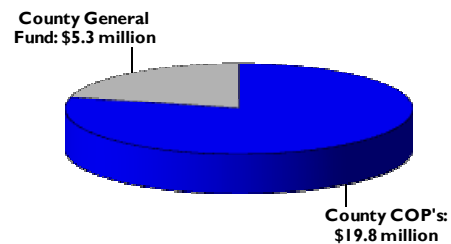
The Mercer County Improvement Authority issued \$52 million in tax exempt, County-backed general obligation bonds to fund arena construction. The bonds are not backed by a specific revenue stream. The bonds paid the entire cost of arena construction, as well as \$3.0 million in capitalized interest and \$2.0 million for renovation of a building located near the arena site. A separate bond issue of approximately \$7.0 million was also issued to cover the costs of acquiring and creating surface parking lots in the area. While the State did not contribute capital toward the project, it provided some relief on the bonding guarantees through the New Jersey Redevelopment Authority.

The Authority was established through laws and regulations put in place by the State of New Jersey, which allow such Authorities to be established and to issue debt. The Authority is an autonomous organization, but is under the umbrella of the County. The Authority issued the bonds and owns the arena, but the County taxpayers are ultimately responsible for debt service on the bonds. However, no referendum was required to issue the bonds.

Cabarrus Arena and Events Center

The Cabarrus Arena and Events Center incorporates an arena with a seating capacity of 5,000, exhibit space totaling 105,000 square feet, as well as 5,000 square feet of meeting space. The facility was built at a cost of \$25.1 million, all of which was funded by Cabarrus County. The County issued certificates of participation (COP's) to finance \$19.8 million of the project. The facility does not generate an operating profit, so no facility revenue is allocated toward debt service on the COP's. The debt is being repaid using property tax revenues. The remaining \$5.3 million of project costs were funded upfront using existing funds from the County's general fund.

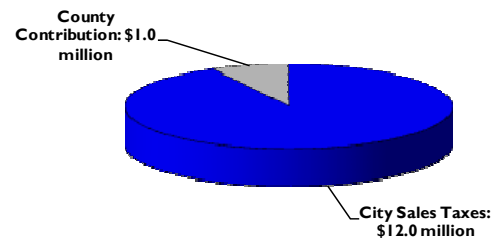
Cabarrus Arena and Event Center Funding Sources



Swiftel Center

The Swiftel Center in Brookings, South Dakota, includes a 30,000 square foot arena, 5,800 square feet of meeting rooms and 6,800 square feet of banquet rooms. The arena's capacity ranges from 3,500 for rodeos and other events utilizing the entire event floor to 6,500 for concerts and other events for which removable seating can be used. The Center was built at a cost of \$13.0 million. No new taxes were implemented and no existing tax rates were increased to fund the facility's construction. Two 20-year sales tax revenue bonds issued by the City of Brookings financed a total of \$12.0 million of the project cost. The bonds are backed by existing sales tax revenues. The remaining \$1.0 million was funded by a contribution from Brookings County. The County maintains minority ownership of the facility as the result of its investment in project funding.

Swiftel Center Funding Sources

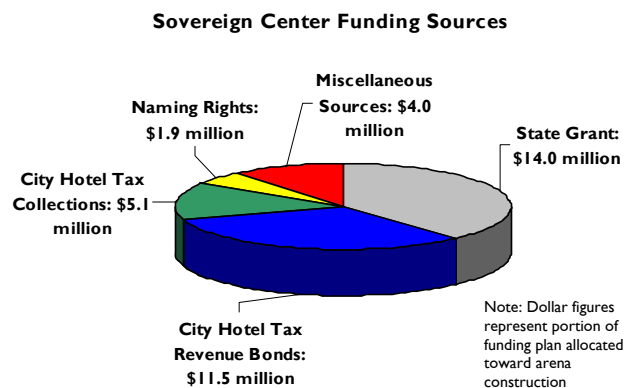


Sovereign Center

The 9,000-seat Sovereign Center is located in Reading, Pennsylvania and opened in 2001. The Center was built at a cost of \$36.5 million, which included all site preparation, construction and finishing. The funding plan for the project was combined with a \$10.0 million renovation of a local theatre.

A five percent hotel tax was enacted by the City of Reading with the express purpose of funding arena construction and theatre renovation. An allocation of 80 percent of the revenue generated by the tax is used to pay off \$13.5 million in City-issued bonds, of which \$11.5 million was allocated toward arena construction. An additional \$6.0 million was raised prior to and during arena construction, of which \$5.1 million was used to fund arena construction. According to City representatives, the revenue generated by the tax has been more than sufficient to pay off the bonds.

The State of Pennsylvania contributed a \$14.0 million grant toward the arena project, with an additional \$1.9 million generated by the sale of naming rights for the facility. The final \$4.0 million was generated through a variety of smaller funding sources. The naming rights revenue represented the only private sources of funding for the arena.

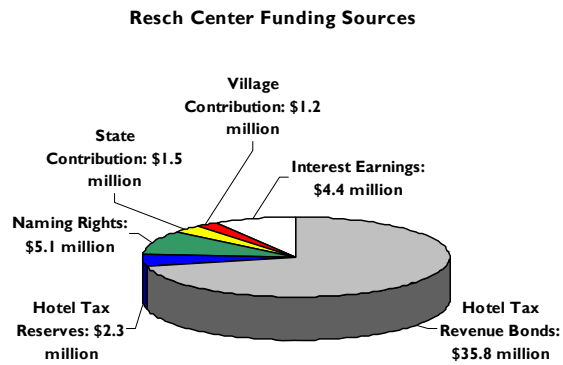


Resch Center

The 10,000-seat Resch Center is located in Green Bay, Wisconsin and was built at a cost of \$50.4 million. Approximately \$35.8 million of the project cost is supported through 30-year double exempt revenue bonds issued through the Community Development Authority of the Village of Ashwaubenon, backed by Brown County. The revenue bonds are backed by a room tax on hotels. The room tax was two percent prior to the project but was increased to eight percent to fund construction of the arena, as well as a new convention center in Green Bay.

The entire eight percent room tax is dedicated to the retirement of debt on the arena and convention center bond issues. Prior to the arena and convention center projects, the two percent room tax funded the Visitors and Convention Bureau in Brown County. As the total increased room tax is now dedicated to the bonds, Resch Center management is required to fund the VCB, thus replacing the room tax funding.

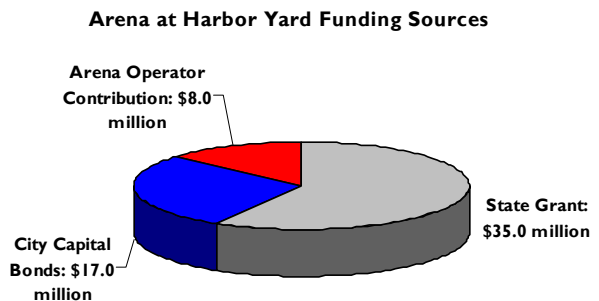
Along with the revenue bonds used for arena construction, the hotel tax also generated \$2.3 million prior to arena construction. This revenue was contributed toward arena funding. Other funding sources included \$5.1 million in naming rights revenue generated by the arena, convention center and adjacent plaza, a \$1.5 million State contribution, a \$1.2 million contribution from the Village of Ashwaubenon, and \$4.4 million in interest earnings.



Arena at Harbor Yard

The 10,000-seat Arena at Harbor Yard in Bridgeport, Connecticut opened in 2001 at a cost of \$60 million, including approximately \$2.0 million in land acquisition costs. The largest source of funding for the project was a \$35.0 million allocation of a State grant approved specifically for development within the City of Bridgeport.

The original cost estimate for the Arena was \$47.0 million, with the City agreeing to contribute \$4.0 million and cover any cost overrun, which amounted to approximately an additional \$13.0 million by the time the project was completed. The City’s \$17.0 million contribution came in the form of a general obligation bond issuance for capital projects. The bonds were not issued specifically for the arena. A portion of the overall City-wide bond issue was allocated toward arena construction.



The final source of funds came in the form of an \$8.0 million upfront contribution from Centerplate, which operates the Arena. The operator contribution was the only private source of funds for the project.

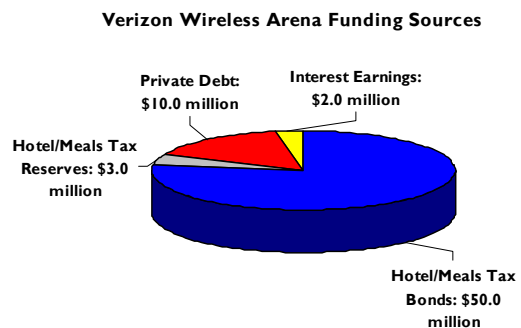
Verizon Wireless Arena

The Verizon Wireless Arena in Manchester New Hampshire has a capacity of 11,000 and opened in 2001. The Arena was constructed at a cost of \$65.0 million, including \$2.8 million in land acquisition. The majority of funding for the project consisted of \$50 million in bonds issued by the Manchester Housing Authority on behalf of the City. The City leases the arena from the Authority, with the bonds backed by the City’s lease payments to the Authority.



The City's lease payments are derived from the City's share of a state-wide tax on hotel/motel rooms and prepared meals. These taxes had been in place for years prior to arena construction. However, due to changes in the way the State allocates the tax revenues back to local municipalities, the City of Manchester experienced an increase in its annual allocation. The City decided to use this incremental tax revenue to fund arena construction. The City's annual rent payment is based on the anticipated incremental revenue that will be received in each year of the lease, starting with \$1.8 million in year one and increasing by approximately \$450,000 per year thereafter, eventually peaking at \$5.6 million per year. Along with these annual rent payments, an additional \$3.0 million in cash from tax collections prior to and during the construction period and \$2.0 million in interest earnings were also contributed toward arena funding.

Private funding for the arena consisted of \$10 million in private debt issued by four local banks and backed exclusively by arena cash flows. The arena's management company, SMG, receives all revenues from arena operations but also pays all event and operating costs. SMG has guaranteed there will be no operating losses, or it will be responsible for those losses and will not receive its management fee. The management fee was \$600,000 plus \$150,000 in potential incentives in year one of the management agreement, increasing at an annual rate of two percent in subsequent years. After the management fee has been paid, the remaining revenue goes to pay off the private bank debt. If there is money left over after the debt payment, it goes to a capital reserve fund or to additional debt payments. This agreement allowed the City to protect itself from operating losses, as ultimately the operator and the banks supplying the private loans assume the risk if the arena is not profitable.



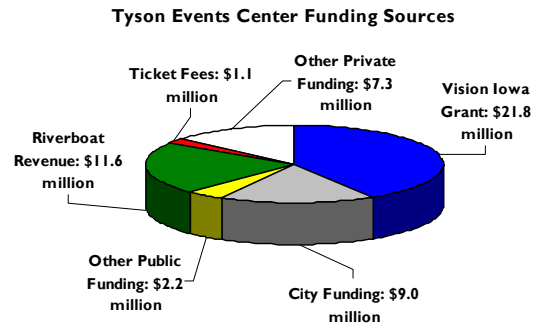
Tyson Events Center

The Tyson Event Center in Sioux City, Iowa had a project cost of approximately \$53.0 million, which included the conversion of an adjacent auditorium into a recreation facility.

The largest contribution toward project funding came in the form of a \$21.8 million grant from the Vision Iowa program, a state program that contributes to economic development projects throughout the state. The City issued \$15.3 million in general obligation bonds to finance additional construction costs, with debt service paid through allocations of a variety of city revenues and private funding sources. The City's total contribution to project funding was approximately \$9.0 million, including \$3.7 million from an existing capital projects fund, a \$3.1 million allocation of existing local option sales tax revenues, \$803,000 in sewer and water improvements, a \$660,000 grant from a community development fund and \$750,000 in tax increment financing revenues derived from existing TIF districts. Additional public funding

consisted of \$2.0 million in federal historic tax credits and a \$250,000 contribution from Woodbury County.

An allocation of the City's share of revenues from a local riverboat casino was the largest private contribution toward project funding, accounting for approximately \$11.6 million. Upfront and future revenues from areas such as suite leases, beverage pouring rights, leases of signage, naming rights and seat license sales totaled approximately \$6.8 million, while ticket charges for facility use are anticipated to generate \$1.1 million toward project funding. The final source of private funds was a \$500,000 contribution from the Missouri River Historical Development Corporation, which receives revenues from riverboat casinos and allocates them to various economic development projects in the region.



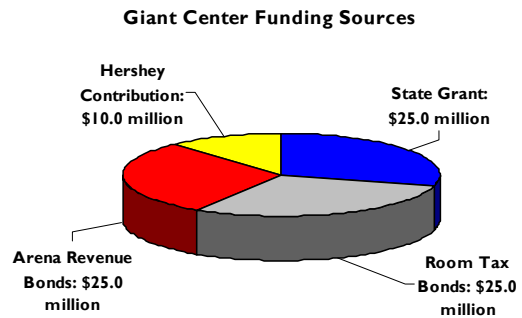
Giant Center

The 10,500-seat Giant Center in Hershey, Pennsylvania opened in 2002 at a cost of \$85.0 million. No land acquisition cost was included in the project cost, as the land on which the arena sits is leased from Hershey Entertainment and Resorts by the Township of Derry Industrial and Community Development Authority (TDICDA).

The TDICDA issued \$25.0 million in tax-exempt bonds and \$25.0 million in taxable bonds to fund arena construction. The tax-exempt bonds were backed by a newly implemented two percent room tax in Dauphin County. Approximately 70 percent of tax revenues are allocated toward debt service on the arena bonds, with the remainder going to other projects in the County. The taxable bonds are non-recourse bonds paid by the operations of the Giant Center. There are no specific revenue streams earmarked to pay the bonds. At the end of the year, the arena's net cash flow is distributed in the following order:

1. Debt service on the taxable bonds
2. Payment of TDICDA's land lease
3. Profit to Hershey through its arena operating company (Regional Arena Management)
4. TDICDA

In addition to the bonds, a \$25.0 million State grant was contributed toward project funding. The grant was derived from a State-wide bond issue that funded sports facilities throughout the state. The final source of funds came from Hershey Entertainment and Resorts, who contributed \$10 million to connect the arena site to Hershey's adjacent theme park as well as the adjacent ballpark and Hershey Park Arena through the construction of various tunnels and pathways.

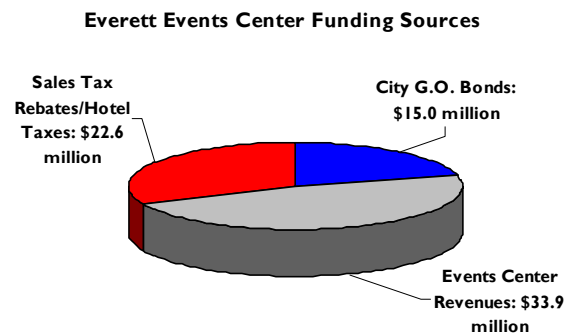


Everett Events Center

The Everett Events Center includes an 8,200-seat arena with an ancillary practice ice sheet and an adjacent conference center. The complex opened in 2003 and was constructed at a cost of \$71.5 million. The project cost did not include any land acquisition, as the City already owned the land on which the complex was constructed.

The City of Everett contributed \$15.0 million in general obligation bonds toward facility construction. While the bonds are not backed by a specific source, the City anticipates that it will recoup a significant portion of its contribution through a five percent admissions tax as well as rent received from retail spaces in the Center.

The remaining \$56.5 million was financed through bonds issued by the Everett Public Facilities District. Approximately \$33.9 million is anticipated to be backed by Events Center revenues. The remaining \$22.6 million is backed by sales tax rebates received by the City and County from the State, as well as City and County hotel/motel tax revenues. The State of Washington allows sales tax rebates to be given to cities and counties that form a district and build a public assembly facility meeting certain criteria. Both the City of Everett and Snohomish County established districts, allowing both to receive the sales tax rebate. According to project representatives, the sales tax rebates comprise the majority of the revenue used to pay debt service on the bonds, with local hotel/motel tax contributions representing a relatively insignificant portion of debt payments.



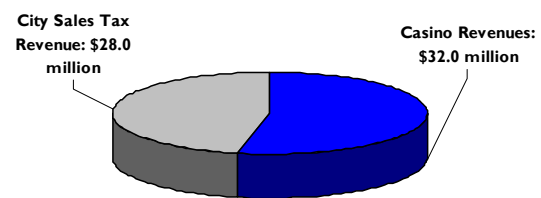
CenturyTel Center

The CenturyTel Center in Bossier City, Louisiana opened in 2000 and has a seating capacity of 13,200. The total project cost for the construction of the arena approximated \$60.0 million, which does not include any land acquisition, as the City owned the land on which the Center was constructed.

Approximately \$32.0 million in project funding was derived from payments made to the City by three casinos located within the City. The casinos' payments to the City generate a total of approximately \$1.0 million per month. The City had \$32.0 million in cash from these payments received prior to facility construction that was used toward the arena project. This portion of the construction cost did not have to be financed.

The remaining \$28.0 million was funded through a City bond issuance. The 20-year bonds were issued specifically to raise money for arena construction and are backed by a City-wide 0.5 percent sales tax. This tax had already been in place but was about to be retired before being renewed for the arena project.

CenturyTel Center Funding Sources



Analysis of Potential Coeur d'Alene-Specific Funding Sources

Many public assembly facility projects completed in recent years have been financed using a combination of both public and private funds. However, in public assembly facilities with no primary sports tenant, the majority of revenues generated by the facility are often allocated to the public entity to be used for facility operations and maintenance. In these instances, the majority of the debt service related to the construction is sourced from public revenue streams, such as sales taxes and other such revenues. State and local tax revenues are often targeted as sources for funding the construction of public assembly facilities.

Communities in Idaho face some unique challenges in funding public assembly facilities due to limitations imposed by State statutes. For example, the State does not have a provision allowing cities with populations in excess of 10,000 to enact local option sales taxes, which have been used by many cities and counties throughout the country to fund facility projects. As noted previously, State statutes require a super majority (2/3) vote to approve the use of property tax revenues for public assembly facility construction, which increases the difficulty of gaining approval for such a project.

Despite these limitations, certain options such as TIF, hotel taxes, naming rights and other public and private funding mechanisms may be available in Coeur d'Alene. The following pages provide a summary of the various public and private revenue streams that could assist in the funding of a new event facility in Coeur d'Alene.

TIF

The proposed event facility site is located within the Urban Improvement District that was established for the use of TIF funds for the initial phase of Riverstone development. Therefore, the project could capture TIF funds without establishing a new district or modifying the existing district.

In the past, TIF projects in Idaho were not able to capture the portion of property taxes that would have been allocated to the local school district. However, recent legislative changes removed that restriction, allowing TIF projects to capture all incremental property taxes. As noted previously, the project would be eligible to leverage 100 percent of incremental property taxes generated by development within the District. However, based on the structure of the TIF used to fund the initial phase of Riverstone development, it is assumed that 75 percent of incremental tax collections would be dedicated to the proposed facility project, with the remaining 25 percent allocated to other projects in the community.

The amount of funding that could be generated by TIF depends on two factors: the current property tax rate and the potential increase in property tax valuation resulting from the project and related development. The following table summarizes the current property tax rates applicable to the Riverstone development.

Property Tax Levy Rate River Stone Development Site	
Taxing Entity	Rate
City of Coeur D'Alene	0.003988886
Kootenai County	0.001963862
CDA School District #271	0.001145153
North Idaho College	0.000509932
Highway District #1	0.000310345
Kootenai Ambulance	0.000097363
Total	0.008015541
Collections per \$1M of assessed value	\$8,016

Source: Kootenai County Treasurer

As shown, based on current tax rates applied to the Riverstone site, approximately \$8,016 in incremental property taxes would be generated for every \$1.0 million increase in assessed property value resulting from additional development within the Riverstone district.

An analysis was conducted to determine the increase in property tax valuation that would be required to generate incremental property tax revenues with a net present value of \$5.0 million over a 20-year period. The NPV calculation assumes annual property tax collections remain constant over the 20-year period. In reality, it is likely that property valuations and tax collections will increase over time as additional development takes place and the value of

existing development inflates. However, the analysis provides an estimate of the *average* annual property tax valuation required to generate a 20-year NPV of \$5.0 million. The following table summarizes this analysis.

**Valuation Increase Required to Create
\$5.0 Million NPV over 20 Years**

Targeted 20-Year Net Present Value ⁽¹⁾	\$5,000,000
Annual Revenue Stream Required	\$436,000
% of Total Revenue Captured	<u>75%</u>
Total Annual Tax Revenue Required	\$581,000
Tax Revenue per \$1.0 Million Assessed Value	\$8,016
Necessary Valuation Increase	<u>\$72,480,000</u>

(1) NPV calculations assume constant property tax revenues over 20 years, with a 6.0 percent discount rate.

As shown, a property value increase of approximately \$72.5 million would be required to generate annual tax revenues sufficient to provide a net present value of \$5.0 million over 20 years. This level of property value increase would generate an estimated \$581,000 in incremental annual property tax collections, of which approximately \$436,000 would be available for facility funding, assuming 25 percent of incremental tax collections are allocated to other projects. Each additional \$5.0 million in NPV required to fund the project would require an additional \$72.5 million in incremental assessed value.

It should be noted that an increase of more than \$72.5 million may be required to actually fund each \$5.0 million of facility development, as this analysis does not include potential coverage ratios and other borrowing costs outside of the assumed 6.0 percent discount rate.

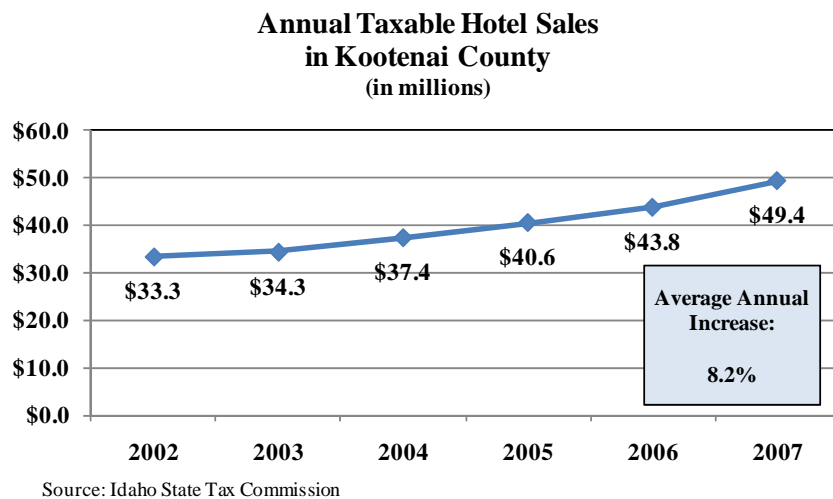
Ultimately, the amount of the project’s total cost that can be funded through TIF will depend on the amount and type of additional development that occurs within the Riverstone district. A \$25 to \$35 million project would require substantially more development than the initial phase of TIF funding, which covered \$6.7 million in improvements.



Hotel/Motel Tax

As discussed previously, hotel taxes in Coeur d'Alene are limited to a two percent tax assessed by the State. It is possible that additional hotel taxes could be implemented through the formation of an Auditorium District and/or an increase to the State's population thresholds regarding Resort City Tax eligibility. While these options may entail political and/or legislative challenges, it is useful to understand the funding potential of a hotel tax should one be implemented in the future.

The State of Idaho maintains records of annual taxable sales and hotel tax collections by county. The following exhibit summarizes taxable hotel sales occurring in Kootenai County over the past six years.



As shown, taxable hotel sales in Kootenai County have increased consistently over the past six years, from \$33.3 million in 2002 to \$49.4 million in 2007, an average annual growth rate of 8.2 percent.

In order to estimate the tax collections that could result over the next 20 years from the implementation of a local option hotel tax, two scenarios were developed. The first assumes that annual hotel sales will continue to grow at the historical rate of 8.2 percent per year. The second assumes more moderate annual growth of 3.0 percent. For each scenario, annual taxable sales and the revenue that could be generated for each 1.0 percent increase in the local hotel tax were estimated each year from 2010 through 2029. The NPV of those 20-year tax revenue streams was then calculated. The following table presents the results of this analysis.

**Estimated Funding Supported Per 1% Increase
in Local Hotel Tax Rate:**

	Scenario 1: 8.2% Annual Revenue Growth		Scenario 2: 3.0% Annual Revenue Growth	
	Estimated Taxable Sales ⁽¹⁾	Revenue From 1% Tax Increase	Estimated Taxable Sales ⁽¹⁾	Revenue From 1% Tax Increase
	2008	\$53,456,000		\$50,888,000
2009	57,839,000		52,414,000	
2010	62,581,000	\$626,000	53,987,000	\$540,000
2011	67,712,000	677,000	55,606,000	556,000
2012	73,264,000	733,000	57,275,000	573,000
2013	79,270,000	793,000	58,993,000	590,000
2014	85,770,000	858,000	60,763,000	608,000
2015	92,802,000	928,000	62,586,000	626,000
2016	100,410,000	1,004,000	64,463,000	645,000
2017	108,643,000	1,086,000	66,397,000	664,000
2018	117,550,000	1,176,000	68,389,000	684,000
2019	127,188,000	1,272,000	70,441,000	704,000
2020	137,616,000	1,376,000	72,554,000	726,000
2021	148,898,000	1,489,000	74,730,000	747,000
2022	161,106,000	1,611,000	76,972,000	770,000
2023	174,315,000	1,743,000	79,281,000	793,000
2024	188,607,000	1,886,000	81,660,000	817,000
2025	204,070,000	2,041,000	84,110,000	841,000
2026	220,802,000	2,208,000	86,633,000	866,000
2027	238,905,000	2,389,000	89,232,000	892,000
2028	258,492,000	2,585,000	91,909,000	919,000
2029	279,685,000	2,797,000	94,666,000	947,000
NPV: 2010 - 2029 ⁽²⁾		\$14,452,000	\$7,862,000	

(1) Based on actual 2007 sales, inflated by 8.2 or 3.0 percent

(2) Assumes 6.0 percent discount rate

As shown, if hotel sales continue to grow at the 8.2 percent annual growth rate demonstrated over the past six years, it is estimated that the revenue generated by a 1.0 percent increase in the local hotel tax rate could have an NPV of approximately \$14.5 million over the 20-year period from 2010 through 2029. If hotel sales growth moderates to 3.0 percent in future years, a 1.0 percent hotel tax increase could generate revenues with an NPV of approximately \$7.9 million over a 20-year period. The actual amount of project costs funded by these revenue streams would depend on factors such as the required debt coverage ratio and other borrowing costs.

The State statutes regarding Auditorium Districts allow the districts to enact a tax of up to 5.0 percent in their respective communities. Based on the above analysis, a 5.0 percent hotel tax could generate a 20-year NPV of \$39 to \$72 million. Therefore, it is possible that hotel taxes could potentially fund 100 percent of project costs, based on preliminary cost estimates, depending on required coverage ratios and other borrowing costs. However, it should be noted that gaining political support for the formation of an Auditorium District may be more feasible if the hotel tax rate is held below the maximum of 5.0 percent.

Facility Fee

A potential means of reducing the public sector's participation in project funding could involve the assessment of a facility fee on tickets sold to events at the proposed facility, with proceeds used to pay down debt associated with construction. Several sports and entertainment venues throughout the country assess these fees as a means of covering operating expenses, paying for capital repairs and/or repaying debt. Facility fees can be a politically popular funding method, as the fees are paid only by those who directly utilize the facility by attending events.

One potential facility fee scenario would involve the assessment of a surcharge of \$1.00 on every ticket sold at the facility. This level of facility fee may be supportable, but a facility fee may also be difficult to impose on high school sports and other events with low ticket prices, as a \$1.00 fee represents a larger percentage of the total ticket cost as compared to more expensive tickets to events like concerts and family shows. Also, many of the high school, collegiate and amateur events included in the utilization estimates consist of postseason games, tournaments and other special events that are subject to competitive bid. The implementation of a facility fee on these events may hinder the arena's ability to successfully bid on events.

As such, two facility fee scenarios have been developed to provide project an analysis of the potential ability of differing levels of facility fees to cover debt associated with the arena. Scenario A assumes a \$1.00 surcharge on all paid tickets to concerts, family shows, touring sports, college sports and high school sports. Scenario B assumes the fee would *not* be implemented at college and high school sports events. Neither scenario assumes a facility fee on amateur sports events, as many of the attendees of these events would be participants who would not pay an admission fee. Further, it is assumed that a facility fee would not be assessed at community and flat floor event, as many of these events would not be ticketed. The following table summarizes the 20-year NPV of revenues that could be generated under each facility fee scenario based on the attendance estimates presented in the Market Demand Analysis.

Funding Potential of a Facility Fee

	<u>Estimated Annual Revenue</u>	<u>20-Year NPV ⁽¹⁾</u>
<i>Scenario A</i>		
Base	\$127,000	\$1,457,000
High	167,500	1,921,000
<i>Scenario B</i>		
Base	\$72,000	\$826,000
High	100,000	1,147,000

(1) Assumes a 6.0 percent discount rate over 20 years.

As shown, a facility fee of \$1.00 on every paid ticket to concerts, family shows and touring, college and high school sports would generate an estimated \$127,000 to \$167,500 per year, which would result in an NPV of \$1.5 to \$1.9 million over 20 years. Under Scenario B, which excludes collegiate and high school sports from the facility fee, an estimated \$72,000 to \$100,000 would be generated annually, which would have a 20-year NPV of \$826,000 to \$1.1 million.

Based on this analysis, a facility fee is unlikely to comprise a major source of funds for the proposed facility, but could represent a component of the funding plan. As an alternative, revenues captured by a facility fee could be used to cover a portion of capital repairs and/or operating expenses associated with the facility.

Naming Rights

As discussed in the Financial Analysis, many public assembly facilities have generated significant revenues through the sale of facility naming rights. In some cases, the revenue generated through naming rights has been allocated toward project funding, while other facilities use naming rights revenue to cover on-going operating expenses.

The value of naming rights agreements for event facilities in small to mid-sized markets can vary widely, making it difficult to estimate the potential revenue that could be generated by the sale of naming rights for the proposed Coeur d'Alene facility. However, if a naming rights partner can be identified, the resulting revenues could reduce the need for public participation in project funding.

Other Private Sources

In addition to a facility fee and/or naming rights, there may be opportunities to generate additional private funding through private contributions or donations to the project. In some communities, private fundraising initiatives have been conducted to “close the gap” in cases in which other funding sources have been insufficient to cover construction costs. The local corporate community and other entities and individuals in the community may recognize the benefits that could result from the completion of the facility project and make philanthropic contributions to the project. However, it is important to note that a sizeable private donation toward facility funding may carry an expectation of naming rights in recognition of the private gift. Depending on the wishes of key contributors, naming rights may become a part of a private fundraising drive as opposed to a separate funding source.

Summary

The intent of this section has been to provide an understanding of the potential financing vehicles that may be available to finance the development of a new event facility in Coeur d'Alene. In addition, the financing plans for a variety of recently built event facilities were reviewed and summarized in detail.

Based on conversations with project management and the results of the analyses presented in this section, it is likely that tax increment financing (TIF) will represent a primary source of funding for the project. The proposed facility site is located within an existing Urban Renewal District, and TIF has already been used to fund certain improvements within the Riverstone development. Therefore, the use of TIF to fund a portion of the proposed facility project could likely be implemented with minimal need for legislative changes or approval.

Based on the strong existing hotel tax base in the Coeur d'Alene market, hotel taxes could represent an additional source of significant public funding, but would require the establishment of an Auditorium District and/or an expansion of the State's resort city tax program to include communities the size of Coeur d'Alene. Either of these options would entail some political and/or legislative challenges.

The ability to implement other public funding sources is likely to be limited by existing statutes. No local government entity has the authority to implement a local option sales tax, while the use of property tax revenues (outside of a TIF program) would require a 2/3-majority vote of local taxpayers. This referendum requirement could be eliminated by establishing a Parks and Recreation District, which would have the authority to levy property taxes. However, this method could encounter political opposition.

Several private funding sources could be used to reduce the extent to which public funding is required for the project. This could include the sale of naming rights to the facility, private contributions and donations, the implementation of a facility fee, and other such sources.