The Economic and Fiscal Impacts

of the

WEST HAYMARKET MIXED-USE PROJECT

to be developed in

LINCOLN, NEBRASKA

May 2009

PREPARED FOR

THE CITY OF LINCOLN

May 14, 2009

Mayor Chris Beutler
City of Lincoln
555 South 10th Street
Lincoln, Nebraska 68508

RE: THE ECONOMIC AND FISCAL IMPACTS OF THE PROPOSED WEST HAYMARKET MIXED-USE DEVELOPMENT

Mayor Beutler:

Leib Advisors, LLC is pleased to present this report to you and to the members of the West Haymarket Action Team. This document summarizes the estimated economic and fiscal impacts of the planned mixed-use development in the West Haymarket area of downtown Lincoln.

Our analysis and reporting of estimated impacts are based upon assumptions and estimates which are necessarily subject to uncertainty and variation. These estimates are, in part, based upon data obtained in interviews with third parties and reviews of historical events, data which are not always completely reliable. A variety of assumptions have been made relative to such factors as spectator spending patterns, places of origin, type and place of expenditures, occupancy levels, real estate values and appropriate economic multipliers. It is important to note that such assumptions are not precise. Therefore, while the estimates have been conscientiously prepared on the basis of experience and available data, we make no warranty of any kind that the estimated impacts of the planned development will be the same as actual impacts.

The use of this report is subject to the conditions and restrictions set forth herein and in our engagement letter. It was prepared for the express purpose of determining potential future economic and fiscal impacts for the proposed development and for no other purposes expressed or implied.

Very truly yours,

LEIB ADVISORS, LLC
Michael A. O'Sullivan, Managing Member

Table of Contents

ASSUMPTIONS AND LIMITING CONDITIONS 4

SUMMARY OF FINDINGS 5

- THE WEST HAYMARKET DEVELOPMENT PLAN 5
- CONSTRUCTION PERIOD IMPACTS 6
- RECURRING ANNUAL IMPACTS 8
- COMMERCIAL DEVELOPMENT 12
- TAX IMPACTS 14
- OTHER COMMUNITY IMPACTS/CASE STUDIES 14

INTRODUCTION TO THE PROJECT AND SCOPE OF THE IMPACT ANALYSIS 16

- ANALYTICAL APPROACH TO ECONOMIC IMPACTS 18

ECONOMIC IMPACTS 20

- NEW ARENA 20
- BRESLOW ICE CENTER 30
- COMMERCIAL DEVELOPMENT 35
- TAX IMPACTS 39
- CONSTRUCTION PERIOD IMPACTS 41

OTHER COMMUNITY IMPACTS AND IMPACT EXAMPLES 43

- OTHER COMMUNITY IMPACTS 43
- IMPACT EXAMPLES OF OTHER FACILITIES AND EVENTS 43

APPENDIX 1 - DETAILED ARENA ASSUMPTIONS 45

ASSUMPTIONS AND LIMITING CONDITIONS

This report has been prepared under the following general assumptions and limiting conditions:

1. Information furnished by others, upon which portions of this report is based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.

2. It is assumed that all required development entitlements for all elements of the Project described herein, as well as permits, licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or national government or private entity or organization, have been or can be reasonably obtained or renewed for any use on which the estimates contained in this report are based.

3. Full compliance with all applicable federal, state and local zoning, use, occupancy, environmental and similar laws and regulations is assumed unless otherwise stated.

4. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions which occur subsequent to the effective date of this report.

5. The impact analysis is predicated on the development programs (uses and scale) and operating estimates (calendars of events, pricing, occupancy, operating expenses, and the like) provided to us by the City of Lincoln, its consultants, contractors, and designated developers, as of the date of this report.

6. Responsible ownership, competent property management, and professional marketing are assumed.

7. This report should not be construed as offering any opinions, estimates or conclusions regarding the feasibility of any elements of the proposed development. It is concerned solely with estimating the impacts that would occur if the development happens as proposed.

SUMMARY OF FINDINGS

PRIMARY IMPACTS

The primary impacts of the proposed West Haymarket Redevelopment Plan are:

West Haymarket Redevelopment Plan - Summary Impacts			
	Direct	Indirect	Total
Annual Impacts			
Economic Activity (millions)	$ 148.97	$ 111.67	$ 260.64
Jobs (Full-time equivalents)	729.3	481.6	1,210.9
Earnings (millions)	$ 24.67	$ 14.81	$ 39.48
Tax Revenues (millions)			
Local	$ 2.97	n/a	n/a
State	$ 5.15	n/a	n/a
Construction Period Impacts			
Economic Activity (millions)	$ 426.43	$ 378.03	$ 804.46
Jobs (Full-time equivalents)	4,900	2,982	7,882
Earnings (millions)	$ 207.88	$ 45.07	$ 252.96
Source: Leib Advisors, LLC			

THE WEST HAYMARKET DEVELOPMENT PLAN

The proposed development analyzed here may be briefly summarized as follows:

West Haymarket
Summary Development Program

Arena	16,000 Seats
Breslow Ice Center	2 Ice Sheets
Office	100,000 Square Feet
Retail	100,000 Square Feet
Hotel	200 Rooms
Residential	100 Units

This analysis assumes that the University of Nebraska, Lincoln ("UNL") will play its home men's and women's basketball games at the new arena. It is important to note

that although UNL has indicated its intent to play in the new arena, terms of such an arrangement have not been finalized nor a final commitment made.

Whether or not Pershing Center will continue to operate as an events center once a new arena opens has not yet been determined. For purposes of this analysis, however, it is assumed that Pershing Center will close once the new arena opens and that several events now held at Pershing will relocate to UNL's Devaney Sports Center.
The assumed calendar of events and estimates of operating revenues and expenses for the arena were prepared by the staff and advisors of the City of Lincoln, based in part on the 2004 feasibility analysis, and 2008 update, prepared by CSL Consulting.

The assumed calendar of events and estimates of operating revenues and expenses for the Breslow Ice Center are based on the March 2007 business plan prepared by JRV Consulting, Inc.

Estimates of development costs, rent levels, occupancy, and operating expenses for the residential, retail, and office components were prepared by WRK, LLC and Woodbury Corporation, the West Haymarket designated developer.

Any adjustments made by Leib Advisors to these estimates and assumptions are so noted in the report.

CONSTRUCTION PERIOD IMPACTS

Estimated construction costs for the West Haymarket project are shown below.

West Haymarket Mixed-Use Development Estimated Project Costs (millions)				
Land Acquisition			$	18.24
Infrastructure related to				
Relocation of Current Uses			$	39.28
Buildings				
Arena	$	168.90		
Breslow Ice Center		15.02		
Hotel		20.00		
Retail Space		18.00		
Office Space		18.00		
Residential		22.50		
			$	262.42
Parking	$	49.48		
Roads, Utilities, PedWays		41.84		
Environmental, Site Prep,				
and Other Costs		33.41		
			$	124.73
Total Estimated Project Costs			$	444.67

Source: City of Lincoln, Finance Department

Excluding land acquisition costs, which represent an asset transfer rather than new economic activity, the redevelopment budget is $426.4 million. This budget will be roughly divided between labor costs of $207.9 million, materials cost of $149.2 million, and overhead costs and profit margins of $69.3 million.

Allocation of Construction Costs	Gross Salaries and Wages	Average Annual Wage or Salary	Person-Years of Work
Labor - for all Project Elements			
Hard Construction Costs	$ 127,928,465	$ 34,910	3,664.5
Soft Costs	79,955,291	$ 64,717	1,235.5
Total Labor Expenditures	$ 207,883,756		4,900.0
Materials			
Hard Construction Costs	$ 143,919,523		
Soft Costs	5,330,353		
Total Materials Expenditures	$ 149,249,876		
Overhead and Profit	$ 69,294,585		

Source: Robert Pass & Associates; Leib Advisors, LLC.

Once the land is acquired and the railroad tracks relocated, project construction will likely cover a three year period assuming it is built all in one phase. Funds will be spent for workers, materials, and services. Some of these goods and services will be purchased locally and some not. At this stage, no design or construction contracts or sub-contracts have been let, so it is not possible to determine where the companies and labor involved in the project will come from. However, utilizing economic multipliers developed by the US Bureau of Economic Analysis for the Lincoln, Nebraska metropolitan area, the general flow of funds in and out of the area can be estimated for construction projects in Lincoln.

The indirect impacts noted in the following table reflect the re-spending of money within the local economy on the part of design and construction companies and workers as well as the leakage of this re-spending outside the local economy.

West Haymarket Redevelopment - Construction Impacts				
In Millions of 2009 Dollars	Direct Impacts	Multipliers	Total Impacts	Indirect Impacts
Economic Activity	$ 426.4	1.8865	$ 804.5	$ 378.0
Employment (person-years)	4,900	18.4829	7,882	2,982
Earnings	$ 207.9	0.5932	$ 253.0	$ 45.1

Source: Leib Advisors, LLC

RECURRING ANNUAL IMPACTS

Annual economic impacts - in the form of output (or economic activity), jobs, earnings and taxes – have been estimated for the proposed arena, ice center, and the commercial elements of the project. On-going impacts from the residential component are not included. To a significant degree, these impacts are captured in the estimates of earnings or household income impacts related to employment in the other parts of the West Haymarket program.

Arena

The principal driver of economic impacts related to the arena's annual operations is its calendar of events: the number and type of events to be held in the arena, attendance levels, ticket pricing, and concession spending.

Economic Impacts. The arena's estimated economic impacts include several categories of spending:

- Annual expenditures associated with operating and maintaining the arena, administrative functions, concessions, and the like;
- Admissions revenue to sports and entertainment events at the arena excluding the portion that flows to the arena as rent. The balance of admissions revenue flows to the event promoters or sponsors, representing additional economic activity); and
- Spending on lodging, food and beverage, and other miscellaneous purchases made outside the arena by spectators or participants in relation to their attendance at an arena event.

Estimates of these impacts for Year 4 of the arena's operation (in 2009 dollars) are shown in the table below. Year 4 is a typical stabilized year of operations.

Multiplier Effect and Indirect Impacts. The economic output represented by the arena, the event sponsors, and the local businesses catering to arena attendees, will flow through the local economy as income to local businesses and individuals and then be re-spent by them on other goods and services. This re-spending is referred to as the "multiplier effect" and the sum of all subsequent rounds of spending is known as the indirect economic impact. This indirect impact can be estimated through the use of economic multipliers, or ratios. This analysis utilizes economic multipliers developed by the US Department of Commerce, Bureau of Economic Analysis specifically for the Lincoln metropolitan area (these multipliers are detailed in Table 4 in the Appendix.

West Haymarket Arena - Direct and Indirect Economic Impacts, Year 4			
	Direct	Multiplier	Total
Arena Operations			
Salaries and Wages	$ 4,188,398	1.1160	$ 4,674,252
Other Operating Expenses	4,478,846	1.6970	7,600,637
Admissions (net of rent)	10,126,722	1.7976	18,203,762
Outside-of-Arena Spending			
Lodging, Food & Beverage, Other	$ 20,303,390	1.7663	$ 35,861,794
Amount Captured by Project (1)	(12,877,127)	1.7723	(22,822,519)
Net of Project Capture	$ 7,426,263	1.7558	$ 13,039,275
Totals (2)	$ 26,220,228		$ 43,517,925

(1) Portion of spending captured by other project elements is recorded separately.
(2) Arena operations plus net out-of-arena spending.

Source: Leib Advisors, LLC

Note that the impacts related to out-of-arena spending are adjusted here to exclude an estimate of the amount of that spending that might be captured by the hotel, restaurants, and other shops that will be part of the larger West Haymarket project; those impacts are recorded under the commercial development section of this analysis.

Incremental Impacts. A number of events expected to be hosted in a new arena are already being accommodated in the Lincoln area, particularly at the Pershing Center or the Bob Devaney Sports Center. The prime example of this is the University's intercollegiate basketball program. Thus, what is of importance in this analysis is the incremental impact that a new arena would have on the local economy beyond what is already occurring.

One measure of this incremental impact is the difference in annual spending between the current combined operations of the Pershing and Devaney Centers versus the combined operations of a new arena and Devaney Center.

Summary Incremental Impacts - Current v. New Arena Mix				
		Pershing/ Devaney		New Arena/ Devaney
Arena Operations				
Arena Spending	$	3,456,324	$	9,741,789
Admissions (net of rent)		6,374,449		11,971,722
Total	$	9,830,772	$	21,713,511
Outside-of-Arena Spending		20,020,757		30,134,697
Total Inside and Outside Arenas	$	29,851,529	$	51,848,208

Source: Leib Advisors, LLC

The direct incremental impact associated with the new arena is estimated at a minimum of $22 million annually ($51.8 million projected versus $29.9 million currently).

Another measure is the number of events and attendance levels currently hosted by Pershing and Devaney versus the calendar anticipated for a new arena in combination with Devaney, as shown below.

Summary Calendars of Events			
	Pershing/Devaney 2005-2008 Average	New Arena/Devaney Stabilized Year	Difference
UNL Men's Basketball	169,515	228,000	58,485
UNL Women's Basketball	57,295	106,400	49,106
Other UNL Sporting Events	33,408	85,040	51,632
Concerts - Major	34,491	84,000	49,510
Concerts - Minor	-	56,000	56,000
Theater Concerts	-	16,000	16,000
Family Shows	38,215	45,000	6,786
Ice Shows	-	28,000	28,000
Rodeos/Bullriding/Wrestling	-	43,998	43,998
NCAA Events/Tournaments	-	28,000	28,000
High School Tournaments	152,328	161,698	9,371
Motorsports	-	23,400	23,400
Other Sporting Events (1)	37,373	12,000	(25,373)
Tradeshows	18,650	35,000	16,350
Consumer Shows	7,078	40,000	32,922
Conferences/Assemblies	25,220	60,000	34,780
Graduations	36,534	39,000	2,466
Social Events (1)	7,512	9,000	1,488
Miscellaneous (1)	40,886	-	(40,886)
TOTAL	**658,502**	**1,100,536**	**442,034**

(1) There are numerous smaller social, sporting, and miscellaneous events that will be accommodated in other meeting facilities in the area.

Source: City of Lincoln; University of Nebraska; Leib Advisors, LLC.

Many of the miscellaneous, social, and other sporting events currently hosted by Pershing are for gatherings of fewer than 1,000 persons. While this size event may not be hosted in a new arena or move to Devaney, it is judged that these events will find other locations in area hotels or smaller venues within the Lincoln area and thus not be lost to the local economy.

No Action Alternative. It is important to note, however, that the absence of a new arena does not guarantee that the status quo will remain. In fact, given the ages, conditions, features, and amenities of Lincoln's current sports and entertainment venues, there is clear evidence that:

- some events have already left the area;
- some residents of the metropolitan area are taking their entertainment dollars elsewhere (such as Omaha); and
- some larger events that might be interested in Lincoln are not coming because of a lack of adequate facilities.

Thus, a "no action" alternative would likely result in a widening of that $18 million per year gap in economic activity between a new arena and the status quo.

Jobs and Earnings. The proposed new arena will employ an estimated 42 people in full-time positions and numerous people in part-time positions that will be the equivalent of 18 more full-time positions. These 60 full-time equivalent (FTE) positions will carry an annual payroll of approximately $2.1 million.

The amount of business that area hotels, restaurants, and shops will do in relation to arena spectators and participants also translates into jobs and earnings. This outside-of-arena spending will support the equivalent of 136 full-time jobs with annual earnings of approximately $3.35 million. However, it is expected that much of this outside-of-arena business will be captured by the hotel, restaurants, and shops to be built as part of the West Haymarket project. It is estimated that about 60% of that activity will be captured within the West Haymarket project. Thus, net jobs and earnings related to this outside spending are estimated at 57 jobs and $1.35 million in earnings.

In total, net of internal project capture, the arena will support an estimated 117 jobs (FTEs) with annual earnings of $3.45 million.

Breslow Ice Center

The proposed Breslow Ice Center is to be a joint venture project of the City, the University, and local private investors. The Ice Center will rent ice time for use by various hockey leagues, including University intramural and club teams, high school teams, local youth and adult leagues. Ice time will also be rented to skating clubs and clinics. There will also be public skating times, private and group lessons, and camps. Local and regional tournaments will also be promoted.

Prime time ice rental (weekends and weekday nights) is expected to rent at 69% of capacity and non-prime at 6%, with an overall average of 55%. This is the primary revenue generator, but other revenue will come from open skating, sponsorships, and concession and merchandise sales.

Economic Impacts. Estimates of economic activity related to operations of the Breslow Ice Center and to patron spending outside the ice center are summarized below along with estimates of the annual indirect impacts.

Breslow Ice Center - Direct and Indirect Economic Impacts, Year 4			
In 2009 Dollars	Direct	Multiplier	Total
Operations			
Total Salaries and Wages	$ 438,400	1.1160	$ 489,254
Other Operating Costs	565,856	1.6486	932,862
Outside-of-Arena Spending (Net)			
Lodging, Food, Beverage, etc.	82,890	1.7468	144,796
Total Economic Impact	$ 1,087,146		$ 1,566,912
Source: Leib Advisors, LLC			

Jobs and Earnings. Breslow Ice Center will employ 2 people on a full-time basis for arena operations, a general manager and a business manager. There will also be approximately 44 part-time positions including instructors, building staff, concession workers, and the like. These part-time positions will be the equivalent of about 12 full-time positions. These in-arena jobs will carry a payroll (in 2009 dollars) of approximately $440,000 per year.

The estimated visitor spending outside of the ice center (from non-metro residents only) will support the equivalent of 3 jobs with an associated payroll (in 2009 dollars) of $76,000. Similar to the adjustment made for economic activity, an adjustment is made to this jobs and payroll estimate to account for the estimated portion of the underlying spending that is captured by other project components. Thus, the Ice Center will support the equivalent of approximately 17 full-time jobs with an annual payroll about $500,000.

COMMERCIAL DEVELOPMENT

The West Haymarket Redevelopment Plan includes 100,000 square feet each of office and retail space plus a 200 room full-service hotel.

Office Users. At 95% occupancy, the 100,000 square feet would house an estimated 380 employees. The companies occupying this space would generate an estimated $76.9 million annually (in 2009 dollars) in gross business volume.

Retail Users. At 95% occupancy, the 100,000 square feet of retail space would house an estimated 158 employees and should produce approximately $38 million in annual sales volume.

Hotel Operations. The hotel is expected to produce gross revenue of approximately $7 million annually.

Impacts. The commercial elements of the West Haymarket redevelopment will generate significant economic impact, as shown below.

West Haymarket Commercial - Economic Impacts

Year 4 In 2009 Dollars	Direct	Multiplier	Total
Economic Activity			
Office	$ 76,923,469	1.7544	$ 134,956,632
Retail	37,689,806	1.8204	68,610,523
Hotel	7,060,414	1.7006	12,006,940
Total	$ 121,673,689		$ 215,574,095
Jobs			
Office	380	1.8503	703.1
Retail	158	1.5176	240.3
Hotel	63	1.3359	83.7
Total	601		1,027.1
Earnings			
Office	$ 14,776,680	1.5728	$ 23,240,897
Retail	4,675,583	1.7742	8,295,420
Hotel	1,313,096	1.5573	2,044,885
Total	$ 20,765,360		$ 33,581,202

Source: US Bureau of Economic Analysis; Leib Advisors, LLC

TAX IMPACTS

The West Haymarket Redevelopment will produce annual tax revenues to the state and city estimated as follows.

	Direct Tax Revenue Generated				
	Year 1	Year 2	Year 3	Year 4	Year 5
City					
Sales and Use Tax	$ 951,947	$ 989,563	$ 1,016,410	$ 1,057,198	$ 1,049,582
Property Tax	1,692,557	1,749,369	1,806,181	1,914,394	1,914,394
Total	$ 2,644,504	$ 2,738,932	$ 2,822,590	$ 2,971,592	$ 2,963,976
State					
Sales and Use Tax	$ 3,490,474	$ 3,628,398	$ 3,726,835	$ 3,876,393	$ 3,848,467
Income Tax	1,108,681	1,163,601	1,217,436	1,273,217	1,267,990
Total	$ 4,599,155	$ 4,791,999	$ 4,944,271	$ 5,149,610	$ 5,116,457

Source: City of Lincoln; State of Nebraska; Leib Advisors, LLC.

OTHER COMMUNITY IMPACTS/CASE STUDIES

In addition to the impacts that are summarized above, the community would likely capture other benefits that cannot necessarily be quantified. These include the following, which are described in more detail later in this report:

- **Quality of Life –** attraction of new sports and entertainment events to the market that it cannot currently host,
- **Population Retention and Attraction –** a high-profile amenity to keep and attract residents and employees,
- **Media Exposure –** regional and national (and potentially international) coverage of the city and region via high-profile events held at the arena,
- **Extended and Return Visitor Stays –** event attendees may remain in the market beyond the length of an event, and may also return to Lincoln based on an initial trip**.**

The presence of a new multipurpose arena and its users is also expected to assist in the further development of downtown Lincoln as an entertainment, residential, retail, hospitality, and destination hub. Recent efforts to revitalize Haymarket have already changed the character of the area, and a new sports and entertainment facility will help to continue its transformation.

In addition, other arenas across the country that are in similar settings as the planned arena in West Haymarket have proven to be successful in attracting new events to their market, creating economic impacts and jobs, and generally contributing to economic

development. Examples of these facilities are described in more detail in the body of this report.

INTRODUCTION TO THE PROJECT AND SCOPE OF THE IMPACT ANALYSIS

This report, prepared by Leib Advisors, LLC (Leib) for the City of Lincoln (Lincoln) and the 2015 Vision Group, summarizes the estimated future economic impacts that are expected to be generated by the planned West Haymarket redevelopment. As part of this analysis, we also take into account the current and future operations of Pershing Center and Devaney Sports Complex.

The West Haymarket re-development concept is the result of an on-going planning effort on the part of the City and various community groups, including the 2015 Vision Group. The West Haymarket Action Team was formed with a mission to "further the quality development, vitality, and long term viability of the area . . . to be accomplished in part by cultivating, promoting, and putting in place sustainable private-public partnerships." The type of development envisioned by the Action Team includes:

- Multi-purpose Arena
- Convention Center and Exhibit Space
- Hotel and Lodging Facilities
- Retailing Opportunities
- Office and Services Space
- Residential Units

The Action Team has also investigated the physical infrastructure needed to support the West Haymarket vision, including streets and highways, parking, pedestrian access, utilities, rail service, and energy services.

As presently envisioned, the planned redevelopment will include: a 16,000-seat sports and entertainment arena; an indoor ice rink with two ice sheets, limited seating, and retail; office, retail, hotel, and residential uses. The arena will be the home of the University of Nebraska's intercollegiate basketball programs (men's and women's) as well as other community sports, entertainment, and convention/meeting uses.

Under the plan, the City would acquire the land in West Haymarket, relocate the rail tracks, develop needed infrastructure including roads, utilities, and parking, and sell or lease prepared building sites for development by private sector interests and/or public/private ventures.

It is anticipated the arena will be a City-owned facility developed through a partnership involving a number of entities including the University of Nebraska and private interests.

WRK, LLC, a private development company in Lincoln, in a joint venture with Woodbury Corporation, has been selected as the developer of the hotel, retail, office, and residential components.

The Breslow Ice Center plan has been developed and promoted by a public/private partnership of the City, the University, and private investors.

The development program is summarized below.

West Haymarket Mixed-Use Development Summary Development Program			
	Units	Capital Budget (millions)	
Land Acquisition			$ 18.24
Relocation Costs			$ 39.28
Buildings			
Arena	16,000 Seats	$ 168.90	
Breslow Ice Center	Two Ice Sheets	15.02	
Hotel	200 Rooms	20.00	
Retail Space	100,000 S.F.	18.00	
Office Space	100,000 S.F.	18.00	
Residential	100 Units	22.50	
Total Building			$ 262.42
Parking		$ 49.48	
Roads, Utilities, PedWays		41.84	
Utilities		-	
Environmental, Site Prep, and Other Costs		33.41	
Total Infrastructure			$ 124.73
Total Project			$ 444.67
Source: City of Lincoln, Finance Department			

The City of Lincoln and Lancaster County have an extensive network of sports and recreation facilities. These include UNL's Memorial Stadium, Haymarket Park, Lancaster Event Center, Ice Box and a variety of outdoor athletic fields, complexes, and parks. Indoor sports, entertainment, and other events requiring larger spaces have generally been hosted at either the City's Pershing Center in downtown Lincoln or at the University's Devaney Sports Center.

Although a determination has not yet been made as to the future use of Pershing Center, should a new arena be built, for purposes of this analysis it is assumed that:

- Pershing would close and the building and/or site would be converted to other uses;
- Home games for UNL's men's and women's intercollegiate basketball plus a few women's volleyball games would move from Devaney Center to the new arena;

- Events currently hosted at Pershing would move to the new arena, to Devaney, or to other venues in Lincoln or Lancaster County depending on their size and venue needs.

In 2006, the Bureau of Business Research at the University of Nebraska conducted a preliminary economic impact analysis of the proposed arena. In late 2008, Leib Advisors was contracted by the City of Lincoln to prepare this updated impact analysis of the arena and the remainder of the proposed redevelopment plan.

ANALYTICAL APPROACH TO ECONOMIC IMPACTS

Construction of the infrastructure and buildings planned for West Haymarket will generate a variety of one-time economic impacts. Subsequent annual operations of the arena, the ice center, the hotel, and the various businesses that will occupy the office and retail space will generate continued annual economic impacts.

Measures. There are three measures of economic impact used in this analysis:

- *Economic Activity* which is defined as total spending or gross revenue of the directly involved economic enterprises;

- *Jobs and Payroll* associated with the economic activity noted above; and

- *State and Local Tax Revenues* generated by the various project enterprises.

Economic Enterprises. The economic enterprises included in this analysis include:

- the proposed Haymarket Arena;
- the Breslow Ice Center ;
- the providers of support services to the fans, spectators, visiting teams, officials, and media that come to the arena or ice center for events – e.g., hotels, restaurants, shops, transportation;
- the businesses that will likely operate within the retail development;
- the businesses that will likely operate within the office development;
- the proposed hotel; and
- the proposed residential units (construction impacts only).

Geographic Areas. Economic impacts are measured for defined geographic areas, typically local, regional, and state economies. In this analysis, impacts are measured for the Lincoln MSA (Metropolitan Statistical Area) and, for certain tax impacts, the State of Nebraska.

Incremental Impacts. The City and the University have reached an agreement in principle whereby the University would play its home intercollegiate basketball games at the new area. Thus, certain events will move from Devaney Center to the new arena. It is

further assumed in this analysis that Pershing Center will close once the new arena opens (although, as noted, a final decision has not been made regarding the continued use of Pershing). In such a case, it is then assumed that most of the events currently held at Pershing will move to the new arena or to Devaney Sports Center or, in the case of the smaller social and community events, to hotels or other such venues within Lincoln.

Thus, not all activities at the new arena will represent **net** new activity to Lincoln. Thus, the analytical approach here focuses on the incremental impacts resulting from the combined operations of the new arena and Devaney Center **net of** the current annual impacts of Pershing and Devaney.

*Direct versus Indirect Impacts***.** The total direct spending associated with the construction and operations of the arena complex and direct support businesses, on an incremental basis, are referred to as "direct economic impacts."

As this spending takes place in the local and regional economy it represents revenue to the new West Haymarket enterprises. These entities, in turn, spend this revenue for various goods and services both inside and outside the local and state economies. Further, the employees who work for these businesses spend a portion of their income in the local and state economies. As this additional spending occurs, referred to as "second-round spending," it becomes income to other entities which in turn re-spend that money. In each round of spending, some money stays in the local economies and some "leaks" to outside economies. The sum of the secondary and later rounds of spending captured within the local economies is collectively referred to as "indirect economic impact" and the process is referred to as the "multiplier effect". To estimate these indirect impacts, this analysis utilizes economic multipliers calculated specifically for the Lincoln metropolitan area by the US Department of Commerce, Bureau of Economic Analysis.

ECONOMIC IMPACTS

Direct economic impact related to the West Haymarket redevelopment is defined in this analysis as follows:

1. The gross annual revenues generated by activities at the arena:
    a. Gross revenues accruing to the arena (including revenue-sharing paid out to event sponsors), plus
    b. Gross admissions revenue accruing to events (minus the portion paid to the arena as rent), plus
    c. Gross revenues accruing to area restaurants, hotels, shops resulting from spending by attendees at arena events (net of the estimated portion captured by the restaurants, hotels, shops within the West Haymarket project since this spending is captured separately), plus
2. The gross annual revenues generated by activities at the ice center:
    a. Gross revenues accruing to the ice center (including revenue-sharing paid out to event sponsors), plus
    b. Gross revenues accruing to area restaurants, hotels, shops resulting from spending by attendees at arena events (net of the estimated portion captured by the restaurants, hotels, shops within the West Haymarket project since this spending is captured separately), plus
3. Gross revenue generated by the hotel, plus
4. Gross revenue generated by the businesses occupying the retail and office space (not the rent revenue or operating expenditures of the underlying real estate since this is part of the operating expenditures of the businesses occupying the space).

Note that no annual economic impact is estimated for the residential component since, after construction, they are not economic generators in and of themselves except for household maintenance and utility expenditures, which are not estimated here.

NEW ARENA

The annual operating revenue of an arena represents a significant part of the overall economic activity that it generates. This revenue includes items such as rent paid by building users and event sponsors, concessions and catering, advertising and sponsorships, and others. In addition, spectator spending for tickets or admission also represent economic activity and thus is included after adjusting for rent payments to the arena which are paid by a promoter or tenant out of ticket sales; such rent payments are excluded to eliminate double-counting. Similarly, direct event cost reimbursement to the arena is also paid out of ticket sales and thus is deducted from ticket sales since it is already counted in arena revenue.

Calendar of Events

Arena revenue is largely driven by the calendar of events and the associated attendance levels. The type of events also influences the price consumers are willing to pay to attend as well as the amount of "spin-off" activity in the form of lodging, restaurant, and retail sales.

The calendar of events for the arena was provided by the City and by its advisor SMG. SMG is currently the manager of the Pershing Center. These estimates were based on the operating history of Pershing and Devaney as well as on the results of the earlier arena feasibility analyses conducted by CSL in 2004 and 2008.

West Haymarket Arena - Project Calendar of Events										
	Number of Events					Total Annual Attendance				
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
UNL Men's Basketball	19	19	19	19	19	228,000	228,000	228,000	228,000	228,000
UNL Women's Basketball	19	19	19	19	19	106,400	106,400	106,400	106,400	106,400
Other UNL Sporting Events	4	4	4	4	4	42,540	42,540	42,540	42,540	42,540
Concerts - Major	7	7	7	7	7	84,000	84,000	84,000	84,000	84,000
Concerts - Minor	6	6	6	6	6	36,000	36,000	36,000	36,000	36,000
Theater Concerts	4	4	4	4	4	16,000	16,000	16,000	16,000	16,000
Family Shows	15	15	15	15	15	45,000	45,000	45,000	45,000	45,000
Ice Shows	6	6	7	7	7	24,000	24,000	28,000	28,000	28,000
Rodeos/Bullriding/Wrestling	6	6	6	6	6	43,998	43,998	43,998	43,998	43,998
NCAA Events/Tournaments	1	2	1	2	1	14,000	28,000	14,000	28,000	14,000
High School Tournaments	6	6	6	6	6	51,198	51,198	51,198	51,198	51,198
Motorsports	4	4	4	4	4	23,400	23,400	23,400	23,400	23,400
Other Sporting Events	-	-	-	-	-	-	-	-	-	-
Tradeshows	2	2	3	4	4	10,000	10,000	15,000	20,000	20,000
Consumer Shows	2	2	3	4	4	20,000	20,000	30,000	40,000	40,000
Conferences/Assemblies	6	6	6	6	6	60,000	60,000	60,000	60,000	60,000
Graduations	6	6	6	6	6	21,000	21,000	21,000	21,000	21,000
Social Events	18	18	18	18	18	9,000	9,000	9,000	9,000	9,000
Miscellaneous	-	-	-	-	-	-	-	-	-	-
TOTAL	**131**	**132**	**134**	**137**	**136**	**834,536**	**848,536**	**853,536**	**882,536**	**868,536**

Source: City of Lincoln; SMG; Leib Advisors, LLC.

Arena Operations and Economic Activity

This calendar of events will produce approximately $11.5 to $12.0 million in gross ticket revenues annually (in 2009 dollars). Some of this will flow to the arena in the form of rent payments and reimbursement for direct event costs, some will go to the University and other local sponsors of events, and some will go to outside event sponsors.

Arena revenues will include rent, as noted, concession sales, premium seat fees, naming rights and other advertising and sponsorships, and direct event revenue. The City, the University, and various third parties are currently evaluating these revenue potentials and are in discussions regarding a capital financing plan.

For purposes of this analysis, it is assumed that all arena revenues in excess of annual operating expenses will be devoted to debt service or capital recovery and therefore excluded from the estimate of the arena's economic impact.

The arena's economic impact is estimated here as:

- Annual operating expenditures for the arena, plus
- Annual expenditures related to third party concession operations, plus
- Gross ticket revenues from all events, less
- Rent and direct event cost reimbursements paid to the arena (these funds are reflected in the arena's operating expenses above), plus
- Spending on lodging, restaurants, and the like by people attending arena events.

Annual operating expenses for the new arena have been estimated by SMG. These include salaries and wages for full-time as well as part-time staff, utilities, direct event expenses, insurance, repairs and maintenance, and management costs. Per capita concession spending is based on SMG estimates and average ticket prices, by event, are based on current prices where relevant and on industry standards.

Estimated annual economic activity attributed to the arena, but excluding the out-of-arena spending which is treated separately below, is shown in the following table.

West Haymarket Arena - Direct Economic Impact					
By Industry Category	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Salaries and Wages					
Permanent Staff	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000	$ 1,800,000
Hourly and Contracted Labor	300,000	300,000	300,000	300,000	300,000
Direct Event Costs	433,333	433,333	433,333	433,333	433,333
Concessions	1,594,948	1,627,428	1,611,484	1,655,064	1,622,584
Total Salaries and Wages	$ 4,128,281	$ 4,160,761	$ 4,144,818	$ 4,188,398	$ 4,155,918
Direct Event Costs	$ 866,667	$ 866,667	$ 866,667	$ 866,667	$ 866,667
General and Administrative	350,000	350,000	350,000	350,000	350,000
Utilities	720,000	720,000	720,000	720,000	720,000
Repairs and Maintenance	670,000	670,000	670,000	670,000	670,000
Insurance	170,000	170,000	170,000	170,000	170,000
Miscellaneous	100,000	100,000	100,000	100,000	100,000
Operating Surplus (Deficit)	n/a	n/a	n/a	n/a	n/a
	$ 2,876,667	$ 2,876,667	$ 2,876,667	$ 2,876,667	$ 2,876,667
COGS - Food and Beverage	$ 1,044,826	$ 1,068,346	$ 1,056,933	$ 1,088,853	$ 1,065,333
COGS - Merchandise	501,076	508,076	504,451	513,326	506,326
Admissions (net of rent)	9,741,927	9,991,752	9,832,936	10,126,722	9,876,932
Net Outside Spending	$ 7,029,385	$ 7,145,141	$ 7,186,482	$ 7,426,263	$ 7,310,507
Total Direct Economic Impact	$ 25,322,161	$ 25,750,742	$ 25,602,287	$ 26,220,228	$ 25,791,682

Source: Leib Advisors, LLC

Outside Spending

There is also direct economic impact or activity that takes place outside the arena but in direct relation to events inside the arena. This would include spending by visiting teams on hotel rooms, food and beverage, and local transportation. It would also include similar spending by spectators who come from outside the area to see an event at the arena as well as people residing within the Lincoln metropolitan area who may have a meal or refreshment outside the arena but on their way to or from an arena event.

Since this analysis measures impacts from the entire West Haymarket project, adjustments must be made to this spectator spending outside the arena to account for spending that will occur at the proposed hotel, restaurant, and retail shops in the project; such spending is separately reflected in the gross economic activity estimated for the project's hotel, restaurants, and shops. Tables 2 and 3 in the Appendix show detailed assumptions regarding where spectators are expected to come from, how much they are likely to spend on lodging and food and beverage, as well as assumptions regarding visiting team spending. Estimated direct spending outside the arena by event visitors and spectators is shown below.

Out-of-Arena Spending Estimates

	Year 1	Year 2	Year 3	Year 4	Year 5
Total					
Lodging	$ 6,064,768	$ 6,165,528	$ 6,201,513	$ 6,410,229	$ 6,309,470
Food, Beverage, Retail	13,070,003	13,287,924	13,365,753	13,817,160	13,599,239
Transportation	76,000	76,000	76,000	76,000	76,000
	$ 19,210,771	$ 19,529,451	$ 19,643,266	$ 20,303,390	$ 19,984,709
Net of Project Capture					
Capture by Project Hotel	50%	50%	50%	50%	50%
Remainder	50%	50%	50%	50%	50%
Gross Revenue to non-Project Hotels	$ 3,032,384	$ 3,082,764	$ 3,100,757	$ 3,205,115	$ 3,154,735
Capture by Project Retail	70%	70%	70%	70%	70%
Remainder	30%	30%	30%	30%	30%
Gross Revenue to non-Project Stores	$ 3,921,001	$ 3,986,377	$ 4,009,726	$ 4,145,148	$ 4,079,772
Tramsportation	$ 76,000	$ 76,000	$ 76,000	$ 76,000	$ 76,000
	$ 7,029,385	$ 7,145,141	$ 7,186,482	$ 7,426,263	$ 7,310,507

Source: Leib Advisors

Jobs and Earnings

There will be approximately 42 full-time jobs related to arena operations plus perhaps 100 or more part-time jobs. These part-time jobs will be the equivalent of 18 full-time (full-time equivalent or "FTE"), based on a standard work year of 2,080 hours. These in-arena jobs will carry a payroll (in 2009 dollars) of approximately $2.1 million per year.

Arena Operations		
in 2009 dollars	Number of Jobs	Annual Earnings
In-Arena		
Full-time	42	$ 1,800,000
Part-time (FTE)	19	300,000
Out-of-Arena		
Total FTEs	135	3,199,075
Adj. for Project Capture	(79)	(1,851,507)
Net	56	$ 1,347,568
Total	116	$ 3,447,568

Source: Leib Advisors, LLC

With a stabilized calendar of events, the estimated spending outside of the arena will support the equivalent of 135 jobs with an associated payroll (in 2009 dollars) of $3.2 million. Similar to the adjustment made for economic activity, an adjustment is made to this jobs and payroll estimate to account for the estimated portion of the underlying spending that is captured by other project components resulting in a net of 56 FTE jobs and $1.35 million annual payroll.

Multiplier Effect and Indirect Impacts

Economic Activity or Output. As the spending from the direct economic activity takes place in the Lincoln/Lancaster metropolitan and statewide economy, it will trigger other, *indirect*, levels of economic activity. For example, the operating businesses that are affected by arena use (including the arena, its tenants, hotels and restaurants, retail stores, and others) will purchase various goods and services from local and regional vendors (e.g., utilities, inventory, supplies, labor, and the like). As this occurs, these workers and vendors receive income and, in turn, make purchases of goods and services themselves. Within each round, some spending occurs in the local/regional economy and some flows outside of that economy (referred to as "leakage"). The *total* amount of spending that stays within the local economy includes both the first round ("direct") and all subsequent rounds of economic activity ("indirect").

These total impacts are estimated through the use of "multipliers" applied to the estimates of direct impacts. For this analysis, we have utilized multipliers developed by the US Department of Commerce, Bureaus of Economic Analysis specifically for the Lincoln Metropolitan Area. These multipliers, calculated by the federal government and which are unique to each geographic area and each sector of the economy, are regarded as the most reliable and accurate measure of indirect spending that is available. Multipliers differ from area to area because of geography, proximity to other business centers and the size of the area; these factors will all affect the amount of future spending that is retained by an economy. In addition, different sectors of an economy have unique multipliers, based on their own proximity to other economies, vendors and

suppliers, and the like. In general, multipliers for a state economy will be larger than those for a metropolitan area, because dollars will circulate for a longer period of time within the state (a larger geographic area and economy) than the Metro area before leaking out. Lincoln is also impacted by its proximity to Omaha and competing business interests there.

In this analysis, various multipliers are used for different spending categories. The list of multipliers used in this analysis is shown in Table 4 in the appendix. Note that there is one set of multipliers for economic activity or output and separate multipliers to be used in estimating indirect impacts for jobs and earnings.

Applying the appropriate multipliers to the arena's annual operations provides an estimate of total economic impacts, direct and indirect. This estimate is shown on the following page for Year 4 which would be a stabilized year of operations.

Total direct economic activity, or output, generated by the arena on an annual basis is estimated at approximately $30 million. Taking into account the multiplier effect, total direct and indirect economic activity is estimated at $50 million per year. It should be noted that the impacts of the arena are actually somewhat higher, but that the estimates stated above are adjusted downward to reflect the estimated portion of the out-of-arena spending that is captured by other components of the West Haymarket redevelopment plan (hotel, restaurants, shops). That additional economic activity is reflected in the analysis of those other project elements.

West Haymarket Arena - Direct and Indirect Economic Impacts, Year 4			
	Direct	Multiplier	Total
Arena Operations			
Salaries and Wages	$ 4,188,398	1.1160	$ 4,674,252
Direct Event Costs	866,667	1.7334	1,502,280
General and Administrative	350,000	1.8294	640,290
Utilities	720,000	1.4240	1,025,280
Repairs and Maintenance	670,000	1.8797	1,259,399
Insurance	170,000	1.6162	274,754
Miscellaneous	100,000	1.8294	182,940
COGS - Food and Beverage	1,088,853	1.6950	1,845,606
COGS - Merchandise	513,326	1.6950	870,088
Admissions (net of rent)	-	-	-
UNL	3,157,767	1.9154	6,048,386
Concerts	4,257,489	1.7334	7,379,931
Family/Ice Shows	775,887	1.7334	1,344,923
Rodeo/Bullriding/Wrestling	555,633	1.7334	963,134
NCAA	469,101	1.8294	858,173
High School	396,968	1.8294	726,214
Motorsports	403,734	1.7334	699,833
Other Sporting Events	-	1.8294	-
Trade and Consumer Shows	110,144	1.6630	183,169
	$ 18,793,965		$ 30,478,650
Outside-of-Arena Spending			
Lodging	$ 6,410,229	1.7006	$ 10,901,236
Food, Beverage, Retail	13,817,160	1.7961	24,817,002
Transportation	76,000	1.8889	143,556
	$ 20,303,390		$ 35,861,794
Net of Project Capture (1)			
Capture by Project Hotel	50%		
Remainder	50%		
Gross Revenue to non-Project Hotels	$ 3,205,115	1.7006	$ 5,450,618
Capture by Project Retail	70%		
Remainder	30%		
Gross Revenue to non-Project Stores	$ 4,145,148	1.7961	7,445,101
Tramsportation	$ 76,000	1.8889	143,556
	$ 7,426,263		$ 13,039,275
Totals (2)	$ 26,220,228		$ 43,517,925

(1) Portion of spending captured by other project elements is recorded separately.
(2) Arena operations plus net out-of-arena spending.

Source: Leib Advisors, LLC

Jobs and Earnings. There is also a multiplier effect in relation to jobs and earnings. The US Bureau of Economic Analysis has developed separate multipliers for individual metropolitan areas in relation to jobs and earnings.

Employment and Earnings - New Arena Operations			
Year 4 In 2009 Dollars	**Direct Impacts**	**Multiplier**	**Total Impacts**
In-Arena			
Employment	61	1.5564	94.3
Earnings	$ 2,100,000	1.4625	$ 3,071,250
Out-of-Arena			
Employment	56	1.2827	71.5
Earnings	$ 1,347,568	1.5504	$ 2,089,202
Total			
Employment	116		166
Earnings	$ 3,447,568		$ 5,160,452
Source: Leib Advisors, LLC			

Incremental Impacts

A number of the events that will drive the new arena are already taking place in Lincoln and, therefore, some of the impacts estimated above would not represent net new impacts to the local economy. Most of these events currently take place either at the Pershing Center or the Devaney Sports Complex. The current calendar of events for these two facilities is detailed in the Appendix in Table 5. The table below shows the combined calendar for Pershing and Devaney for the last three years in comparison to the anticipated future calendar for a new arena and Devaney Center combined.

	Pershing/Devaney Combined			New Arena/Devaney Combined		
	2006	2007	2008	Year 2	Year 3	Year 4
UNL Men's Basketball	178,937	169,350	198,011	228,000	228,000	228,000
UNL Women's Basketball	48,013	57,540	59,277	106,400	106,400	106,400
Other UNL Sporting Events	34,425	32,497	32,696	85,040	85,040	85,040
Concerts - Major	41,185	43,405	25,641	84,000	84,000	84,000
Concerts - Minor	-	-	-	56,000	56,000	56,000
Theater Concerts	-	-	-	16,000	16,000	16,000
Family Shows	37,780	37,493	35,907	45,000	45,000	45,000
Ice Shows	-	-	-	24,000	28,000	28,000
Rodeos/Bullriding/Wrestling	-	-	-	43,998	43,998	43,998
NCAA Events/Tournaments	-	-	-	28,000	14,000	28,000
High School Tournaments	145,031	125,465	161,356	161,698	161,698	161,698
Motorsports	-	-	-	23,400	23,400	23,400
Other Sporting Events	50,840	24,120	52,865	12,000	12,000	12,000
Tradeshows	21,540	15,191	15,405	25,000	30,000	35,000
Consumer Shows	5,989	4,858	5,629	20,000	30,000	40,000
Conferences/Assemblies	20,154	29,670	26,492	60,000	60,000	60,000
Graduations	26,746	38,745	39,534	39,000	39,000	39,000
Social Events	6,867	7,332	5,949	9,000	9,000	9,000
Miscellaneous	40,381	31,578	40,566	-	-	-
TOTAL	**657,888**	**617,244**	**699,328**	**1,066,536**	**1,071,536**	**1,100,536**

The combined calendar of the proposed new arena and Devaney is expected to average 420,000 more in annual attendance than the current combination of Pershing and Devaney.

The combined Devaney/Pershing calendar includes an average of 70 social, small local sporting events, and miscellaneous events per year with an annual average attendance of about 45,000 and a per event average of around 630. These are events which would most likely be accommodated at other venues in Lincoln or in the new arena if there are smaller meeting rooms there. Taking this into account, the incremental annual attendance under the new arena scenario would be on the order of 465,000.

In terms of revenues and economic activity, however, the increment is estimated at over $22 million per year (in 2009 dollars). This is the estimated difference between total in-arena and out-of-arena spending for the current combination of the Pershing Center and Devaney Center versus the combination of the new arena and Devaney. It should be noted that this analysis does not include complete revenues and expenses for Devaney but those that have not been identified would not change under either scenario so the increment would be the same.

Incremental Impacts - Current v. New Arena Mix		
	Pershing/ Devaney	New Arena/ Devaney
Arena Operations		
Salaries and Wages	$ 1,626,864	$ 4,527,783
Direct Event Costs	180,124	866,667
General and Administrative	255,000	518,000
Utilities	813,770	1,240,000
Repairs and Maintenance	37,500	670,000
Insurance	98,900	170,000
Miscellaneous	156,236	147,160
COGS - Food and Beverage	168,136	1,088,853
COGS - Merchandise	119,793	513,326
Admissions (net of rent)		
UNL	3,347,704	3,157,767
Concerts	693,275	4,757,489
Family/Ice Shows	520,975	775,887
Rodeo/Bullriding/Wrestling	-	555,633
NCAA	-	469,101
High School	1,314,250	1,501,968
Motorsports	-	403,734
Other Sporting Events	433,320	240,000
Trade and Consumer Shows	64,925	110,144
	$ 9,830,772	$ 21,713,511
Outside-of-Arena Spending		
Lodging	$ 5,634,388	$ 9,579,929
Food, Beverage, Retail	$ 14,386,369	20,554,768
	$ 20,020,757	$ 30,134,697
Total Inside and Outside Arenas	$ 29,851,529	$ 51,848,208
Difference		$ 21,996,679

Source: Leib Advisors, LLC

No Action Alternative

A "no action" alternative would obviously entail the loss of this $22 million annual increment in direct economic activity and approximately $37 million annually in direct and indirect impacts.

However, the status quo will not remain constant and a "no action" alternative does not mean that the lost increment will stay level. There are two important considerations to take into account in this regard:

1. Additional capital investment will have to be made in both Pershing Center and Devaney Center if a new arena is not built. The University has estimated the need for $30 million in improvements to bring Devaney up to current standards for Division I intercollegiate play and it is estimated that Pershing would need at least $10 million to keep it moderately acceptable to event sponsors and, even then, it may not be possible to bring it fully up to standards. These incremental capital investments should be kept in mind when evaluating the cost of a new arena; and
2. Pershing has lost several events in recent years and, of particular note, it is clear that statewide high school championships and other events are increasingly dissatisfied with Pershing and will likely continue to move events out of Lincoln. The Chamber also reports the loss of several events due to inadequate facilities.

So, the incremental value or impact of a new arena will no doubt increase over time.

BRESLOW ICE CENTER

The proposed Breslow Ice Center is to be a joint venture project of the City, the University, and private investors.

According to the feasibility analysis and business plan prepared by JRV Consulting, Inc. in March 2007, the center will house two ice sheets and a limited number of seats for spectator events, perhaps 500 to 1,000 seats. The ice center will also include concession areas, a skate/hockey shop, and locker rooms. There will also be 14,000 square feet of general retail space catering to the general public.

Calendar of Events

The Ice Center will rent ice time for use by various hockey leagues, including University intramural and club teams, high school teams, local youth and adult leagues. Ice time will also be rented to skating clubs and clinics.

There will also be public skating times, private and group lessons, and camps. Local and regional tournaments will also be promoted.

Prime time ice rental (weekends and weekday nights) is expected to rent at 69% of capacity and non-prime at 6%, with an overall average of 55%. This is the primary revenue generator, but other revenue will come from open skating, sponsorships, and concession and merchandise sales.

Although not part of the JRV Consulting plan, there is a strong opportunity to host regional youth and adult ice hockey tournaments. We have assumed a conservative two tournaments per year, starting with eight teams in year 1 and growing to 12 teams per tournament. Tournaments can produce good economic impacts for the Lincoln economy.

Breslow Ice Center - Operating Revenue and Expense					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Ice Time Rentals	$ 804,299	$ 824,406	$ 845,017	$ 866,142	$ 887,796
Skating	138,820	142,291	145,848	149,494	153,231
Sponsorships	59,650	61,141	62,670	64,237	65,842
F&B Concession Sales	135,131	138,509	141,971	145,521	149,159
Pro Shop Sales	216,209	221,614	227,154	232,833	238,654
Other Revenue	52,191	53,496	54,833	56,204	57,609
Gross Revenue	$ 1,406,300	$ 1,441,457	$ 1,477,493	$ 1,514,431	$ 1,552,292
Cost of Sales	(185,129)	(189,757)	(194,501)	(199,363)	(204,348)
Tournament Revenues	18,400	23,000	23,000	27,600	27,600
Net Revenue	$ 1,239,571	$ 1,274,700	$ 1,305,993	$ 1,342,667	$ 1,375,544
Expenses					
Compensation	$ 431,500	$ 442,288	$ 453,345	$ 464,678	$ 476,295
Contract Services	6,900	7,073	7,249	7,431	7,616
Office Supplies	10,800	11,070	11,347	11,630	11,921
Operating Supplies	20,400	20,910	21,433	21,969	22,518
Program Expense	1,617	1,657	1,699	1,741	1,785
Advertising	25,750	26,394	27,054	27,730	28,423
Sales Tax	20,202	20,707	21,225	21,755	22,299
Insurance	38,000	38,950	39,924	40,922	41,945
Utilities	186,600	191,265	196,047	200,948	205,971
Building/Equipment Maintenance	61,500	63,038	64,613	66,229	67,884
Travel	3,400	3,485	3,572	3,661	3,753
Equipment Rental	2,000	2,050	2,101	2,154	2,208
Licenses and Permits	600	615	630	646	662
Tournament Expenses	17,840	20,500	20,500	23,160	23,160
Total Expenses	$ 827,109	$ 850,001	$ 870,738	$ 894,654	$ 916,442
Net Operating Income	$ 412,462	$ 424,699	$ 435,254	$ 448,013	$ 459,102

Source: JRV Consulting, Inc., Leib Advisors, LLC

Outside Spending

Similar to the arena, the ice center users will also produce direct economic impact or activity outside the ice center. This would include spending by visiting teams on hotel rooms, food and beverage, and local transportation.

Since this analysis measures impacts from the entire West Haymarket project, adjustments must be made to this visitor spending outside the arena to account for spending that will occur at the proposed hotel, restaurant, and retail shops in the project.

Out-of-Center Spending Estimates					
	Year 1	Year 2	Year 3	Year 4	Year 5
Lodging	$ 51,300	$ 70,110	$ 71,863	$ 92,074	$ 94,376
Food, Beverage, Retail	49,320	66,348	67,935	86,231	88,315
	$ 100,620	$ 136,458	$ 139,797	$ 178,305	$ 182,691
Capture by Non-Project Establiashments					
Project Capture	50%	50%	50%	50%	50%
Remainder	50%	50%	50%	50%	50%
Lodging	$ 25,650	$ 35,055	$ 35,931	$ 46,037	$ 47,188
Food, Beverage, Retail	24,660	33,174	33,967	43,116	44,158
	$ 50,310	$ 68,229	$ 69,899	$ 89,153	$ 91,346

Source: Leib Advisors, LLC

Total Direct Economic Impact

The annual operations of Breslow Ice Center will require the delivery of goods and services from employees and various vendors. In combination with the requirements for lodging, food and beverage from visitors, these represent the total estimated direct economic impacts of Breslow, as shown below.

	Breslow Ice Center - Direct Economic Activity				
	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries and Wages					
Permanent Staff	$ 431,500	$ 442,288	$ 453,345	$ 464,678	$ 476,295
Hourly and Contracted Labor	-	-	-	-	-
Concessions (1)	105,402	108,037	110,738	113,506	116,344
Total Salaries and Wages	536,902	550,324	564,082	578,185	592,639
Direct Event Costs	$ 19,457	$ 22,157	$ 22,199	$ 24,901	$ 24,945
General and Administrative (2)	6,900	7,073	7,249	7,431	7,616
Utilities	186,600	191,265	196,047	200,948	205,971
Repairs and Maintenance (3)	61,500	63,038	64,613	66,229	67,884
Insurance	38,000	38,950	39,924	40,922	41,945
Supplies	31,200	31,980	32,780	33,599	34,439
Advertising	25,750	26,394	27,054	27,730	28,423
Miscellaneous	6,000	6,150	6,304	6,461	6,623
Operating Surplus (Deficit)	412,462	424,699	435,254	448,013	459,102
	$ 787,869	$ 811,705	$ 831,423	$ 856,234	$ 876,950
COGS - Food and Beverage (4)	44,593	45,708	46,851	48,022	49,222
COGS - Merchandise (5)	140,536	144,049	147,650	151,342	155,125
Total COGS	$ 185,129	$ 189,757	$ 194,501	$ 199,363	$ 204,348
Total from Arena Operations	$ 1,509,899	$ 1,551,787	$ 1,590,006	$ 1,633,782	$ 1,673,936
Net Outside Spending	$ 50,310	$ 68,229	$ 69,899	$ 89,153	$ 91,346
Total Direct Economic Impact	$ 1,560,209	$ 1,620,016	$ 1,659,905	$ 1,722,934	$ 1,765,282

Source: JRV Consulting, Inc.; Leib Advisors, LLC.

Jobs and Earnings

Breslow is expected to employ 2 people on a full-time basis for arena operations, a general manager and a business manager. In addition, there will be approximately 44 part-time positions including instructors, building staff, concession workers, and the like. These part-time positions will be the equivalent of about 8 full-time positions based on a standard work year of 2,080 hours. These in-arena jobs will carry a payroll (in 2009 dollars) of approximately $305,000 per year.

Ice Center Operations - Year 4		
	Number of Jobs	Earnings (2009 $)
In-House		
Full-time	2.0	$ 69,000
Part-time (FTE)	7.6	236,000
Outside		
Total FTEs	3.2	$ 93,768
Adj. for Project Capture	(2.0)	(61,350)
Net	1.2	$ 32,417
Total	10.7	$ 337,417

Source: JRV Consulting; Leib Advisors, LLC.

The estimated visitor spending outside of the ice center will support the equivalent of 3 jobs with an associated payroll (in 2009 dollars) of $94,000. Similar to the adjustment made for economic activity, an adjustment is made to this jobs and payroll estimate to account for the estimated portion of the underlying spending that is captured by other project components. Thus, the ice center will

support the equivalent of approximately 11 full-time jobs with an annual payroll about $337,000.

Multiplier Effect and Indirect Impacts

The following tables show the estimated direct and indirect economic impacts as well as the direct and indirect jobs and earnings related to the proposed Breslow Ice Center.

Breslow Ice Center - Direct and Indirect Economic Impacts, Year 4			
In 2009 Dollars	**Direct**	**Multiplier**	**Total**
Operations			
Total Salaries and Wages	$ 536,902	1.1160	$ 599,182
Direct Event Costs	23,123	1.9108	44,184
General and Administrative	6,900	1.9108	13,185
Utilities	186,600	1.4240	265,718
Repairs and Maintenance	61,500	1.8797	115,602
Insurance	38,000	1.6162	61,416
Supplies	31,200	1.9108	59,617
Advertising	25,750	1.7368	44,723
Miscellaneous	6,000	1.9108	11,465
COGS - Food and Beverage	44,593	1.6950	75,585
COGS - Merchandise	140,536	1.6950	238,208
	$ 1,101,104		$ 1,528,884
Outside-of-Arena Spending (Net)			
Lodging	$ 42,750	1.7006	72,701
Food, Beverage, Retail	40,037	1.7961	71,911
	$ 82,787		$ 144,611
Total Economic Impact	$ 1,183,891		$ 1,673,496

Source: Leib Advisors, LLC

Employment and Earnings - Breslow Ice Center Operations				
Year 4 In 2009 Dollars	**Direct Impacts**	**Multiplier**	**Indirect Impacts**	**Total**
In-House				
Employment	9.6	1.5564	14.9	24.4
Earnings	$ 305,000	1.4625	$ 446,063	$ 751,063
Outside				
Employment	1.2	1.2827	1.5	2.6
Earnings	$ 32,417	1.5504	$ 50,258	$ 82,675
Total				
Employment	10.7		16	27.1
Earnings	$ 337,417		$ 496,320	$ 833,738
Source: JRV Consulting, Inc.; Leib Advisors, LLC				

COMMERCIAL DEVELOPMENT

The West Haymarket Redevelopment Plan includes 100,000 square feet each of office and retail space plus a 200 room full-service hotel.

The specifics of the portion of the overall development have been prepared by WRK, LLC, the City's designated developer for this project, in a joint venture with Woodbury Corporation. Assumptions and estimates regarding the type and amount of space, development costs, rental rates, operating expenses, and the like, were provided by the developer.

Assumptions regarding the types of businesses, numbers of employees, average earnings, and business volume were developed by Leib Advisors using a variety of standard industry ratios and business data published by the US Department of Commerce, US Census Bureau, and selected state and local information sources.

Office Uses

Standard office users typically utilize between 200 and 300 gross square feet per employee, although the trend is toward more efficiency (lower square feet per employee). For this analysis we have assumed an average of 250 square feet per employee. At 95% occupancy, the 100,000 square feet would house an estimated 380 employees.

Productivity per Employee : Selected Office-Using Businesses		
Internet and Computer Services	$	144,944
Telecommunications	$	285,836
Securities Brokerage	$	380,073
Technical, Professional	$	122,427
Legal Services	$	156,922
Accounting	$	63,822
Architecture and Engineering	$	127,749
Advertising and Marketing	$	138,438
Personnel Services	$	118,749
Average	$	170,996
Inflated to 2009	$	204,682
Midwest Adjustment	$	202,430

Source: US Bureau of Labor Statistics, May 2007

Using information regarding gross business volume per employee, available through the US Department of Labor, it is estimated that the typical business operating in an office development in Lincoln Nebraska would generate approximately $202,000 in gross business volume per employee. For a 100,000 square foot office building at 95% occupancy this would mean total economic activity from the businesses in that building of about $76.9 million annually (in 2009 dollars).

Retail Uses

Employment densities, or space per employee, for retail users generally run around 500 to 800 gross square feet per employee, although the trend is toward more efficiency (in this case, higher square feet per employee). For this analysis we have assumed an average of 600 square feet per employee. At 95% occupancy, the 100,000 square feet of retail space would house an estimated 158 employees.

Retail Sales Data - Omaha/Council Bluffs MSA		
2002 Retail Sales (in 000s of 2009 dollars)	$	30,270,539
2002 Payroll (in 000s of 2009 dollars)	$	3,380,691
Average Retail Wage per Year		26,585
Estimated Number of Employees		127,165
Gross Sales per Employee	$	238,041
Source: US Economic Census		

Using information from the US Census Bureau of Economic Analysis, we examined retail data from the Omaha/Council Bluffs metropolitan area (the Lincoln metropolitan area contained too few retail businesses in certain categories so that complete data was not available for confidentiality reasons). It is judged that the retail business ratios gathered from the Omaha region are applicable to Lincoln.

Retail wage information was taken from the Bureau of Labor Statistics to establish an average wage for this industry. Using that average against total retail payroll in Omaha produced an estimate of total retail employees in that marketplace. Dividing total retail sales by the number of employees produces an estimate of gross business volume per employee, in this case $238,000. Applying this factor to the 158 estimated employees indicates that the 100,000 square feet of retail space proposed for West Haymarket should produce approximately $38 million in annual sales volume.

Hotel Operations

According to the current development plans of WRK, the 200 room hotel will offer an average daily room rate of $120.00 and will sustain an 80% occupancy rate.

Although WRK has not as yet prepared an estimated operating statement for the hotel, this analysis uses standard hotel operating ratios and applied them to the basic assumptions of room rate, occupancy, and number of rooms. The hotel is expected to produce gross revenue of approximately $7 million annually.

Total Direct Economic Impact

The commercial elements of the West Haymarket redevelopment will generate significant economic impact, as shown below.

	West Haymarket Commercial Development				
	Year One	Year Two	Year Three	Year Four	Year Five
Direct Economic Activity					
Office	$ 64,777,658	$ 68,826,262	$ 72,874,865	$ 76,923,469	$ 76,923,469
Retail	31,738,784	33,722,458	35,706,132	37,689,806	37,689,806
Hotel	7,048,880	7,048,880	7,048,880	7,048,880	7,048,880
Total	$ 103,565,322	$ 109,597,600	$ 115,629,877	$ 121,662,155	$ 121,662,155
Jobs					
Office	320	340	360	380	380
Retail	133	142	150	158	158
Hotel	63	63	63	63	63
Total	516	544	573	601	601
Earnings					
Office	$ 12,443,520	$ 13,221,240	$ 13,998,960	$ 14,776,680	$ 14,776,680
Retail	3,937,333	4,183,417	4,429,500	4,675,583	4,675,583
Hotel	1,309,827	1,309,827	1,309,827	1,309,827	1,309,827
Total	$ 17,690,681	$ 18,714,484	$ 19,738,287	$ 20,762,091	$ 20,762,091

Source: WRK, LLC; Leib Advisors, LLC

Multiplier Effect and Indirect Impacts

The following table shows the estimated direct and indirect economic impacts as well as the direct and indirect jobs and earnings related to the proposed commercial development at West Haymarket.

West Haymarket Commercial - Economic Impacts			
Year 4 In 2009 Dollars	Direct	Multiplier	Total
Economic Activity			
Office	$ 76,923,469	1.7544	$ 134,956,632
Retail	37,689,806	1.8204	68,610,523
Hotel	7,048,880	1.7006	11,987,325
Total	$ 121,662,155		$ 215,554,480
Jobs			
Office	380	1.8503	703.1
Retail	158	1.5176	240.3
Hotel	63	1.3359	83.5
Total	601		1,026.9
Earnings			
Office	$ 14,776,680	1.5728	$ 23,240,897
Retail	4,675,583	1.7742	8,295,420
Hotel	1,309,827	1.5573	2,039,794
Total	$ 20,762,091		$ 33,576,111

Source: US Bureau of Economic Analysis; Leib Advisors, LLC

TAX IMPACTS

The re-development of West Haymarket will produce taxable real estate, taxable business transactions, and taxable earnings. Estimated tax revenues that would be due to state and local governments are shown below.

	Direct Tax Revenue Generated				
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales and Use Tax					
Arena					
Admissions	$ 11,573,103	$ 11,853,103	$ 11,673,103	$ 12,003,103	$ 11,723,103
Retail Sales - Inside	5,735,825	5,847,825	5,792,565	5,942,065	5,830,065
Retail Sales - Outside (net of Project Capture)	3,921,001	3,986,377	4,009,726	4,145,148	4,079,772
Lodging (net of Project Capture)	3,032,384	3,082,764	3,100,757	3,205,115	3,154,735
Total Arena	$ 24,262,313	$ 24,770,069	$ 24,576,151	$ 25,295,431	$ 24,787,675
Ice Center					
Retail Sales - Inside	$ 351,339	$ 351,339	$ 351,339	$ 351,339	$ 351,339
Retail Sales - Outside (net of Project Capture)	24,660	32,400	32,400	40,140	40,140
Lodging (net of Project Capture)	25,650	34,200	34,200	42,750	42,750
Total Arena	$ 401,649	$ 417,939	$ 417,939	$ 434,229	$ 434,229
Retail	$ 31,738,784	$ 33,722,458	$ 35,706,132	$ 37,689,806	$ 37,689,806
Hotel	$ 7,048,880	$ 7,048,880	$ 7,048,880	$ 7,048,880	$ 7,048,880
Total Taxable Sales	$ 63,451,626	$ 65,959,346	$ 67,749,102	$ 70,468,346	$ 69,960,590
State Sales and Use Tax	$ 3,489,839	$ 3,627,764	$ 3,726,201	$ 3,875,759	$ 3,847,832
Local Sales and Use Tax	951,774	989,390	1,016,237	1,057,025	1,049,409
	$ 4,441,614	$ 4,617,154	$ 4,742,437	$ 4,932,784	$ 4,897,241
Property Tax					
Values - Taxable Real Property					
Residential	$ 30,000,000	$ 30,000,000	$ 30,000,000	$ 30,000,000	$ 30,000,000
Office	12,000,000	13,333,333	14,666,667	16,000,000	16,000,000
Retail	14,133,333	15,600,000	17,066,667	21,066,667	21,066,667
Hotel	27,180,561	27,180,561	27,180,561	27,180,561	27,180,561
Total Taxable Real Property	$ 83,313,894	$ 86,113,894	$ 88,913,894	$ 94,247,227	$ 94,247,227
Local Property Tax Revenue	$ 1,690,439	$ 1,747,251	$ 1,804,063	$ 1,912,276	$ 1,912,276
State Income Tax					
Earnings					
Arena	$ 3,376,149	$ 5,457,642	$ 5,449,104	$ 5,535,629	$ 5,482,417
Ice Center	444,695	460,199	460,199	465,649	465,649
Office	12,443,520	13,221,240	13,998,960	14,776,680	14,776,680
Retail	3,937,333	4,183,417	4,429,500	4,675,583	4,675,583
Hotel	1,309,827	1,309,827	1,309,827	1,309,827	1,309,827
Total Gross Earnings	$ 21,511,525	$ 24,632,326	$ 25,647,590	$ 26,763,369	$ 26,710,157
Average Gross Income	$ 33,569	$ 33,666	$ 33,761	$ 33,826	$ 33,743
Adjusted Taxable Income	$ 28,119	$ 28,216	$ 28,311	$ 28,376	$ 28,293
Total Taxable Income	$ 18,019,060	$ 18,911,764	$ 19,786,848	$ 20,693,561	$ 20,608,609
State Income Tax	$ 1,108,533	$ 1,163,452	$ 1,217,287	$ 1,273,068	$ 1,267,842

Source: City of Lincoln; State of Nebraska; Leib Advisors LLC.

Sales and Use Tax. The State of Nebraska imposes a 5.5% sales and use tax on a wide variety of activities including the following that are relevant to the West Haymarket project: food and beverage sales; admissions; retail sales; and lodging. The City of Lincoln imposes a sales and use tax of 1.5% on the same transactions. By stabilization, Year 4, the project is expected to produce approximately $3.7 million (in 2009 dollars) in sales and use tax revenues to the State and approximately $1.0 million to the City.

Property Tax. It is assumed that both the arena and the ice center will be exempt from property taxation. The values for the office and retail properties are estimated by dividing the properties' probable net operating income by an appropriate capitalization rate (assumed in this analysis to be 7.5%). The net operating income in this equation is the net rental income of the property, not the income of the businesses that are tenants in the building. For the hotel, the net operating income of the hotel itself is capitalized since the operating business and the real estate are essentially one and the same.

These estimated market values of the properties are assumed to be the same as assessed value, which is supposed to be equal to 100% of market value by law. The tax rate is $2.029 per one hundred dollars of valuation.

State Income Tax. The state income tax estimate is derived using the following assumptions:

- 40% of the individual incomes will be at $26,500 or under and taxed at 5.12%;
- 60% of the individual incomes will over $26,500 and taxed at 6.84%;
- This produces a weighted average tax rate of 6.15% to be applied to the estimated earnings;
- Gross earnings are reduced by 16% to reflect the state's minimum standard deduction.

CONSTRUCTION PERIOD IMPACTS

West Haymarket Redevelopment Budget		
Site Acquisition	$	18,238,110
Development Costs		
Relocation Costs	$	39,279,700
Buildings		232,433,000
Engineering and Design		29,982,600
Roads and Utilities		41,842,568
Parking Garages and Lots		49,483,057
Site Prep and Environmental		18,332,292
Other		15,075,000
Total Development Costs	$	426,428,217
Total Project Costs	$	444,666,327
Hard Construction Costs	$	319,821,163
Soft Costs (A&E, Finance, Overhead, Profit)		106,607,054
	$	426,428,217
Source: City of Lincoln; Leib Advisors, LLC.		

The development of the West Haymarket project will also create significant economic impacts to the community. The development period would likely last three to four years.

Project development will represent a one-time economic activity, which will include spending on labor and materials, and remaining amounts that will be corporate profit and overhead. Both labor and materials spending will include hard construction, furniture, fixtures, and equipment (FFE), and soft costs.

There are also site development costs such as roads and utilities. Land acquisition costs are significant but not included in this impact analysis; land acquisition is essentially a transfer of an asset and is not considered an economic output. The following two tables summarize current estimates and assumptions related to the West Haymarket Redevelopment construction period.

Allocation of Construction Costs	Gross Salaries and Wages	Average Annual Wage or Salary	Person-Years of Work
Labor - for all Project Elements			
Hard Construction Costs	$ 127,928,465	$ 34,910	3,664.5
Soft Costs	79,955,291	$ 64,717	1,235.5
Total Labor Expenditures	$ 207,883,756		4,900.0
Materials			
Hard Construction Costs	$ 143,919,523		
Soft Costs	5,330,353		
Total Materials Expenditures	$ 149,249,876		
Overhead and Profit	$ 69,294,585		

Source: Robert Pass & Associates; Leib Advisors, LLC.

Using "final demand" multipliers provides an estimate of total (direct and indirect) impacts, as shown in the following table.

West Haymarket Redevelopment - Construction Impacts				
	Direct Impacts	Multipliers	Total Impacts	Indirect Impacts
Economic Activity	$ 426,428,217	1.8865	$ 804,456,831	$ 378,028,614
Employment (person-years)	4,900	18.4829	7,882	2,982
Earnings	$ 207,883,756	0.5932	$ 252,957,218	$ 45,073,463
Average - Annual	$ 42,425		$ 32,095	$ 15,117

Source: Leib Advisors, LLC

The employment and earnings impacts shown above are calculated as functions of the direct economic activity. That is, the employment and earnings multipliers are applied to the estimate of economic activity. Specifically:

- The total employment impact (direct and indirect) is estimated at 18.4829 jobs for every $1,000,000 of economic activity or output ($362,265,393 ÷ $1,000,000 x 18.4829 = 6,696).
- Total earnings (direct and indirect) is estimated at 59.32% of direct economic activity ($362,265,393 x 0.5932 = $214,895,831).

OTHER COMMUNITY IMPACTS AND IMPACT EXAMPLES FROM OTHER FACILITIES AND EVENTS

OTHER COMMUNITY IMPACTS

In addition to the impacts that are summarized above, the community would capture other benefits that cannot necessarily be quantified. These include the following:

- **Quality of Life.** The planned arena, ice center, and mixed-use development will allow Lincoln to host events that it cannot currently host, such as major concerts and NCAA championships. These events will provide new entertainment options for local residents and will complement other developments in the Haymarket area. While most attendees of typical sports and entertainment events will live in the Lincoln metro, other nearby residents will also attend arena events.
- **Population/Employee Retention and Attraction.** With its expected quality-of-life impact, the new arena and ice center could also help to attract and retain young professionals and others to Lincoln.

  According to the February 2005 issue of "Business Facilities":

  "If you are considering an expansion or relocation to an urban city, consider taking an extra look at cities with a significant involvement in major sporting events. … Successful sports development projects have generated substantial development activity. Facilities and franchises are enhancing many regions' ability to attract new business and create jobs."

- **Media Exposure.** Many of the new events that the arena will be able to host, such as NCAA championships, are events that will receive national media coverage and will expose Lincoln to potential visitors.
- **Extended and Return Visitor Stay.** Our projection only considers the amount of time that visitors will spend in Lincoln that is directly related to an arena event. However, it is reasonable to assume that some visitors will stay in the area for a longer period of time to take advantage of other tourism opportunities. In addition, visitors may return to the area in the future, assuming they enjoy their event-related experience and their initial impressions of the city.

IMPACT EXAMPLES OF OTHER FACILITIES AND EVENTS

We have also analyzed other similar facilities in comparable settings, and their events, to better understand the impacts that they have created in their local markets. The

following summarizes various quantifiable and anecdotal impacts of other similar facilities and events:

- **Ohio State University's Value City Arena.** Competing locally with the 19,000-seat Nationwide Arena, Value City Arena had a total estimated economic impact of $284 million in its first five years (or an average of approximately $57 million per year), according to a study.
- **University of South Carolina's Colonial Center.** According to reports, the 18,000-seat arena, which opened in 2002, has an estimated annual impact of $23 million on the Columbia area.
- Prior to the **2005 ACC Men's Basketball Tournament** at the **MCI Center (currently known as the Verizon Center)**, local officials were anticipating impacts of 15,000 room nights and more than $30 million in spending related to the event.
- In the 2003-04 fiscal year, the **Verizon Wireless Arena** in Manchester, NH (which hosts two minor-league franchises), had a net direct spending impact of $31.4 million, and created 661 jobs and $16.1 million in income, according to a study by a Southern New Hampshire University professor.
- Tournament organizers in Atlanta estimated that the **2001 ACC Men's Basketball Tournament** and the **2002 SEC Men's Basketball Tournament** generated $31 million and $25.7 million in spending, respectively.

APPENDIX 1

DETAILED ARENA ASSUMPTIONS

Table 1. Average Per Capita Ticket Prices and Concessions
Arena Rent Terms

Per Caps and Rent	Ticket Prices	F&B	Merch	Rent as % of Tix Sales	Fixed Rent per Event
UNL Men's	$ 15.00	$ 5.98	$ 1.50	10.0%	
UNL Women's	$ 4.08	$ 2.00	$ 0.75	10.0%	
UNL Other	$ 4.15	$ 2.00	$ 0.25	10.0%	
Concerts-Major	$ 40.00	$ 6.92	$ 8.25	5.0%	
Concerts-Minor	$ 25.00	$ 5.26	$ 7.00	5.0%	
Theater Concerts	$ 25.00	$ 5.19	$ 4.38	5.0%	
Family Shows	$ 12.50	$ 3.31	$ 1.50	5.0%	
Ice Shows	$ 12.50	$ 3.31	$ 1.50	5.0%	
Rodeos/Bullriding/Wrestling	$ 15.00	$ 6.44	$ 4.00	7.5%	
NCAA	$ 20.00	$ 6.00	$ 2.00	10.0%	
High School	$ 10.00	$ 2.00	$ 1.50	10.0%	
Motorsports	$ 20.00	$ 6.32	$ 5.00	7.5%	
Other Sporting Events	$ 20.00	$ 4.00	$ 3.00	10.0%	
Tradeshows		$ 2.00	$ 0.50		$ 10,000
Consumer Shows	$ 5.00	$ 2.00	$ 0.50	20.0%	
Conferences/Assemblies		$ 2.00	$ 0.50	20.0%	$ 10,000
Graduations		$ 0.50	$ 0.50	20.0%	$ 5,000
Social Events		$ 20.00	$ -		$ 2,500
Miscellaneous					

Table 2. Spectator/Attendee Profiles – Assumptions

	Non-Metro		Overnight Stays (1)		Retained Attendee	
Attendee Profile Assumptions	Percent	Number	Percent	Number	Percent	Number
UNL Men's	30%	68,400	20%	13,680	0%	-
UNL Women's	25%	26,600	20%	5,320	0%	-
UNL Other	20%	8,508	20%	1,702	0%	-
Concerts-Major	60%	50,400	35%	17,640	20%	16,800
Concerts-Minor	45%	16,200	35%	5,670	20%	7,200
Theater Concerts	45%	7,200	50%	3,600	25%	4,000
Family Shows	45%	20,250	20%	4,050	10%	4,500
Ice Shows	45%	10,800	20%	2,160	10%	2,400
Rodeos/Bullriding/Wrestling	50%	21,999	35%	7,700	15%	6,600
NCAA	75%	10,500	90%	9,450	0%	-
High School	75%	38,399	70%	26,879	20%	10,240
Motorsports	70%	16,380	20%	3,276	15%	3,510
Other Sporting Events	50%	-	20%	-	15%	-
Tradeshows	50%	5,000	80%	4,000	10%	1,000
Consumer Shows	30%	6,000	50%	3,000	20%	4,000
Conferences/Assemblies	60%	36,000	85%	30,600	10%	6,000
Graduations	60%	12,600	85%	10,710	0%	-
Social Events	10%	900	80%	720	0%	-
Miscellaneous	10%	-	50%	-	0%	-
Total - Year 1		356,136		150,156		66,249
Average		43%		42%		8%
Overnight Visitors as % of Total				18%		
Day Visitors as % of Total		25%				

(1) Percentage of non-Metro attendees

Table 3. Spectator/Attendee Spending – Assumptions

Out-of-Arena Spending Assumptions					
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Visiting Teams					
Number of Games	35	35	35	35	35
Number of Players, Coaches, Staff per	28	28	28	28	28
Number of persons per room	2	2	2	2	2
Number of overnight stays per game	1	1	1	1	1
Room rate	$ 110.00	$ 112.75	$ 115.57	$ 118.46	$ 121.42
F&B per person per day	$ 50.00	$ 51.25	$ 52.53	$ 53.84	$ 55.19
Average length of stay (days)	1.5	1.5	1.5	1.5	1.5
Local transportation per visit	$ 2,000.00	$ 2,050.00	$ 2,101.25	$ 2,153.78	$ 2,207.63
Capture by Project Hotel	50%	50%	50%	50%	50%
Capture by Project Retail	70%	70%	70%	70%	70%
Average Persons per Room	2.00				
Average Room Rate	$ 80.00				
Other Spending per Visitor	$ 43.00	Per UNL BBR: Nov 2006 Impact Analysis, adjusted for inflation to 2008.			
Retained Attendee Spending	$ 24.00	Per UNL BBR: Nov 2006 Impact Analysis, adjusted for inflation to 2008.			
Source: UNL Athletic Dept., UNL BBR, Leib Advisors					

Table 4. Economic Multipliers for Lincoln, Nebraska MSA

Lincoln, Nebraska MSA	Final Demand				Direct Effect	
	Output (Dollars)	Earnings (Dollars)	Employment (Jobs)	Value-Added (Dollars)	Earnings (Dollars)	Employment (Jobs)
Construction	1.8797	0.5933	18.6169	0.9702	1.7259	1.8899
Utilities	1.4240	0.2918	5.7567	0.8869	1.7327	3.8539
Ground Passenger Transportation	1.8889	0.6368	33.0187	1.0060	1.6467	1.3357
Wholesale Trade	1.6950	0.4979	13.1221	1.0671	1.7019	2.2073
Retail Trade	1.8204	0.5550	23.9833	1.0952	1.7742	1.5176
Office Uses						
Telecommunications	1.6132	0.3790	9.2875	0.9346	1.8418	2.6120
Information Services	1.9259	0.7728	22.2473	1.1645	1.5288	1.8119
Monetary (banks)	1.5205	0.3596	10.7439	1.0505	1.7429	2.0824
Securities and Investments	1.8909	0.7363	22.6968	1.1065	1.5808	1.7354
Insurance Agents	1.6162	0.4838	14.3054	1.1597	1.5873	1.7931
Legal Services	1.8744	0.7812	17.7789	1.2677	1.4823	2.1392
Accounting	1.8591	0.7715	26.5851	1.2644	1.4759	1.5421
Architectural, Engineering	1.7554	0.6434	16.6771	1.1793	1.5407	2.0240
Management Consulting	1.8281	0.7217	27.4122	1.2190	1.5039	1.5277
Advertising	1.7368	0.5586	17.5624	1.0912	1.6258	1.8449
Employment Services	1.6782	0.7072	37.7231	1.3212	1.3907	1.2409
Average	1.7544	0.6286	20.2745	1.1599	1.5728	1.8503
Business Support Services	1.6630	0.5221	17.6051	1.1112	1.5989	1.6982
Colleges and Universities	1.9154	0.7004	26.8343	1.1157	1.5369	1.5538
Spectator Sports	1.8294	0.7591	25.4156	1.1762	1.4625	1.5564
Promoters of Performing Arts	1.7334	0.5535	32.7566	1.0170	1.6348	1.3439
Fitness and Recreational Sports Centers	1.9108	0.6349	46.2293	1.0973	1.6443	1.2398
Hotels and Motels	1.7006	0.5559	28.2254	1.1061	1.5573	1.3359
Food Services and Drinking Places	1.7961	0.5944	41.2034	0.9631	1.5434	1.2295
Households	1.1160	0.3133	11.9667	0.6761	-	-

Source: US Department of Commerce, Bureau of Economic Analysis; Leib Advisors.

Table 5. Recent Calendar of Events and Attendance at Pershing Center and Devaney Sports Complex

	Devaney				Pershing				Combined			
Year	**2005**	**2006**	**2007**	**2008**	**2005**	**2006**	**2007**	**2008**	**2005**	**2006**	**2007**	**2008**
UNL Men's Basketball	131,763	178,937	169,350	198,011	-	-	-	-	131,763	178,937	169,350	198,011
UNL Women's Basketball	64,348	48,013	57,540	59,277	-	-	-	-	64,348	48,013	57,540	59,277
UNL Volleyball	-	-	-	-	-	-	-	-	-	-	-	-
Other UNL Sporting Events	34,013	34,425	32,497	32,696	-	-	-	-	34,013	34,425	32,497	32,696
Concerts - Major	-	-	-	-	27,731	41,185	43,405	25,641	27,731	41,185	43,405	25,641
Concerts - Minor	-	-	-	-	-	-	-	-	-	-	-	-
Theater Concerts	-	-	-	-	-	-	-	-	-	-	-	-
Family Shows	-	-	-	-	41,678	37,780	37,493	35,907	41,678	37,780	37,493	35,907
Ice Shows	-	-	-	-	-	-	-	-	-	-	-	-
Rodeos/Bullriding/Wrestling	-	-	-	-	-	-	-	-	-	-	-	-
NCAA Events/Tournaments	-	-	-	-	-	-	-	-	-	-	-	-
High School Tournaments	139,090	92,755	82,256	93,057	38,368	52,276	43,209	68,299	177,458	145,031	125,465	161,356
Motorsports	-	-	-	-	-	-	-	-	-	-	-	-
Other Sporting Events	-	-	-	-	21,666	50,840	24,120	52,865	21,666	50,840	24,120	52,865
Tradeshows	21,314	21,265	14,492	13,667	1,150	275	699	1,738	22,464	21,540	15,191	15,405
Consumer Shows	-	-	-	-	11,835	5,989	4,858	5,629	11,835	5,989	4,858	5,629
Conferences/Assemblies	-	-	-	-	24,564	20,154	29,670	26,492	24,564	20,154	29,670	26,492
Graduations	19,610	18,746	20,120	21,346	21,500	8,000	18,625	18,188	41,110	26,746	38,745	39,534
Social Events	-	-	-	-	9,899	6,867	7,332	5,949	9,899	6,867	7,332	5,949
Miscellaneous	-	-	-	-	51,018	40,381	31,578	40,566	51,018	40,381	31,578	40,566
TOTAL	**410,138**	**394,141**	**376,255**	**418,054**	**249,409**	**263,747**	**240,989**	**281,274**	**659,547**	**657,888**	**617,244**	**699,328**