

Sandy Springs Performing Arts Center (PAC) Market Feasibility Study

OVERVIEW & SUMMARY

Presented by:

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Background



December 2012: Goody Clancy Master Plan recommended a PAC and meeting space be a part of the City Center development

January 2014: City commissioned Johnson Consulting to perform a feasibility study for a PAC

Feasibility Study Objectives



Existing Market and Industry Potential: Based on demand, competitive facilities and uses

Facility Program Considerations: Facility size, physical attributes and optimal configuration

Operations

Funding alternatives

Sandy Springs Market Analysis: Demographics



Projected Population - Sandy Springs (2013-2018) ('000s)

	2013	2018	% Growth 2013-2018	CAGR* 2013-2018
U.S.	315,024	327,511	4.0%	0.8%
Georgia	10,015	10,691	6.8%	1.3%
Atlanta-Sandy Springs-Marie	5,532	6,006	8.6%	1.7%
Fulton County	999	1,070	7.1%	1.4%
Sandy Springs	102	106	4.3%	0.8%

* Compounded Annual Growth Rate
Source: Demographics Now, Johnson Consulting

- Growing population
- Big enough of a community to warrant its own cultural facilities

Median Age - Sandy Springs (2000-2018)

	2000	2010	2013	2018	Growth 2000-2013	Growth 2013-2018
U.S.	35.3	37.1	37.4	37.7	5.9%	0.8%
Georgia	33.4	35.3	35.5	35.9	6.3%	1.1%
Atlanta-Sandy Springs-Marietta MSA	33.0	34.9	35.2	35.7	6.7%	1.4%
Fulton County	32.8	34.2	34.3	34.8	4.6%	1.5%
Sandy Springs	33.4	34.9	35.1	35.6	5.1%	1.4%

Source: Demographics Now, Johnson Consulting

- Younger median age when compared to national average

Sandy Springs Market Analysis: Demographics



Educational Attainment - Sandy Springs (2013)										
	Sandy Springs		Fulton County		Atlanta-Sandy Springs-Marietta MSA		Georgia		U.S.	
	No.	%	No.	%	No.	%	No.	%	No.	%
Less than High School	4,530	6.3%	64,155	9.8%	447,211	12.5%	1,005,955	15.6%	30,125,327	14.4%
High School Graduate	10,459	14.5%	128,451	19.5%	901,166	25.2%	1,875,066	29.0%	59,369,464	28.3%
Some College, No Degree	12,806	17.8%	122,148	18.6%	748,578	20.9%	1,349,576	20.9%	44,575,546	21.2%
Associates Degree	3,425	4.7%	34,312	5.2%	247,995	6.9%	439,555	6.8%	16,071,922	7.7%
Bachelor's Degree	24,603	34.1%	189,946	28.9%	805,667	22.5%	1,150,087	17.8%	37,477,232	17.9%
Graduate Degree	16,323	22.6%	118,088	18.0%	428,116	12.0%	642,866	9.9%	22,154,416	10.6%
TOTAL	72,146		657,100		3,578,733		6,463,105		209,773,907	

Source: Demographics Now, Johnson Consulting

- Highly educated population
- High median household income
- Both indicate the desire and ability for increased entertainment and arts options

Median Household Income - Sandy Springs (2000-2018)						
	2000	2010	2013	2018	CAGR* 2000-2013	CAGR* 2013-2018
U.S.	\$42,253	\$51,362	\$52,800	\$59,845	1.7%	2.5%
Georgia	\$42,753	\$47,973	\$47,857	\$54,116	0.9%	2.5%
Atlanta-Sandy Springs-Marietta MSA	\$51,849	\$56,465	\$55,347	\$63,176	0.5%	2.7%
Fulton County	\$47,458	\$56,533	\$53,245	\$60,790	0.9%	2.7%
Sandy Springs	\$60,535	\$70,780	\$66,076	\$75,243	0.7%	2.6%

* Compounded Annual Growth Rate

Source: Demographics Now, Johnson Consulting

Sandy Springs Market Analysis



Inventory of Lodging Facilities (100+ rooms) - Sandy Springs Area (2013)

Hotel	Location	Guest Rooms	Total Meeting Space (SF)
Hyatt Atlanta Perimeter at Villa Christina	Atlanta	287	13,000
Hilton Atlanta Perimeter Suites	Atlanta	224	6,000
Hilton Garden Inn Atlanta Perimeter	Atlanta	193	3,600
Crowne Plaza Atlanta at Rivinia	Dunwoody	495	30,000
Atlanta Marriott Perimeter Center	Dunwoody	341	18,400
Le Meridien Atlanta Perimeter	Dunwoody	275	10,000
Holiday Inn at Perimeter/Dunwoody	Dunwoody	250	8,305
Embassy Suites Atlanta - Perimeter Center	Dunwoody	241	4,732
Fairfield Inn	Sandy Springs	114	-
The Westin at Perimeter North	Sandy Springs	372	20,000
Hilton Suites	Sandy Springs	224	4,000
Wyndahm Atlanta Galleria	Sandy Springs	296	3,078
Hampton Inn	Sandy Springs	131	2,700
Sheraton Perimeter North	Sandy Springs	142	1,900
Courtyard Perimeter	Sandy Springs	154	1,274
Comfort Suites Hotel 6110 Peachtree Dunwoody	Sandy Springs	121	1,224
La Quinta	Sandy Springs	142	1,200
Hyatt Place Atlanta Perimeter	Sandy Springs	150	1,000
Sonesta ES Suites	Sandy Springs	122	726
Holiday Inn Express	Sandy Springs	107	576
Total		4,381	131,715

Source: Sandy Springs CVB, mpoint, Relevant Facilities, Johnson Consulting

- Crowne Plaza has largest amount of hotel rooms and meeting space, followed by the Westin
- It also has largest contiguous amount of meeting space with a 12,000 square foot ballroom
- Hotels interviewed were supportive of a PAC and the City Center project

Market Analysis Implications

The City of Sandy Springs has many of the key characteristics and requirements necessary to support a multi-PAC:

- Significant population base, over 100,000
- Highly educated population
- Steady population growth
- Strong corporate sector
- Accessible from a transportation perspective
- Higher median household income in comparison to the broader metropolitan area
- Strong correlation between education and the pursuit of arts and cultural activities, evident by the number of arts groups that have organized in the City

- Entertainment industry consolidation since 2005
- Small venues of 500 to 5,000 seats becoming important component in the industry
- Many local promoters are turning to these smaller venues as baby boomers and other attendee categories are finding entertainment events and facilities more enjoyable in a more intimate setting
- Many facilities are municipally operated and are provided as a service to residents and as a way to attract visitors

Comparable Facilities Analysis



Examine case studies for comparable regional and national facilities to gain insight into parameters within which a new PAC could reasonably be expected to operate

Size, program space, demand and financial profiles for each venue vary

- Buckhead Theater (Atlanta, GA)
- Ames Center (Burnsville, MN)
- Peace Center (Greenville, SC)
- Metropolis PAC (Arlington Heights, IL)
- Meydenbauer (Bellevue, WA)

Comparable Facilities Analysis



Key Characteristics of Regional Comparable Facilities and Markets						
	Proposed Facility	Meyedenbauer	Buckhead Theater	Ames Center	Peace Center	Metropolis PAC
Location						
Location	Sandy Springs, GA	Bellevue, WA	Atlanta, GA	Burnsville, MN	Greenville, SC	Arlington Heights, IL
Metropolitan Area	Atlanta	Seattle	Atlanta	Minneapolis-St Paul	Greenville	Chicago
Demographics Characteristics (2013)						
Population	5,531,558	3,500,026	5,531,558	3,455,348	852,106	9,557,901
Median Age (Years)	35.2	36.8	35.2	36.3	37.9	36.0
Median Household Income	\$55,347	\$65,677	\$55,347	\$65,309	\$44,874	\$60,318
Facility Attributes						
Year Built	-	1,993	1931 (update in 2010)	2009	1990	
Theater(s) Seating Capacity	Refer to Recommendations	410	700 to 1600	1,014-seat proscenium stage; 150-black box theater	2,100-seat Peace Concert Hall; 439-seat Gunter Theatre	309
Anchor Tenant(s)	Refer to Recommendations	0	Live Entertainment/Corporate	3	5	School of the Performing Arts
Ownership/ Management						
Owner	Refer to Recommendations	City of Bellevue	Charles Loudermilk	City of Burnsville	Peace Center Foundation	Village of Arlington Heights
Manager	Refer to Recommendations	Bellevue Convention Center Authority	Inhouse	VenuWorks	Peace Center Foundation	Performing Arts at the Metropolis
Demand (Most Recent Year)						
# Events (per annum)	Refer to Projections	353	-	624	300	347
Total Attendance (per annum)	Refer to Projections	211,107	-	123,028	250,000	65,864
Revenue & Expenses (Most Recent Year)						
Total Revenues	Refer to Projections	\$8,700,000	-	\$1,172,363	\$23,331,382*	\$3,034,128
Total Expenses	Refer to Projections	\$8,800,000	-	\$1,332,476	\$14,675,300	\$2,813,285
Net Operating Income (Deficit)	Refer to Projections	(\$100,000)	-	(\$160,113)	\$8,656,082	\$220,843

* Includes grants and contributions

Source: Relevant Facilities, DemographicsNow, JohnsonConsulting

Study Interview Summary



- The City of Sandy Springs (the City)
- Act 3 productions
- Sandy Springs Hospitality & Tourism
- Atlanta Lyric Theater
- Area Chambers of Commerce
- Live Nation
- The Buckhead Theater
- Area Hotels
- Heritage Sandy Springs
- Arts Sandy Springs
- Regional Event Promoters & Meeting Planners
- Punchline Management
- Gwinnett Center Management

- A number of arts and culture groups have developed in Sandy Springs organically.
- There are a limited number of facilities for these groups to use, and those that exist limit the number of people that can attend any one event.
- The private sector has utilized empty retail space as black box performance space for theater productions and classes.
 - This space is at capacity and there are waitlists for classes.
 - Space is typically limited to 100 people for productions and events.
- The community is also lacking space to hold art exhibitions and small art shows.
- The ability to offer Sandy Spring residents entertainment and arts options closer to home with convenient parking will be a significant service that the City can help provide to improve the quality of life.
- A proposed City Center project will create a destination hub/Main Street corridor that is currently lacking in Sandy Springs.

Study Interview Results: Current Market Dynamics

(cont.)



- The City should consider using a component of the proposed facility for City Council and City meetings about 10 times / month. Between the space provided at the PAC and the meeting space this should not be a detriment to the financial viability of the project.
- Given the City's reputation for quality, it is important that the proposed venue be a first class facility.
- A variety of arts groups and promoters think a venue with 500 to 1,000 seats would serve an area of opportunity for the market.
- Management at the Gwinnett Center regrets not having a PAC that is larger than its current 700-seat size. They would recommend a facility the City can grow into.

Regional Facility Supply Analysis

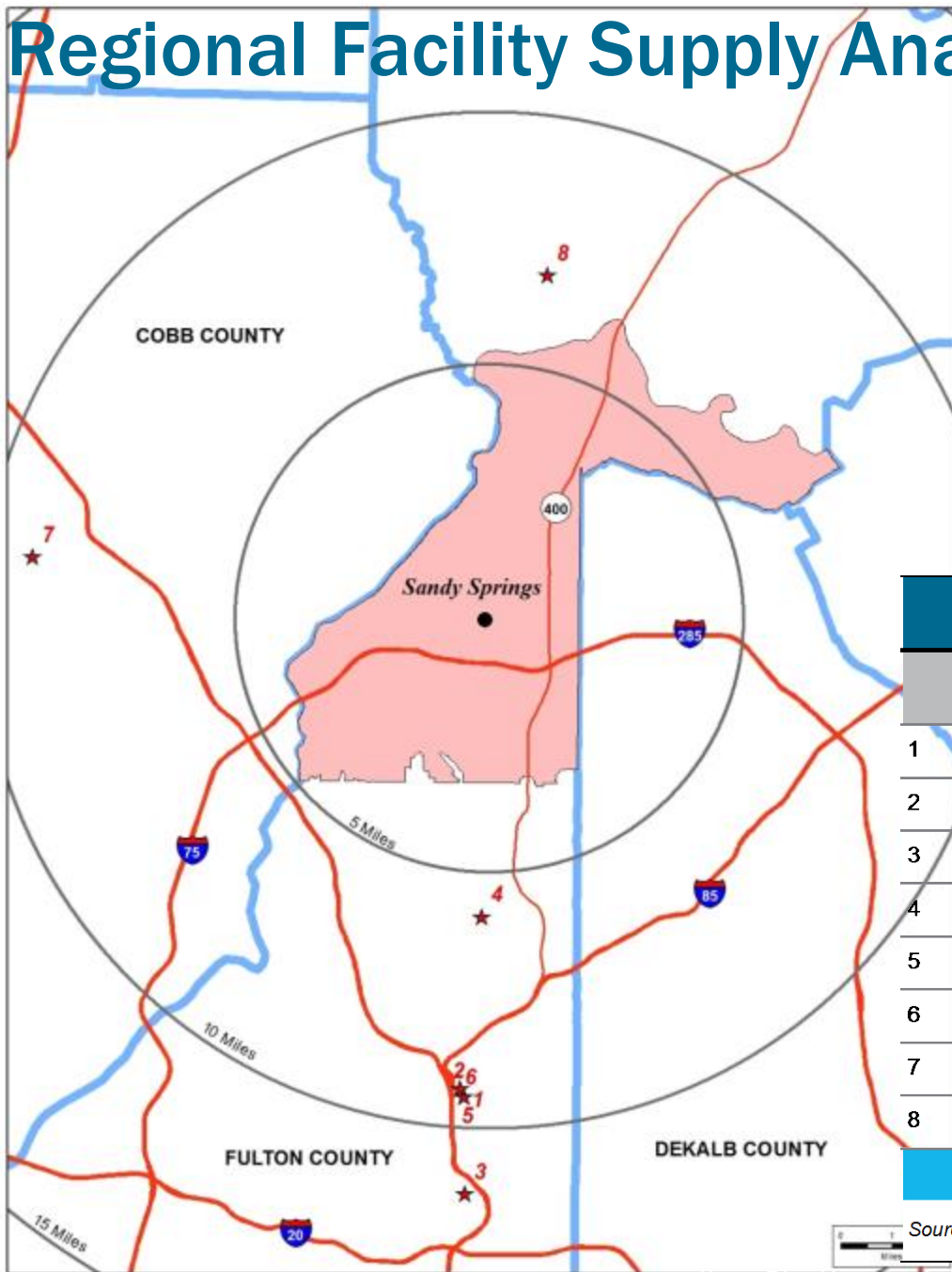


Regional Facilities - Sandy Springs PAC					
Facility - 2,750 to 400 Seats	City	Miles from Sandy Springs	Facility Type	Seats	
1	Cobb Energy PAC	Atlanta	8	PAC	2,750
2	The Tabernacle	Atlanta	16	Theater	2,600
3	Dekalb Events Center	Atlanta	7.5	Arena	2,400
4	Mable House Barnes Amphitheater	Mableton	17.5	Amphitheater	2,000
5	Woodruff Arts Center - Symphony Hall	Atlanta	13.5	Theater	1,831
6	Georgia World Congress - Marcus Auditorium	Atlanta	16.0	Auditorium	1,740
7	Ferst Center for the Arts - Georgia Tech	Atlanta	15.5	Theater	1,150
8	Center Stage Theater	Atlanta	13.0	Theater	1,100
9	Variety Playhouse	Atlanta	17.0	Theater	1,000
10	Georgia State University - Rialto Center for the Arts	Atlanta	16.5	PAC	833
11	Atlanta Convention Center - Penthouse Theater	Atlanta	15.5	Theater	800
12	Presser Hall	Decatur	30.0	Auditorium	800
13	The Buckhead Theater	Atlanta	9.0	Theater	790
14	Woodruff Arts Center - Alliance Theater	Atlanta	13.5	Theater	770
15	Marietta PAC - Marietta High School	Marietta	16	PAC	727
16	Gwinnett Center - Gwinnett Performing Arts Theater	Duluth	21.5	PAC	700
17	The Loft @ Center Stage	Atlanta	13.0	Theater	650
18	Cobb County Civic Center - Anderson Theater	Marietta	13.5	Theater	600
19	Roswell Cultural Arts Center	Roswell	7.0	Theater	600
20	Murray Arts Center - Kristi Lynn Theater	Kennesaw	21.5	School	570
21	Morehouse - Ray Charles PAC	Atlanta	18.6	PAC	550
22	Oglethorpe University - Conant Performing Arts Center	Atlanta	6.5	PAC	500
23	Mable House Barnes Arts Center	Mableton	17.5	Theater	500
24	Georgia Perimeter College - Cole Auditorium	Clarkston	18.0	Auditorium	498
25	Clayton State - Spivey Hall	Morrow	31.0	PAC	400
Average			16		1,033

Source: Johnson Consulting, Respective Facility, Aud Arena Guide

Footnote: Facilities under 200 seats and over 10,000 seats excluded from analysis. See full report for detailed listing of facilities in the region

Regional Facility Supply Analysis



	5 miles radius	10 mile radius
2014 Population	210,000	1,103,500
Median Household Income	\$76,456	\$64,030

Competitive Environment - Sandy Springs PAC			
Facility	Miles from Sandy Springs	Seats	
1 Woodruff Arts Center - Symphony Hall	13.5	1,831	
2 Center Stage Theater	13.0	1,100	
3 Atlanta Convention Center - Penthouse Theater	15.0	800	
4 The Buckhead Theater	9.0	790	
5 Woodruff Arts Center - Alliance Theater	13.5	770	
6 The Loft @ Center Stage	13.0	650	
7 Cobb County Civic Center - Anderson Theater	13.5	600	
8 Roswell Cultural Arts Center	7.0	600	
Average	12	893	

Source: Johnson Consulting, Respective Facility, Aud Arena Guide

PAC Facility Program Recommendations



750 to 1,000 seats; leaning towards 1,000 seats as a larger theater broadens market opportunities and allows the market to mature into the facility as the community continues to grow.

The notion of removable seats on at least half the lower level should be explored.

A proscenium stage, orchestra pit that can be raised/lowered, fly and wing space, trapdoors and the other program elements that are found in a top tier facility should be considered for inclusion in the project.

A large lobby/concourse is essential. It must be able to host at least as many patrons as will be seated in the theater in a comfortable cocktail format.

We encourage the inclusion of a full service kitchen to serve primarily social and conference oriented demand.

We strongly encourage a full service bar/lounge as part of the lobby area, which will have significant revenue potential.

The community meeting center will get utility out of the theater and its lobby and concourse. We recommend the following program for the community meeting center: a 15,000 square foot ballroom, divisible; a 7,500 square foot junior ballroom, also divisible; and 7,500 square feet of additional meeting space should be provided.

It is recommended that the ballroom or Jr. Ballroom be utilized for the City Council and City meetings and allow for the PAC component to be available for use 7 days a week by commercial and arts groups.

The corporate market will be a big source of demand and revenue. Ideally, the presence of the theater asset will help corporations continue to justify locating in Sandy Springs.

City Center and the PAC project will help to diversify the demand profile of existing hotel properties over the weekend, which is needed.

Sandy Springs Performing Arts Center Projected Event Demand

	Option 1 Broadway Theater		Option 2 Entertainment Theater	
	Year 1	Year 5	Year 1	Year 5
Theater-Based Uses				
1 Elaborate Entertainment Productions	16	24	0	0
2 Simple(r) Entertainment Events	16	24	24	36
3 Subtotal	32	48	24	36
Meeting Center-Based Uses				
4 Corporate Events	30	50	40	60
5 Seminars and Meetings	12	18	24	36
6 Banquets	30	50	30	50
7 Community Events and Others	18	24	18	24
8 Subtotal	90	142	112	170
9 Total	122	190	136	206

Source: Johnson Consulting

Sandy Springs Performing Arts Center Projected Ticketed Performance Days at the Theater

	Option 1 Broadway Theater		Option 2 Entertainment Theater	
	Year 1	Year 5	Year 1	Year 5
Theater-Based Uses				
1 Elaborate Entertainment Productions	128	192	0	0
2 Simple(r) Entertainment Events	48	72	72	108
3 Total	176	264	72	108

Source: Johnson Consulting

Projected Attendance

Sandy Springs Performing Arts Center Projected Total Attendance

	Option 1 Broadway Theater		Option 2 Entertainment Theater	
	Year 1	Year 5	Year 1	Year 5
Theater-Based Uses				
1 Elaborate Entertainment Productions	108,800	182,400	0	0
2 Simple(r) Entertainment Events	40,800	68,400	61,200	102,600
3 Subtotal	149,600	250,800	61,200	102,600
Meeting Center-Based Uses				
4 Corporate Events	25,500	47,500	34,000	57,000
5 Seminars and Meetings	2,400	5,400	4,800	10,800
6 Banquets	19,500	37,500	19,500	37,500
7 Community Events and Others	7,200	12,000	7,200	12,000
8 Subtotal	54,600	102,400	65,500	117,300
9 Total	204,200	353,200	126,700	219,900

Source: Johnson Consulting

Projected Operating Statements



Sandy Springs Performing Arts Center Projected Operating Revenues and Expenses (\$000)

	Option 1 Broadway Theater			Option 2 Entertainment Theater		
	Year 1	Year 5	Year 10	Year 1	Year 5	Year 10
Revenues						
1 Rents	\$1,102	\$1,906	\$2,209	\$470	\$802	\$929
2 Ticket Fees	67	129	150	17	32	37
3 Box Office Fees	34	65	75	9	16	19
4 Net Food and Beverage	424	854	990	325	652	756
5 Reimbursed Event Labor	1,378	2,382	2,762	588	1,002	1,162
6 Donations/ Memberships	15	17	20	15	17	20
7 Advertising/ Sponsorships	12	14	16	12	14	16
8 Naming Rights	30	34	39	30	34	39
9 Total	\$3,061	\$5,401	\$6,261	\$1,465	\$2,568	\$2,977
Expenses						
10 Salaries and Wages	\$381	\$429	\$497	\$320	\$360	\$418
11 Benefits	127	143	166	107	120	139
12 Administrative and General	258	290	336	161	181	210
13 Production-related Wages	1,102	1,906	2,209	470	802	929
14 Event Expenses	551	953	1,105	118	200	232
15 Maintenance and Repairs	200	342	397	74	125	145
16 Building Operation	322	363	420	129	145	168
17 Marketing	150	169	196	150	169	196
18 Utilities	120	205	238	45	75	87
19 Other	134	200	232	66	91	105
20 Total	\$3,345	\$5,000	\$5,796	\$1,639	\$2,269	\$2,631
21 Net Operating Income (Loss)	(\$284)	\$401	\$465	(\$174)	\$299	\$347

Notes

Line 6 - Donations/ Memberships may be significantly higher based upon marketing efforts of the facility management and community support for the facility.

Line 16 - Includes insurance, license, equipment leases, etc.

Source: Johnson Consulting



Questions & Next Steps



Next Steps

- Post PAC study on website for public review
- Master Developer team and City Staff to prepare range of PAC facility options
- Conduct review of PAC options on the Master Development Plan
- Special called Council meeting to discuss pros, cons and costs of PAC options (7/23/14)
- Host public information open house (7/24/14)
- City Council to provide direction to development team (August 2014)