

TO: Michael C. Van Milligen, City Manager
FROM: Marie L. Ware, Leisure Services Manager
SUBJECT: Phase 2 Planning for an Expanded/Improved Five Flags Civic Center
DATE: December 13, 2018

INTRODUCTION

The purpose of this memorandum is to request the City Council receive and file the Phase 2 Planning for an Expanded/Improved Five Flags Civic Center.

BACKGROUND

A bond referendum was held on Aug. 17, 1976, for the construction of the Five Flags Civic Center, to be attached to the existing theater. The bond referendum passed with 70% approval. Besides the arena, the new plan called for theater support rooms, as well as locker rooms, storage space, and administrative offices. The complex was connected to and designed to complement the restored theater. The new Civic Center opened its doors in 1979. The bond was a \$3.7 million project. In 2005, over \$2 million in renovations were performed which included relocation of the ticket windows to the Locust Street vestibule, reconstruction of the Locust Street entrance, replacement of the windows on both the Locust and Main Street entrances, replacement of the carpet and flooring on both levels of the promenade, relocation of the Gate E concession stand, second entrance to Majestic Room, improvements to Bijou Room, painting, replacement of arena north doors, and renovation of concession stands.

In August 2016, the City Council identified a Five Flags Civic Center Study as one of its six (6) high priorities for 2016-2018. Funds were then budgeted in FY2018 to perform a study and assessment. Conventions, Sports and Leisure International (CSL) was engaged in 2017 to perform this assessment and study of Five Flags Civic Center.

The Assessment and Study included a current status assessment of the Five Flags Civic Center and Theater, a review of local market conditions and a visitor industry assessment, an analysis of existing Five Flags Civic Center operations, industry trends review, a competitive/comparable facility analysis, an accounting of the survey plus an expansion study and assessment including market supportable program analysis, event/use levels analysis, conceptual renderings of four scenarios, preliminary construction cost analysis, financial operations analysis and an economic

impact analysis. Naming rights and/or sponsorship opportunities were also analyzed. The scenarios also had an order of magnitude preliminary capital cost in 2018 dollars.

Community Engagement and Input Opportunities

Community engagement was very important in this assessment and study phase and numerous opportunities were offered for residents and stakeholders to participate and share their thoughts, ideas, concerns, desires and more. This was done in a variety of methods, including:

- The process with CSL began with a public kickoff meeting. CSL led a meeting allowing citizens to engage at the beginning of the Phase 1 process and ask questions about the process and share thoughts from the beginning of the study.
- CSL was also provided any feedback the City had been provided by citizens about their ideas for the Five Flags Civic Center prior to the study kicking off.
- CSL requested information from City staff and community partners including but not limited to Five Flags event reports, financial operating statements, rental and service rates, contact agreement with SMG, service provider agreements, agreements for the Grand River Center, community event facilities, perceived competitive event facilities and destinations, Five Flags users past and present, potential event users, Travel Dubuque information related to hotels and attractions, new and planned new projects in Dubuque, key competitive destinations and associated event facilities in the state, regional and national marketplace, lost/turned away conventions, sports and hotel nights, bookings, recurring events, annual reports and marketing reports, plus local/regional/ state socioeconomic/demographic data and more.
- A Study Steering Committee was established with members of the Civic Center Commission serving on that committee. The Steering Committee met at various times throughout the process. Meetings were set up and held with City of Dubuque personnel to gather information and details about the community and the Civic Center. The consultant also met with a variety of organizations including but not limited to Travel Dubuque, Dubuque Main Street, Dubuque Area Chamber of Commerce, Greater Dubuque Development Corporation, arts and culture representatives and more.
- The next step was to gather lots of public input into the study and assessment process. This was a very important part of the study, as outlined in the RFP. CSL worked with staff and others to develop a survey to collect as much input as possible from the community and users of the facilities. Many organizations assisted the City in promoting the survey as a means for all persons to give input. There were 1,086 responses to the survey. This was representative of nearly 3,100 people if one considers the households of the responses. CSL shared that, in other studies they have performed throughout the US in similar markets, the typical response rate to a survey is 500-700.
- The Commission heard a presentation from CSL at the regular commission meeting on May 2, 2018. After the City Council work session presentation by CSL on May 14, 2018, the Commission then hosted a public input meeting on May 16, 2018 which was well attended. Input was also sought via the City's

website for those who could not attend the meeting. All that input is documented in the link below.

The engagement of the community was very important and provided direction for the Assessment and Study. The community engagement and engagement of the business community and organizations supported the Civic Center's current location in downtown. The feedback received also cited concerns like the waiting time for restrooms during events. A full accounting of all the input received is in the Assessment and Study Regarding the Future of Five Flags Civic Center attached.

Site and Architectural Work

Betsch Associates and FEH were subcontracted by CSL to work with the site and the input received as well as consider the possible project scenarios related architecturally to the footprint and potential layouts. They received in-depth tours of all parts of the Civic Center facility, including the theater and all back-of-house areas, and spent significant time understanding the current structures.

The assessment and study report showed what is possible at the property. It also explained that if future steps were taken toward any specific scenario, that the scenario presented was a preliminary representation and would need much more refinement and public input before being pursued. The report also identified capital needs of the current facilities and costs related to those capital improvements as well as construction costs and capital costs necessary for new or renovated facilities.

The Assessment and Study report provided four scenarios.

- Scenario 1 was a minimum "status quo" scenario recognizing that certain levels of expenditures will be required in the near term and in the foreseeable future on deferred maintenance and full capital repair/replacement items to keep the Five Flags Center safe and operational by current standards. (4,000 seating capacity)
- Scenario 2 involved a limited renovation with no expansion to the facility footprint. (4,000 seating capacity)
- Scenario 3 represented a renovated complex with an expanded arena. (5,600 seating capacity)
- Scenario 4 involved a renovated complex and a fully redeveloped arena. (6,000 seating capacity)

Scenario 3 and 4 represented northwest expansion of the facility footprint that would involve a block-long closure of West 5th Street and development of a significant portion of the block opposite the current Civic Center closing 5th Street in the block between Main and Locust Streets. Neither scenario required relocation of Ecumenical Tower.

The Executive Summary of the Assessment and Study (page ES-7) contained a Summary of Key Estimated Costs and Benefits by Scenario in 2018 dollars. That summary is below.

**Summary of Key Estimated Costs and Benefits by Scenario
(in 2018 dollars)**

QUANTIFIABLE COSTS	Scenario 1		Scenario 2		Scenario 3		Scenario 4	
	Stabilized Yr	15-Yr Total	Stabilized Yr	15-Yr Total	Stabilized Yr	15-Yr Total	Stabilized Yr	15-Yr Total
Capital Costs:								
Hard Construction Costs	--	\$7,595,000	--	\$22,461,000	--	\$42,639,865	--	\$62,086,717
Soft Construction Costs	--	1,139,250	--	3,369,150	--	6,395,980	--	9,313,008
Private Contribution	--	0	--	0	--	0	--	0
Total Cost	--	\$8,734,250	--	\$25,830,150	--	\$49,035,845	--	\$71,399,725
Ongoing Operations:								
Operating Revenues	\$410,000	\$6,150,000	\$570,457	\$8,556,848	\$1,137,160	\$17,057,400	\$1,531,060	\$22,965,900
Operating Expenses	1,266,000	18,990,000	1,381,603	20,724,045	1,798,852	26,982,780	2,002,457	30,036,855
Total Operating Costs	\$856,000	\$12,840,000	\$811,147	\$12,167,198	\$661,692	\$9,925,380	\$471,397	\$7,070,955
Ongoing Costs:								
Debt Service	\$475,000	\$7,125,000	\$1,404,000	\$21,060,000	\$2,666,000	\$39,990,000	\$3,882,000	\$58,230,000
Operating Deficit	856,000	12,840,000	811,147	12,167,198	661,692	9,925,380	471,397	7,070,955
Total Annual Costs	\$1,331,000	\$19,965,000	\$2,215,147	\$33,227,198	\$3,327,692	\$49,915,380	\$4,353,397	\$65,300,955

QUANTIFIABLE BENEFITS	Scenario 1		Scenario 2		Scenario 3		Scenario 4	
	Stabilized Yr	15-Yr Total	Stabilized Yr	15-Yr Total	Stabilized Yr	15-Yr Total	Stabilized Yr	15-Yr Total
Ongoing Quantifiable Benefits:								
Direct Spending	\$2,389,169	\$39,767,949	\$3,055,223	\$57,451,919	\$4,753,391	\$93,366,988	\$5,737,937	\$118,198,937
Indirect/Induced Spending	910,680	16,358,899	1,161,888	25,409,268	1,806,039	42,241,584	2,185,052	54,836,739
Total Output	\$3,299,850	\$56,126,848	\$4,217,111	\$82,861,187	\$6,559,429	\$135,608,572	\$7,922,990	\$173,035,675
Personal Income (earnings)	\$1,062,529	\$18,170,303	\$1,357,070	\$26,957,921	\$2,114,236	\$44,246,488	\$2,554,431	\$56,565,355
Employment (full & part-time jobs)	49	788	63	1,082	97	1,724	117	2,141

This table showed the 15-year total which includes the construction cost and 15 years of capital costs necessary over the 15 years. For example, just as we do in the Grand River Center, carpets would need replaced within the first 15 years or repainting of interiors to keep the facility fresh and maintained with the use by the many visitors.

The following table showed the Preliminary Capital Cost Comparison in an order of magnitude in 2018 dollars.

Exhibit 4
Preliminary Cost Capital Cost Comparison
(Order-of-Magnitude, 2018 dollars)

Upfront Capital Costs

Cost By Type	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Expansion/Construction	\$0	\$0	\$33,982,865	\$55,067,217
Deferred Maintenance	\$4,070,000	\$4,070,000	\$1,712,000	\$1,712,000
Life Safety / Code Compliance	\$0	\$484,000	\$350,000	\$350,000
Security	\$0	\$435,000	\$300,000	\$300,000
Event Marketability	\$0	\$3,815,500	\$1,982,500	\$682,500
Patron Amenities	\$0	\$5,297,500	\$795,000	\$457,500
Operations	\$5,000	\$2,102,500	\$1,010,000	\$1,010,000
Hard Construction Costs	\$4,075,000	\$16,204,500	\$40,132,365	\$59,579,217
Soft Construction Costs	\$611,250	\$2,430,675	\$6,019,855	\$8,936,883
Total Construction Costs	\$4,686,250	\$18,635,175	\$46,152,220	\$68,516,100

Upfront Plus Capital Costs Years 1-15

Cost By Type	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Expansion/Construction	\$0	\$0	\$33,982,865	\$55,067,217
Deferred Maintenance	\$7,590,000	\$7,590,000	\$3,027,000	\$3,027,000
Life Safety / Code Compliance	\$0	\$583,000	\$425,000	\$425,000
Security	\$0	\$580,000	\$400,000	\$400,000
Event Marketability	\$0	\$4,440,500	\$2,407,500	\$1,107,500
Patron Amenities	\$0	\$6,800,000	\$1,262,500	\$925,000
Operations	\$5,000	\$2,467,500	\$1,135,000	\$1,135,000
Hard Construction Costs	\$7,595,000	\$22,461,000	\$42,639,865	\$62,086,717
Soft Construction Costs	\$1,139,250	\$3,369,150	\$6,395,980	\$9,313,008
Total Construction Costs	\$8,734,250	\$25,830,150	\$49,035,845	\$71,399,725

At the July 2, 2018, City Council meeting, the Five Flags Civic Center Commission forwarded their unanimous recommendation from the June 25, 2018, Commission meeting to receive and file the Five Flags Civic Center Assessment and Study completed by Conventions, Sports and Leisure International (CSL). Additionally, they unanimously recommended, based upon the response of the Dubuque community and all the public input, that the Council choose scenario four for the Five Flags renovations. All documents related to this council meeting are located at <http://weblink.cityofdubuque.org/weblink/DocView.aspx?id=1942216&searchid=bfab0c4e-2a17-4e7e-9b15-7bd2d80a718c&dbid=1>. The document totals 467 pages including all public input received. The City Council voted to receive and file the documents.

During their annual goal setting session in August 2018, the City Council, adopted their 2018-2020 Policy Agenda with the Five Flags Center: Direction and Funding as a Top Priority. Discussion at the goal setting session was focused around Scenario 4 with other scenarios discussed as well.

The City Council asked staff during the goal setting meetings to provide general direction on next steps and possible timing for moving forward. It was also shared that certain next steps would require private involvement if a ballot initiative would be undertaken.

The initial steps continue to be refined and information gathered as a work group has been meeting regularly on this City Council Top Priority. This is to ensure all aspects of a possible project to be considered are explored and that the information that will be needed is made available to the City Council as well as the citizens.

The work group currently consists of City Manager Michael C. Van Milligen, Assistant City Managers Teri Goodman and Cori Burbach, City Engineer Gus Psihoyos, Project Manager Steve Brown, Public Information Officer Randy Gehl, City Attorney Crenna Brumwell, Five Flags Civic Center General Manager HR Cook and myself.

The work group reviewed the questions that arose during the City Council discussion on July 2, 2018, at the City Council goal setting sessions, and the questions asked by citizens and organizations since the study was filed. While the study was being developed and since the study was filed, presentations were made to the Dubuque Chamber of Commerce Board, Travel Dubuque Board, Dubuque Rotary, and Dubuque Main Street Board. Additional presentations continue to be scheduled. The working group has also researched the timeframes for potential ballot initiatives and studied what the City's role can be if a ballot initiative is undertaken.

Of course, citizens and organizations were and continue to be interested in what a new or renovated facility would look like. They would like to see an architecturally clear picture of what a specific project would look like, both inside and outside the building. They want to clearly understand the amenities. They asked what kinds of acts could be brought to Dubuque with a larger facility. They wished to clearly understand the parking needs and make sure they are met. They wanted a clearly defined size of the facility and to answer, "is it big enough?" Of major importance is a clear understanding of the cost to taxpayers. The first study outlined a general conceptual cost. There was a need to dig deep and define the costs in-depth by meeting with local companies and understanding the local market.

Conventions, Sports and Leisure International was contracted to perform Phase 2 planning for an expanded and improved Five Flags Civic Center based upon diving deep into scenario 4 by approval of the City Council on November 5, 2108. The proposal was heavily weighted to work items to be completed by subconsultants Betsch Associates and FEH Design along with structural, mechanical and environmental subconsultants. The report was to be presented to staff by December 7 and City Council on December 17, 2018.

DISCUSSION

The background shared above is a compilation of all the steps that get us to today. The information in the Assessment and Study and all the community engagement were the foundation for the work completed in Phase 2.

Attached is the Summary of Phase 2 Planning for an Expanded/Improved Five Flags Civic Center completed by CSL. Bill Krueger of CSL and Ken Betsch of Betsch Associates will be at the City Council meeting and will share a presentation of the Phase 2 Planning. What follows is a summary of information related to the Phase 2.

Renderings

The cover features renderings of the exterior and specific interior renderings. Care was taken during this part of the planning to architecturally create a facility that could fit into the historic downtown of Dubuque and yet create an iconic look. The main entrance to the arena would be along Main Street on the north east corner of the building and features a large drop off lane and plaza area. An exterior aerial view shows how this moves the main entrance closer to City parking ramps and parking lots as well as closer to the Town Clock Plaza.

The arena lobby is spacious which will allow people to quickly pass through and enter the facility. There are numerous stairs throughout the arena which can easily move people into and out of the arena and the design includes three elevators in the lobby to assist persons with mobility limitations. The concourse rendering shows how many people could move throughout this area at the same time especially right before and after shows.

The arena has a fixed seat count of 5,912, which includes the premium seating areas. Premium seating includes loge boxes, club seats, suites and party suites. The study also notes that there would be a seating count of 6,398 if an end stage concert was held, as shown in the arena rendering. These premium seating options are defined and explained on page 6 of the Summary. A rendering shows a suite and the view the suites would offer. Premium seating areas are now an industry best practice that allows for premium pricing and revenue generation for the facility while offering additional amenities to the guests at events and activities.

The new theater entrance can be seen in one of the renderings. The current long hallway that is the main entrance on Main Street would be transformed. The entrance area would include an elevator which could take persons with limited mobility to the second floor of the theater, which is not accessible at this time.

Parking Analysis

A deeper dive was taken into the topic of parking which has been expressed as a community concern. Based on industry standards it is often recommended that one parking space be available for approximately every three seats. The chart on page 17 shows that within practical walking distance the percentage coverage for parking is 275-488%. Meaning there is an overabundance in the walkable area.

If parking is limited to a two-block walk of the arena and if the arena and theater were both at maximum capacity the coverage for parking would be 94%. There are currently an estimated 2200 parking spaces in public surface lots and parking ramps in that two-

block walk. This does not include parking meter locations which are throughout the downtown area.

The main entrance for the Civic Center's arena moved northward which made even more public parking spaces within a two-block walk. An expanded drop off area is planned at the main entrance of the expanded Civic Center. This drop off will accommodate more vehicles moving in and out to drop off those that need extra assistance.

A trend in the industry of event centers is to accommodate Uber and Lyft type services for drop-off and pick up. The industry is seeing more use of these services as this is convenient to consumers for numerous reasons. There is an area that is planned that would create an area specifically for these services to drop-off and pick-up before and after events.

The Cost

As the listing shows on page four of the Phase 2 many professionals brought expertise to this study. The Assessment and Study provided an order of magnitude cost for scenario 4 and that cost was in 2018 dollars. A significant amount of time was spent with a variety of professionals in specific professional service areas to dig deeper into the specific costs of the site and perform due diligence. The local contractors were also involved in looking at local costing.

With a deeper dive into the design of the specific scenario number 4 in Phase 2 the numbers for construction and costs are different from the previous study. The construction costs estimated in the previous study were in 2018 dollars. The construction costs of the specific design shown in Phase 2 are escalated through an assumed 2021 completion. This escalation is for inflation and construction cost changes over the period. The Study and Assessment order of magnitude cost was \$68.5 million, the escalation would be approximately \$10 million to that specific scenario.

The figures for the Project Budget Summary on page 27 represent the current estimated all-in costs, assuming a late 2020 construction groundbreaking with completion in 2021. CSL shared that "it is important to recognize that construction costs have historically risen at a higher rate than standard cost of living based on inflation." Outside factors not known at the time of the original estimate do not take into consideration the recent current event of steel tariffs. A view of the arena renderings gives some scale to the amount of steel necessary in a clear span building.

The Phase 2 work does not complete a full set of architectural designs and schematics. This means that the cost estimate for the total project of the arena, theater and theater support of \$84,791,656 has areas with contingencies that are higher at this point of design. There were items that were determined thus figures have been reflected at the correct level. For instance, it was determined that asbestos had been removed from throughout the facility. This lowered a cost contingency when it became a known factor.

Meetings were held with city staff and other utility providers to understand the costs necessary for all utilities and utility locates.

The estimated soft costs shown (i.e. FF&E, financing, design fees, site costs, demolition, remediation, consulting, project management, contingency, etc) are about 20% of the total. Items like remediation, design fees and even FF&E are estimates based on the best assumptions known. Additional architectural costing analysis would refine those estimates during any further design and schematic phase. This means that the soft costs and even construction costs might potentially be reduced with further design and review.

The costs presented reflect 100% of the costs. The Phase 2 shares an analysis of other cities and the specific funding sources used for comparable arenas and theaters. Some funding sources cited are not applicable in Iowa however allow the reader to see the varieties of funding methods used for similar projects.

Naming rights are typically used to offset capital costs. Naming right could offset the total capital cost presented if a vote was to be held on the project. For example, Cedar Rapids used to have the Five Seasons Center and now it is called the US Cellular Center.

The consultants will go into further detail of the costs during their presentation.

Would the escalation of costs affect the other scenarios not chosen?

The answer is yes it would. Each scenario would need the same type of process used for scenario 4 in this Phase 2 study as no two scenarios are alike. If one just simply takes the escalation of the original costs in the Assessment and Study as compared to the Phase 2 for the scenario four and extrapolated that escalation to the other scenarios the chart below shows the effects for the upfront capital costs.

	Assessment and Study	Phase 2	
Scenario 4	\$ 68,516,100	\$ 84,791,656	1.237543526
Scenario 3	\$ 46,152,220	\$ 57,115,381	
Scenario 2	\$ 18,635,175	\$ 23,061,840	
Scenario 1	\$ 4,686,250	\$ 5,799,438	

What acts can we bring to Dubuque with the expanded/improved facility?

This question was asked of HR Cook, General Manager of Five Flags, who books the shows and events. A letter in the attachments to this action item from Mr. Cook shares examples of shows that are routing now or events that can be potentially hosted in our community. Each year there are different opportunities in family entertainment, sporting events that can be bid to host as well as concerts and other live events. The size of the arena floor, the height of the roof, the rigging weight capacity that performances require, the seating capacity and more goes into a decision by a promoter to host an event or show at the Civic Center.

Traffic Impact Assessment

An initial traffic impact assessment was completed as Scenario 4 includes the closing of one block of Fifth Street. This was done outside the CSL contract and was completed by MSA Professional Services, Inc. The assessment is attached.

Five Flags Civic Center Commission

The Five Flags Civic Center Commission is meeting on December 14, 2018 thus no action from that meeting could be reported in this memo. Members from the Commission will be present at the City Council meeting.

ACTION REQUESTED

I respectfully request the City Council receive and file the Phase 2 Planning for an Expanded/Improved Five Flags Civic Center.

attachments

cc: Assistant City Managers Teri Goodman and Cori Burbach
City Engineer Gus Psihoyos
Project Manager Steve Brown
Public Information Officer Randy Gehl
City Attorney Crenna Brumwell
Five Flags Civic Center General Manager HR Cook