

old - in
new - out

STADIUM REPORT

The Stadium Task Forces -

Greater Minneapolis Chamber of Commerce

Saint Paul Area Chamber of Commerce

Harvey B. Mackay, Chairman
Minneapolis Stadium Task Force

Paul B. Bremicker, Jr., Chairman
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INTRODUCTION

Early in 1974 the Boards of Directors of the Greater Minneapolis Chamber of Commerce and the Saint Paul Area Chamber of Commerce appointed stadium task forces to study and make recommendations as to the need for new and/or renovated sports facilities in the Twin Cities Metropolitan Area.

Harvey B. Mackay, a member of the Board of Directors of the Minneapolis Chamber of Commerce and president of Mackay Envelope Company, was appointed as chairman of the Minneapolis Stadium Task Force, and Paul B. Bremicker, Jr., a member of the Board of Directors of the Saint Paul Chamber and president of the Commercial State Bank in Saint Paul, was appointed as chairman of the Saint Paul Stadium Task Force.

Forty-four civic-minded citizens, 27 from Minneapolis and 17 from Saint Paul, agreed to serve on these stadium task forces.

The task forces issued an "Interim Stadium Task Force Report" in September of 1974, and the findings of that report are included in this report.

The task forces employed the Real Estate Research Corporation to make an "Analysis of Stadium Alternatives Twin Cities Metropolitan Area" and a summary of this analysis is included in this report.

Hundreds of meetings have been held with citizens and public officials in the Twin Cities area, meetings with Commissioner Pete Rozelle of the National Football League and Commissioner of Baseball, Bowie Kuhn, were also held. Visits to all new stadiums constructed in recent years were made by either task force members or by Real Estate Research Corporation on behalf of the task forces. A number of reports and studies on stadiums have been available to the task forces.

The task forces emphasize that the 1975 Session of the State of Minnesota Legislature should act to meet the area's need for new or improved stadium facilities.

The task forces agree that if the 1975 Session of the State of Minnesota Legislature fails to act on this issue, then there will not be any improved or new stadium for this area.

FINAL CONCLUSIONS

THERE IS AN IMMEDIATE AND URGENT NEED FOR IMPROVED FACILITIES FOR FOOTBALL AND BASEBALL IN THE TWIN CITIES METROPOLITAN AREA. THE MINNESOTA VIKINGS FOOTBALL TEAM AND THE MINNESOTA TWINS BASEBALL TEAM WILL MOVE THEIR FRANCHISES FROM THE TWIN CITIES METROPOLITAN AREA IF NEW OR IMPROVED FACILITIES ARE NOT AVAILABLE TO THEM.

THE UNIVERSITY OF MINNESOTA NEEDS IMPROVED FACILITIES FOR ITS FOOTBALL TEAM, PHYSICAL EDUCATION ACTIVITIES AND INTRAMURAL PROGRAMS.

A NEW DOMED MULTI-PURPOSE STADIUM FOR VIKINGS FOOTBALL, TWINS BASEBALL, UNIVERSITY OF MINNESOTA FOOTBALL AND OTHER ACTIVITIES IS THE TYPE OF FACILITY THIS AREA NEEDS.

PUBLIC FINANCING OF SOME TYPE IS ESSENTIAL TO FINANCE A PORTION OF THE CAPITAL COSTS OF ANY NEW OR REMODELED FACILITY FOR FOOTBALL, BASEBALL AND OTHER ACTIVITIES

THE LOCATION OF A STADIUM IS A PUBLIC DECISION WHICH WILL BE MADE BY THE PEOPLE OF THIS AREA THROUGH THEIR ELECTED PUBLIC OFFICIALS.

THIS AREA DOES NOT HAVE ANY EXISTING PUBLIC BODY WITH THE AUTHORITY TO FINANCE THE BUILDING OF A NEW STADIUM OR THE REMODELING OF AN EXISTING STADIUM FOR FOOTBALL, BASEBALL AND OTHER ACTIVITIES.

A METROPOLITAN SPORTS COMMISSION OR THE COUNTY OF HENNEPIN SHOULD BE AUTHORIZED BY THE 1975 SESSION OF THE STATE OF MINNESOTA LEGISLATURE TO LOCATE AND CONSTRUCT A NEW STADIUM OR TO REMODEL AN EXISTING STADIUM, AND TO OWN AND OPERATE A STADIUM FOR THIS AREA.

FINDINGS

NEED

The long-term leases for both the Minnesota Twins and the Minnesota Vikings with the Metropolitan Sports Commission expire in 1975. Both teams have advised the Metropolitan Sports Commission that they will not enter into long-term leases until improved facilities are made available to them. Their leases after 1975 will be on a year-to-year basis.

The Minnesota Vikings football team, with the smallest capacity for attendance in the entire National Football Conference, needs additional seating capacity to remain financially competitive in professional football.

The Minnesota Twins baseball team, with the lowest attendance in the American League this year, must have all-weather protection to remain financially solvent in this area.

The opportunity for both the Minnesota Twins and the Minnesota Vikings to move their franchises from this area is continual since several areas within this country are building sports facilities for the purpose of attracting professional franchises to their areas.

This area cannot afford to lose the Twins and Vikings. We need the economic vitality that results from these sports activities. The Real Estate Research Corporation in their "Analysis of Stadium Alternatives Twin Cities Metropolitan Area" December 1974, estimated that the annual economic impact of professional football and baseball to this area is from \$15.8 million to \$38 million per year, and by applying a basic multiplier of 2.75, the direct and indirect expenditures to this area each year would be from \$43 million to \$104.5 million. Real Estate Research Corporation also estimated that depending upon the alternative selected, construction expenditures would range from \$28 million to \$126.5 million. This one-time expenditure would substantially increase activity in the construction industry in this area. The multiplier effect of these construction expenditures creates at least \$75 million in economic activity for the area and as much as almost \$350 million.

As to the economic impact of a stadium, Real Estate Research Corporation said,

"The total impact of a major sports stadium on the metropolitan area is both tangible and intangible. The tangible impact consists of both the direct and indirect economic consequences of expenditures made as a result of the stadium's operations. The intangible effects are not subject to measurement in terms of dollars, but may be of primary importance to the residents of the area.

"Intangible benefits include increased tourist attraction to the community, widened entertainment opportunities for local residents, and national attention paid to the community as a result of the events of general public interest which take place there. The tangible benefits are similar to those generated by any additional business activity in the community. In the case of stadium operation, the activity creates employment and payroll, leads to local purchase of materials, equipment and services, and draws an increment of spending by tourists and visitors to the community. The economic base of a community is made up of those industries which

produce goods and services for sale outside of the area. The exporting of these goods and services results in income to the particular community. A public improvement such as a stadium will have a significant impact on the economic base of the Twin Cities Metropolitan Area, as the tangible benefits mentioned above are important contributions to this economic base.

"The tangible impact of a sports stadium on a community varies substantially in relation to the total entertainment and recreation complex. It also varies with the potential of the community to attract visitors from other areas. One of the effects of the presence of a major stadium in the metropolitan area will be the holding of additional events not now held in the area. It will also result in encouraging the continuation of events now held in the area. This latter consequence is especially important with regard to maintaining a program of professional sports. Thus, the total economic impact of a major stadium may be considered as the addition of a new activity and also the prevention of loss of existing activity."

TYPE OF FACILITY

The need for improved facilities for professional football, professional baseball, University of Minnesota football, and other activities, is clearly evident to the task force. To build, and continue to build, separate facilities for these activities does not seem to be either economically feasible nor politically advisable.

All sports mentioned need enclosed facilities due to weather conditions in this area.

The Real Estate Research Corporation report "Analysis of Stadium Alternatives Twin Cities Metropolitan Area", in analyzing financial feasibility of the five stadium alternatives states that a new domed multi-purpose stadium will cost at a minimum \$38.8 million and at a maximum \$110.2 million, and such a stadium will have an annual net income of \$3.9 million, which income will support \$50.6 million of long-term debt. Thus, a new domed multi-purpose stadium with costs up to \$50.6 million will require no public expenditures, except public bonding. The maximum construction cost of \$110.2 million would require a public cost of \$59.6 million over a period of 30 years.

As to the feasibility of a new domed multi-purpose stadium, Real Estate Research Corporation said,

"There is no doubt but that the construction of a new multi-purpose domed stadium would provide the best possible solution to accommodating major sports in the Twin Cities area. This alternative may be more costly than any of the other alternatives considered in our report. On the other hand, the greater appeal exerted by a facility of this type can be expected to attract greater attendance and open up sources of private financing which are not as effectively available for any of the other alternatives. Further, a multi-purpose domed stadium would provide more intangible and public relations value for the Twin Cities than could be gained from other alternatives.

"The construction of a new multi-purpose domed stadium would generate the maximum range of event programming and it would generate the maximum attendance at major sports events. We have assumed that the regular tenants of the stadium will include both the Minnesota Twins and the Minnesota Vikings. We have also assumed that the stadium

will be sufficiently attractive to draw the University of Minnesota for its varsity football games. Other regular tenants would include a professional soccer team and annual high school state championship and Shrine All-Star football games.

"A variety of non-sports events could be scheduled in a multi-purpose domed stadium. The number of event-days of use attained will be highly dependent on the sales effort exerted by stadium management and promoters. We have estimated that non-sports events plus closed circuit T.V. presentations of sports events would provide 61 event-days of use and would produce an attendance of some 1,300,000 persons annually. The type of events which might be scheduled in the facility include spectaculars, concerts, conventions, rallies, circuses, rodeos, trade shows and exhibits. We have attempted to indicate the level of activity which could be expected with only a moderate promotional effort.

"Attendance levels in a new multi-purpose domed stadium are expected to exceed attendance at any of the alternative stadium types considered. The basic attractiveness of a new, well-designed stadium will encourage the public to attend events. In estimating attendance, we have assumed that the stadium will be designed with sufficient aesthetic appeal to induce high levels of attendance. We have also assumed that this appeal will justify somewhat higher ticket prices than could be secured in an undomed or less attractive domed facility."

FINANCING

The Real Estate Research Corporation's "Analysis of Stadium Alternatives Twin Cities Metropolitan Area" concluded the following:

Public financing, general obligation and/or revenue bonds are required in each of the five stadium alternatives studied.

Direct public expenditures are required in the alternatives of remodeling and doming Memorial Stadium and remodeling and doming of the Metropolitan Stadium.

No public expenditure is required if the minimum costs are met in three of the alternatives - a new open football stadium, a new domed football stadium, and a new domed multi-purpose stadium. If the maximum expenditures are required under these three alternatives, public expenditures will be required.

As to financing, Real Estate Research Corporation said,

"Additional revenue may be required beyond the income attributable to the stadium operations to meet the bond debt service requirement. This condition would result from a situation in which the net income attributable to the stadium was less than the amount needed for bond retirement.

"If the selected alternative was not self-sustaining, the monies necessary to make up the difference would have to come from the public sector in some form. Our models used in this analysis have, as we have explained, anticipated substantial non-profit oriented capital investment from the private sector using various methods such as private boxes, seat priority sales, stadium club memberships and dues, as well as user taxes. The public contribution, if necessary, could take several forms.

"In the broadest terms, this obligation could simply fall back on the entity which guaranteed the bonds. This could amount to a direct or calculable cost per citizen. If that entity were a city or county, it might take the form of a real estate tax increment. If the entity were the state, it might have the same effect on the income tax. This is to some extent an oversimplification and does not suggest that the net result would be a marked increase in either. For one thing, we are not considering the overall positive financial benefit that such a facility represents. We only suggest that any such direct expenditures by a governmental entity results in an increased operating budget if the obligation falls directly back to them.

"The positive benefits, financial and otherwise, which result from a stadium operation, while perhaps very real, are not always directly transferable into increased governmental budgets. Consequently, the overall public benefit which may result as discussed subsequently in our impact section, may not find its way back to the average citizen in a financial form.

"Direct contributions by cities, counties and states to operations remain the norm nationally relative to stadium financing. The method is simple and reflects community desire to have the activities associated with major stadiums. Whether, in this instance the economic benefit directly attributable to the facility and its associated activities would equal or surpass the actual financial outlay by a unit of government cannot be determined, again due to the broad nature of the assignment. Any detailed financial analysis would require knowing what type of facility would be opted for, where it would be located, who would guarantee it, further quantifying and qualifying of the operating estimates and a determination of how much, if any, additional annual expenditure would be necessary.

"There are, however, other potential methods of meeting any necessary public expenditures. The method being used in New Orleans and Seattle is a hotel/motel tax. This method allows for the raising of substantial funds with little or no cost to the local population since the user of these transient facilities generally lives outside the area. The amount of tax could directly relate to the supply of rooms and the amount of money which is necessary to raise. Unless there is a particular emphasis on conventions and trade shows, the benefits of stadium space to the hotel-motel industry are typically not large.

"It might be possible to create a tax increment district around a stadium under current state legislation. If this were done, then the real estate taxes collected on any increased commercial or industrial valuations could be allocated to retiring bonds. There is an exception, however, since the Physical Disparities legislation currently in effect would require that 40 percent of this increase be set aside for other allocations under the law. This effectively reduces the net to 60 percent of the increase available for bond retirement. The act was more directed at redevelopment areas so a legal opinion should be sought as to whether this application would be permitted. In any event, it could only be justified economically if new development attributable to the stadium were substantial. For obvious reasons, no specific conclusions can be elicited regarding this source until a location is selected since the entire concept relates to real estate which is very site specific."

LOCATION

Public financing is required in any stadium alternative, at least general obligation bonds and possible additional financial support. This fact requires that the location question must be a public decision.

Real Estate Research Corporation, in their report "Analysis of Stadium Alternatives Twin Cities Metropolitan Area" as to site selection and location, said,

"The location of a suitable site is an important factor in both the cost of a stadium and in its attendance expectations. Hence, it can substantially affect the financial feasibility of the project. Further, the location and physical characteristics of the selected site have an important effect on the economic impact of the stadium on the community. Thus, site selection should not be made on the basis of casual consideration or emotional preferences. The selection should be the result of careful evaluation of all the factors which will affect stadium performance and economic impact.

"It is not possible to consider locational factors apart from site selection criteria. In fact it is sometimes difficult to categorize certain elements of concern as relating more to one area or another. An area may offer ideal locational attributes without yielding any site possibilities and the ideal site may fail when tested for locational qualities. As a matter of organization and approach, locational factors are usually considered first as a means of efficiently narrowing the search. The following discussion observes that order with recognition that an overriding locational constraint is site availability.

"In a similar vein, once the elements of concern have been categorized we have not attempted to consider them in any rank order. Some may be more important than others but that is relative and very much a matter of personal opinion. No ideal solution should be expected and the usual situation comes down to a very hard choice. Characteristics may be given different weight depending upon the decision made and in the end it may be a toss-up. If so, the process will have served its purpose by weeding out the bad prospects and delivering a chance to choose among the best.

"The nearly completed development of an area-wide freeway system provided considerable flexibility in locating a stadium with good access for the metropolitan population. A stadium could be located in any part of the metropolitan area provided that immediate access to the freeway system is, or will soon be, available. It is highly desirable that any stadium be so located that department attendees can be dispersed rapidly via nearby freeway interchanges to freeway routes and major arterials serving the bulk of the metropolitan area. Multi-directional choices of generally free flowing sections represent the ultimate solution.

"Planning of metropolitan mass transit beyond a freeway and arterial oriented bus system is exactly that -- planning. Some of the existing stadiums we have visited incorporated a very heavy reliance on mass transit. For most, this meant emphasis on group bussing as an increased convenience and a way of coping with high levels of congestion or an inadequate supply of vehicular parking. In a couple of instances, there were stations of a rail transit system providing direct site

service. The usual maximum percentage of stadium attendance arriving by mass transit (bus or rail) was reported as 20 to 25 percent. Peak flows are characteristicly high and difficult to serve with great efficiency even though they typically do not coincide with other peak movements such as the work trip.

"Certainly, it only makes sense to associate stadium development with whatever mass transit serves the metropolitan area. If there were to be a heavy reliance on some future system, it would again only make sense to time any stadium development to coincide with the delivery of the necessary accessibility or to make adequate provision for a satisfactory interim solution.

"It has not been necessary as a part of this analysis stage to consider the general impact of the current energy crises, as it is defined and as it might affect the ultimate arrangement of metropolitan activities. The current outlook seems to be one of maximum efficiency rather than elimination as it relates to a stadium or similar elements."

I. INTRODUCTION

A. Nature of Assignment

Our assignment has been to analyze the market and financial feasibility of a new or renovated sports stadium facility for the Twin Cities Metropolitan Area. The study design addresses itself to the interim report prepared by the Stadium Task Forces of the Greater Minneapolis Chamber of Commerce and the St. Paul Area Chamber of Commerce.

The primary purpose of the study is to analyze the economic implications of a stadium for one or more professional sports and other activities in the Twin Cities Metropolitan Area. The following range of possible solutions will be considered:

1. Doming and enlarging the University of Minnesota football facility.
2. Enlarging and covering the present stadium in Bloomington.
3. An all new stadium for football only which would not be domed.
4. An all new domed stadium for football only.
5. An all new multi-purpose domed facility which would accommodate professional football, professional baseball and conventions or other large gatherings.

Specific locations will not be considered other than those implicit in the analysis of the Bloomington facility and the University of Minnesota facility.

In more specific terms, our study was to include the following:

1. Estimate the construction costs for the alternative solutions previously described, including their relationship to possible land value considerations.
2. Undertake a review of the cost and operation of comparable stadiums throughout the United States.

Analysis of Twin Cities Stadium Alternatives

3. Prepare a quantitative inventory of the existing situation in terms of patronage, revenues, costs and problems.
4. Study the recreational and entertainment tastes, preferences and participation of residents of the Twin Cities Metropolitan Area, in order to make a determination of the probabilities of attendance at the various types of events which might be held at any one of the proposed facilities.
5. Make a quantitative analysis of the ability of a new or improved facility to add additional attraction for patronage from outside the Twin Cities Metropolitan Area.
6. Discuss the types and size of facilities needed to accommodate the anticipated users of a stadium complex.
7. Analyze alternative financing programs.
8. Perform a financial analysis of the proposed alternatives, including estimated attendance, revenues from various sources, expenses and land and construction costs. The analysis is directed at estimating the extent of net incomes or net operating deficit which a new or renovated facility would be expected to generate.
9. Consider the economic impact of a new stadium complex on the local economy.
10. Suggest specific criteria to be used in the future selection of a site for the stadium facilities.

B. Summary of Conclusions

The specifics of our research and analysis are set forth in detail in subsequent sections of this report. Principal conclusions are summarized here.

1. Background

Our methodology or approach emphasized the experience of the present Metropolitan Stadium and tenants as well as the experience of other pertinent stadium developments and operations in this country. The need was not so much to theorize as it was to interpolate or extrapolate.

Work began with simultaneous efforts to:

- a. gather pertinent local data on facilities and performance,
- b. visit comparable developments in other cities, and
- c. review other studies and pertinent literature.

The Twin Cities ranked 15th in population when compared with 25 other metropolitan areas supporting one or more professional sports teams. Although the Minnesota Twins ranked 23rd out of 24 in team attendance last year, they ranked 10th in average attendance for the past 10 years. The Minnesota Vikings ranked 18th among the 26 professional football teams in average attendance for the past eight years. It appears their attendance would reflect the heavy sports orientation of the Twin Cities as well if they were not ranked 26th out of 27 in terms of stadium capacity.

Attendance at University of Minnesota football games has averaged 44,136 over the past ten years in Memorial Stadium with a seating capacity of 57,000. The Minnesota Twins have never had a capacity crowd in Metropolitan Stadium except for playoff or World Series games. Attendance at other events scheduled in a stadium typically does not exceed 50 or 60 thousand. It was concluded that the Vikings with ticket sales at 98 percent of capacity and a waiting list for season tickets will be the major factor in determination of optimum stadium size.

Analysis of Twin Cities Stadium Alternatives

A seating capacity of 65,000 to 75,000 was justifiable and would deliver maximum average performance. A figure of 70,000 was used as a goal for each alternative with the exception of Memorial Stadium where 65,000 seats would be provided. In the case of a remodeled and domed Metropolitan Stadium, there would actually be more than 70,000 seats in its baseball configuration.

Available data was limited with respect to the desirability of covering a stadium to protect events from the weather. Our correlation analysis of several factors relating to attendance at professional football games in 1973 indicated that seating capacity was the greatest determinant of ticket sales and weather, ahead of team records, television coverage, etc., was the greatest determinant of no shows.

The alternatives to be considered are:

- 1) Remodeled and domed Memorial Stadium
- 2) Remodeled and domed Metropolitan Stadium
- 3) New undomed football Stadium
- 4) New domed football stadium
- 5) New multi-purpose domed stadium

We examined 11 major stadium developments as indicators of possible facilities and the operational experience to be expected. The proposal for remodeling and doming Memorial Stadium and Candlestick Park in San Francisco provided primary reference for the first two alternatives. Rich Stadium in Buffalo and Texas Stadium in Dallas were assumed most typical for the football-only alternatives. Seattle's multi-use domed facility was assumed most typical for the last alternative. There was heaviest reliance on the Houston Astrodome experience with respect to estimating the performance of a covered facility.

A remodeled and domed Metropolitan Stadium and a new domed multi-purpose stadium would provide configuration for both football and baseball. The remaining three alternatives do not provide for a change in the status of baseball.

Analysis of Twin Cities Stadium Alternatives

Private boxes overlooking the playing field have been assumed in each alternative. Stadium clubs have also been included in each instance except Memorial Stadium.

The size of a site for a 70,000 seat stadium would approximate 150 acres. This assumes that 20 percent of all attendees will use transit and that the average car will carry 3.5 persons. This estimate also includes 12 to 14 acres of land for the stadium structure and peripheral areas.

2. Attendance Estimates

For each of the alternatives analyzed, we have estimated the events and the attendance that each would generate. These projections were developed to reflect a normal year of operation. There was no consideration of possible increases attributable to the novelty of a new or remodeled facility. An average calendar of events and average team performances were assumed.

The Minnesota Vikings football team has been considered a tenant in all the alternatives. The Minnesota Twins baseball team would necessarily only play in a remodeled and domed Metropolitan Stadium or a new domed multi-purpose facility. The University of Minnesota football team is assumed to be a tenant of either the new domed football stadium, the new domed multi-purpose stadium or, of course, a remodeled and domed Memorial Stadium. Since it is unlikely that the Gophers would be required to pay rent for Memorial Stadium, their use was not considered as contributory in analyzing that alternative.

Table 1

TOTAL ESTIMATED ATTENDANCE

<u>Alternatives</u>	<u>Event Days</u>	<u>Stadium Attendance</u>
Remodeled and Domed Metropolitan Stadium	151.5	3,007,000
Remodeled and Domed Memorial Stadium	30.5	851,000
New Open Football Stadium	38.5	1,126,000
New Domed Football Stadium	94.5	2,539,000
New Domed Multi-Purpose Stadium	175.5	4,207,000

Analysis of Twin Cities Stadium Alternatives

3. Financial Performance

Revenue estimates represent our best judgment regarding the possible contractual terms which could be negotiated with tenants, as well as ticket prices, concession income, advertizing, stadium club profits, parking rates and operating costs. All figures are for 1977. This net income represents the annual funds available for the retirement of any bond debt incurred in constructing the facility.

Table 2

ESTIMATED ANNUAL FINANCIAL PERFORMANCE

	<u>Estimated Gross Revenue From All Sources</u>	<u>Estimated Operating Costs</u>	<u>Estimated Net Income</u>
Remodeled and Domed Memorial Stadium	\$1,600,000	\$ 350,000	\$1,250,000
Remodeled and Domed Metropolitan Stadium	4,543,000	2,920,000	1,623,000
New Open Football Stadium	2,145,000	770,000	1,375,000
New Domed Football Stadium	4,340,000	1,715,000	2,625,000
New Domed Multi-Purpose Stadium	6,363,000	2,485,000	3,878,000

In addition to this annual net income, we have further estimated that private capital could initially be raised through the sale of private boxes, stadium club initiations, and seat priorities in the following amounts:

Remodeled and Domed Memorial Stadium	\$10,625,000
Remodeled and Domed Metropolitan Stadium	9,200,000
New Open Football Stadium	13,950,000
New Domed Football Stadium	15,000,000
New Domed Multi-Purpose Stadium	16,250,000

It is anticipated that this one-time revenue will be used to reduce the total capital investment cost of the alternative selected.

4. Development Schedule

The most optimistic development schedule would anticipate the start of construction no sooner than mid to late 1975. A mid to late 1977 opening allows a two year construction period. The attendance and revenue estimates in this report are in line with this schedule. While we have based our projections on this timing it must be noted that this optimistic schedule could easily be delayed. This would necessitate appropriate adjustments in the financial data.

5. Development Costs

Cost items in this summary anticipate the faking of bids for construction in mid to late 1975. An annual inflation factor of 10 - 15 percent was used. Any change in the assumed development schedule will require a revision of estimates. This is a most critical factor. Inflation of early estimates has been a major stumbling block for nearly all recent stadium developments. It must be recognized as important and incorporated in all planning.

The total estimated development cost for any alternative includes such items as site acquisition, structure costs and on-site, as well as off-site improvements. Our assignment did not include the selection of a specific site. Since site and site related costs represent a substantial portion of the total required capital investment, it is impossible to conclude a specific cost figure for all of the stadium alternatives analyzed. It was for this reason that a range in development costs was estimated for each alternative. Our estimates include all costs which would be directly attributable to a stadium development even though selected items might not be included in any potential bond issues.

Table 3 RANGE IN TOTAL ESTIMATED 1975 DEVELOPMENT COSTS

<u>Alternative</u>	<u>Structure Cost</u>	<u>Other Development Costs</u>	<u>Total Development Costs</u>
Remodeled and Domed Memorial Stadium	\$38,500,000/	-0-	\$ 38,500,000/
	\$40,250,000		\$ 40,250,000
Remodeled and Domed Metropolitan Stadium	\$42,900,000/	\$ 6,050,000/	\$ 48,950,000/
	\$44,850,000	\$ 9,200,000	\$ 54,050,000
New Open Football Stadium	\$30,000,000/	-\$ 1,950,000/	\$ 28,050,000/
	\$34,500,000	\$55,500,000	\$ 90,000,000
New Domed Football Stadium	\$44,000,000/	-\$ 4,950,000/	\$ 39,050,000/
	\$46,000,000	\$69,000,000	\$115,000,000
New Domed Multi-Purpose Stadium	\$55,000,000/	-\$ 4,950,000/	\$ 50,050,000/
	\$57,500,000	\$69,000,000	\$126,500,000

As would be expected, the range is substantially narrower for the alternatives involving the existing stadiums since the site was predetermined. It is possible to estimate a much more refined cost spread for the other alternatives if a specific site were assumed.

While we are suggesting that any alternative could potentially be constructed for either its minimum or maximum estimated cost, the actual figure will, in all probability, fall somewhere in between.

6. Financial Feasibility

Previously estimated reductions in capital investment requirements made possible by private funds are deducted from 1975 total development costs to arrive at an estimate of 1975 net development costs.

Table 4 RANGE IN TOTAL ESTIMATED NET DEVELOPMENT COSTS

	1975 Development Costs	Reductions Due to Private Capital Investment	1975 Net Development Costs
Remodeled and Domed Memorial Stadium	\$ 38,500,000-- \$ 40,250,000	\$10,625,000	\$ 27,875,000-- \$ 29,625,000
Remodeled and Domed Metropolitan Stadium	\$ 48,950,000-- \$ 54,050,000	\$ 9,200,000	\$ 39,750,000-- \$ 44,850,000
New Open Football Stadium	\$ 28,050,000-- \$ 90,000,000	\$13,950,000	\$ 14,000,000-- \$ 89,550,000
New Domed Football Stadium	\$ 39,050,000-- \$115,000,000	\$15,000,000	\$ 24,050,000-- \$100,000,000
New Domed Multi-Purpose Stadium	\$ 50,050,000-- \$126,500,000	\$16,250,000	\$ 33,800,000-- \$110,250,000

There are two primary methods of financing any of the stadium alternatives analyzed. One is direct appropriation; the other is through the sale of bonds. For purposes of our analysis, we have assumed that the required capital investment would be raised at the time of construction through the sale of general obligation bonds. They would be marketed at an estimated 6.5 percent for a term of 30 years.

There are a number of ways in which the revenue could be raised to retire such a bond issue. The most obvious is through direct stadium revenues. Other possible sources such as a hotel-motel tax, the sales tax, the income tax or the real estate tax are less directly related to stadium operations. There is a connection, however, since the stadium would constitute an addition to the economic base of the metropolitan area. For example, the state sales tax on tickets, parking and concession expenditures at a new multi-purpose domed stadium will approximate a million dollars annually which would retire almost \$13 million of bond debt at 6.5 percent over a 30 year term. However, it may not be necessary to rely on indirect sources of support if net income from the stadium operation is sufficient to retire bonds issued for construction costs.

Analysis of Twin Cities Stadium Alternatives

The prospective financial feasibility of the five stadium alternatives is shown by relating the amount of bond indebtedness that each net income can support to their respective capital cost.

Table 5

FINANCIAL FEASIBILITY

	<u>Total Bond Indebtedness Which Could be Supported By Net Income</u>	<u>Total 1975 Estimated Net Development Costs</u>	<u>Indicated Surplus and/or Deficit 1975</u>
Remodeled and Domed Memorial Stadium	\$16,300,000	\$ 27,875,000/ \$ 29,625,000	-\$11,575,000/ -\$13,325,000
Remodeled and Domed Metropolitan Stadium	\$21,200,000	\$ 39,750,000/ \$ 44,850,000	-\$18,550,000/ -\$23,650,000
New Open Football Stadium	\$18,000,000	\$ 14,100,000/ \$ 89,550,000	\$ 3,900,000/ -\$71,550,000
New Domed Football Stadium	\$34,300,000	\$ 24,050,000/ \$100,000,000	\$10,250,000/ -\$65,700,000
New Domed Multi-Purpose Stadium	\$50,600,000	\$ 33,800,000/ \$110,250,000	\$16,800,000/ -\$59,650,000

The preceding table indicates that only the three new alternative stadiums would be able to feasibly support themselves financially. All three, however, fall far short of being able to meet the debt service requirements at their estimated maximum development costs. For any of these stadiums to be self-supportive, a specific development proposal would have to be adopted that had capital cost requirements which did not exceed the amount of bonds which that given facility could support from its net income.

VIII. FINANCIAL PERFORMANCE

The following section represents our estimate of the financial performance of each of the alternatives examined. Operating costs, prospective attendance and basic revenues were developed in Section VI of our report. Non-basic sources of prospective revenue were estimated in Section VII. In this section we will develop operating statements for each alternative from that data and estimate the net income available for bond retirement.

Our projections of basic attendance and resulting revenues were developed to reflect a normal year of operation. In this way we have developed estimates ignoring the increased attendance and revenue likely to result from the novelty of a new or remodeled facility and from particularly outstanding team performance. Thus, our analysis is intended to reflect an average of good and bad team performance over a long time period. Our estimates are based on analysis of the economic and social characteristics of the Twin Cities area and its related hinterland. Factors considered include population, population growth potentials, the level and distribution of incomes and the geographic distribution of population. The attendance records of sports teams in the Twin Cities were examined carefully in terms of factors such as team performance, weather and public interest in the sport. The experience of stadiums in other cities was also considered in developing our estimates. Particular attention was given to those stadiums visited as part of our research effort for this study. This research enabled us to make informed judgments regarding the probable revenue generation and cost experience of the five alternative stadiums under consideration.

Analysis of Twin Cities Stadium Alternatives

A. Remodeled Memorial Stadium

The financial performance of Memorial Stadium, if remodeled and used for Vikings' football and other commercial events, is difficult to estimate because of the joint costs shared with University activities. We have developed the estimate of financial performance in the following table by relating prospective revenue from commercial events held in the stadium to the operating costs estimated by the University as applicable to the stadium. The income likely to be generated by commercial event revenues is sufficient to cover stadium operating costs and generate a surplus of \$1,250,000 annually which is available for bond debt retirement.

Table 28 ESTIMATED ANNUAL FINANCIAL PERFORMANCE
REMODELED MEMORIAL STADIUM (UNIVERSITY OF MINNESOTA)

Estimated Event Days	30.5	
Estimated Attendance	851,000	
Gross Admissions Before Taxes	\$6,459,000	
Stadium Share of Basic Revenue		
Admissions	\$ 646,000	
Concessions	355,000	
Parking	276,000	
Basic Stadium Revenue		\$1,277,000
Other Stadium Revenue		
Advertising	---	
Stadium Club Dues	---	
Stadium Club Operations	---	
Stadium Seat Tax @ 5%	\$ 323,000	
Total Other Revenue		\$ 323,000
Total Stadium Revenue		\$1,600,000
Estimated Stadium Operating Costs		\$ 350,000
Net Stadium Revenue Available for Bond Retirement		\$1,250,000

Analysis of Twin Cities Stadium Alternatives

B. Remodeled Metropolitan Stadium

We have estimated that Metropolitan Stadium, if remodeled and domed, would be used for events 151.5 days in an average year and would attract an attendance of approximately 3,000,000 persons. Total ticket sales are estimated at \$14,768,000. This would produce a basic stadium revenue from admissions, concessions and parking of \$3,474,000. An additional revenue in the amount of \$1,069,000 could be secured from advertising, stadium club dues, stadium club operation and a seat tax. Our estimate of total stadium revenue from all sources is \$4,543,000. Estimated operating expenses of \$2,900,000 indicate that there would be a net income to the stadium of \$1,623,000 which would be available for the retirement of bond indebtedness.

Table 29 ESTIMATED ANNUAL FINANCIAL PERFORMANCE
REMODELED METROPOLITAN STADIUM

Estimated Event Days	151.5	
Estimated Attendance	3,007,000	
Gross Admissions Before Taxes	\$14,768,000	
Stadium Share of Basic Revenue		
Admissions	\$ 1,859,000	
Concessions	614,000	
Parking	<u>1,001,000</u>	
Basic Stadium Revenue		\$3,474,000
Other Stadium Revenue		
Advertising	\$ 150,000	
Stadium Club Dues	106,000	
Stadium Club Operations	75,000	
Stadium Seat Tax @ 5%	<u>738,000</u>	
Total Other Revenue		<u>\$1,069,000</u>
Total Stadium Revenue		\$4,543,000
Estimated Stadium Operating Costs		<u>\$2,920,000</u>
Net Stadium Revenue Available for Bond Retirement		\$1,623,000

Analysis of Twin Cities Stadium Alternatives

C. New Open Football Stadium

Our estimates indicate that a new, open football-only stadium would be used for 38.5 event days in an average year. Attendance would be in excess of 1,100,000 persons, which would result in total ticket sales of \$7,684,000. Basic stadium revenue attributable to admissions, concessions and parking would be \$1,471,000. Additional annual revenue from advertising, stadium club dues, stadium club operations and seat taxes would equal \$674,000. Total stadium revenue from all sources would be \$2,145,000. Deducting operating expenses, estimated at \$770,000, yields an estimated net income to the stadium of \$1,375,000 which would be available for bond debt retirement.

Table 30 ESTIMATED ANNUAL FINANCIAL PERFORMANCE
NEW OPEN FOOTBALL STADIUM

Estimated Event Days	38.5	
Estimated Attendance	1,126,000	
 Gross Admissions Before Taxes	 \$7,684,000	
Stadium Share of Basic Revenue		
Admissions	\$ 771,000	
Concessions	268,000	
Parking	432,000	
Basic Stadium Revenue	<u>1,471,000</u>	\$1,471,000
 Other Stadium Revenue		
Advertising	\$ 40,000	
Stadium Club Dues	200,000	
Stadium Club Operations	50,000	
Stadium Seat Tax @ 5%	384,000	
Total Other Revenue	<u>674,000</u>	\$ 674,000
 Total Stadium Revenue		 \$2,145,000
 Estimated Stadium Operating Costs		 <u>\$ 770,000</u>
 Net Stadium Revenue Available for Bond Retirement		 \$1,375,000

Analysis of Twin Cities Stadium Alternatives

D. New Domed Football Stadium

We estimate that a new domed football stadium would have a typical year's use of 94.5 event days. Attendance would exceed 2,500,000 persons, generating total ticket sales of \$12,571,000. Basic revenue to the stadium from admissions, concessions and parking would be \$3,291,000. Additional annual revenue from advertising, stadium club dues, stadium club operations and seat taxes would be \$1,033,000. Total stadium rental from all sources would be \$4,340,000. Subtracting the estimated annual operating expenses of \$1,715,000 would indicate that there would be \$2,625,000 in net income to the stadium available for bond retirement.

Table 31 ESTIMATED ANNUAL FINANCIAL PERFORMANCE
NEW DOMED FOOTBALL STADIUM

Estimated Event Days	94.5	
Estimated Attendance	2,539,000	
Gross Admissions Before Taxes	\$12,571,000	
Stadium Share of Basic Revenue		
Admissions	\$ 1,821,000	
Concessions	627,000	
Parking	843,000	
Basic Stadium Revenue		\$3,291,000
Other Stadium Revenue		
Advertising	\$ 120,000	
Stadium Club Dues	200,000	
Stadium Club Operations	100,000	
Stadium Seat Tax @ 5%	629,000	
Total Other Revenue		\$1,049,000
Total Stadium Revenue		\$4,340,000
Estimated Stadium Operating Costs		\$1,715,000
Net Stadium Revenue Available for Bond Retirement		\$2,625,000

Analysis of Twin Cities Stadium Alternatives

E. New Domed Multi-Purpose Stadium

We have estimated that if a new multi-purpose domed stadium were constructed it would be used for 175.5 event days in an average year. Attendance at all events would exceed 4,000,000 persons with total ticket sales being in excess of \$18,000,000. This would produce a basic revenue from admissions, concessions and parking of \$4,725,000. An additional annual revenue could be expected from advertising, stadium club dues, stadium club operations and a seat tax in the amount of \$1,638,000. Our estimate of total stadium revenue from all sources is \$6,363,000. Estimated operating expenses of \$2,485,000 indicate that there would be a net income to the stadium of \$3,878,000 available for the retirement of bond indebtedness.

Table 32 ESTIMATED ANNUAL FINANCIAL PERFORMANCE
NEW DOMED MULTI-PURPOSE STADIUM

Estimated Event Days	175.5	
Estimated Attendance	4,207,000	
Gross Admissions Before Taxes	\$18,743,000	
Stadium Share of Basic Revenue		
Admissions	\$ 2,534,000	
Concessions	884,000	
Parking	<u>1,307,000</u>	
Basic Stadium Revenue		\$4,725,000
Other Stadium Revenue		
Advertising	\$ 200,000	
Stadium Club Dues	300,000	
Stadium Club Operations	200,000	
Stadium Seat Tax @ 5%	<u>938,000</u>	
Total Other Revenue		<u>\$1,638,000</u>
Total Stadium Revenue		\$6,363,000
Estimated Stadium Operating Costs		<u>\$2,485,000</u>
Net Stadium Revenue Available for Bond Retirement		\$3,878,000

X. FINANCIAL CONCLUSIONS

In Section VIII of this report we estimated the net income for each of the stadium alternatives which would be available for the retirement of bond indebtedness. In Sections VI and IX we have discussed the basic elements involved in each of the alternatives and our estimates of their respective development costs. The prospective financial feasibility of the five stadium alternatives is illustrated by relating the amount of bond indebtedness that each net income could support to the respective capital cost.

In estimating debt service costs we have assumed that at the time the stadium project is financed, it will be possible to sell 30 year term general obligation bonds at a 6.5 percent interest rate. We recognize that bonds of this type could have questionable marketability under present conditions. However, current interest rates represent a decline from recent near record levels and while bond yields may not fall to greatly lower levels in the near future, we feel that proper timing of stadium bonding could result in marketing for the term and interest rate which we assume in our analysis.

We estimate that the most optimistic schedule would anticipate the start of construction no sooner than mid to late 1975. A construction period of two years would suggest an opening date of mid to late 1977. Our attendance and revenue projections are in line with this scheduling estimate. We realize that an alternative such as an open football stadium might take less time to construct and another alternative such as a domed multi-purpose stadium might take longer than two years. However, using similar dates gives us an equitable basis of comparison.

It must be noted, however, that this optimistic schedule could easily be held up by several factors. Initially there could be a delay caused by problems in acquiring the proper bonding authority. The drawing of necessary plans and specifications can be a time consuming process. This is also true regarding the preparation of any necessary environmental impact studies. Finally, it is not unreasonable to anticipate one or more lawsuits opposing any new stadium development.

While our financial conclusions are predicated on the optimistic schedule previously discussed, appropriate adjustments in the figures must be made in response to any delays which may be encountered. Construction costs have been extremely volatile. For purposes of this analysis we have added 10 to 15 percent to our estimate of current costs to reflect one years inflation. This anticipates taking of bids for construction of a selected alternative in mid to late 1975. Any deviation from that schedule will require further

adjustments for the impact of inflation over time including reconsideration of the applied rate. Depending upon the period of delay and/or the economic conditions which exist at such time it will be necessary to reevaluate factors in addition to inflation estimates such as the bond rate, operating costs and revenue expectations.

We do not envision that the inflationary impact on revenue services will keep pace with increasing construction costs. This suggests that the financial performance of any alternative becomes less attractive the longer construction is delayed.

A. Estimation of Total Development Cost

Our assignment did not include the selection of a specific site. Since site and site related costs represent a substantial portion of the total required investment, it is impossible to conclude a specific cost figure for all of the alternatives analyzed. It was for this reason that a minimum and maximum range in development costs was estimated for each alternative. As would be expected, the range is substantially narrower for the remodeling of Memorial and Metropolitan Stadiums since the site was predetermined. While the ranges in capital requirements for the three new stadiums are broad, it is possible to estimate a much more refined cost spread using the material presented in previous sections of this report if a specific site were selected.

In reading the table caution must be exercised to avoid misinterpreting the data. While we are suggesting that any alternative selected could potentially be constructed for as little as our minimum figure or as much as our maximum figure, the actual cost should fall somewhere in between. Our minimum estimate assumes that all available cost saving options could be adopted and that the next year's inflation rate will be ten percent. The maximum figure assumes that the most costly options would be adopted and that inflation for the next year will be at a fifteen percent level.

It should also be remembered that not all of the factors affecting the development costs are controllable. The most predominant of these is inflation which could conceivably fall outside our ten to fifteen percent estimate. Additionally it may not be possible to combine all the available cost saving features in a single site and stadium structure.

Analysis of Twin Cities Stadium Alternatives

Table 33

ESTIMATED TOTAL DEVELOPMENT COSTS
REMODELED AND DOMED MEMORIAL STADIUM

	<u>Minimum</u>	<u>Maximum</u>
Site Acquisition	\$ -0-	\$ -0-
On-Site Improvements	-0-	-0-
Stadium Structure	35,000,000*	35,000,000*
Bond Debt Assumption (if Metropolitan Stadium site were opted)	-0-	-0-
Additional Cost for Down- town Location Attributable to Parking Ramp or Additional Land	-0-	-0-
Savings for Berm Construction	-----	-----
Sub Total	\$35,000,000	\$35,000,000
Off-Site Improvements	----- -0-	----- -0-
Total	\$35,000,000	\$35,000,000
Add 10%-15% for One Year's Inflation	<u>3,500,000</u>	<u>5,250,000</u>
Total 1975 Development Costs	38,500,000	40,250,000
Reduction in Costs due To:		
Private Box Sales	375,000	375,000
Seat Priority Sales	10,250,000	10,250,000
Stadium Club Initiations	-0-	-0-
Total Reduction	----- <u>10,625,000</u>	----- <u>10,625,000</u>
Net Development Costs	\$27,875,000	\$29,625,000

*The \$35,000,000 includes \$10,000,000 which is attributable to University oriented facilities

Source: Real Estate Research Corporation

Analysis of Twin Cities Stadium Alternatives

Table 34

ESTIMATED TOTAL DEVELOPMENT COSTS
REMODELED AND DOMED METROPOLITAN STADIUM

	<u>Minimum</u>	<u>Maximum</u>
Site Acquisition	\$ -0-	\$ -0-
On-Site Improvements	500,000	1,000,000
Stadium Structure	39,000,000	39,000,000
Bond Debt Assumption (if Metropolitan Stadium site were opted)	5,000,000	5,000,000
Additional Cost for Down- town Location Attributable to Parking Ramp or Additional Land	-0-	-0-
Savings for Berm Construction	-0-	-0-
Sub Total	\$44,500,000	\$45,000,000
Off-Site Improvements	-0-	2,000,000
Total	\$44,500,000	\$47,000,000
Add 10%-15% for One Year's Inflation	4,450,000	7,050,000
Total 1975 Development Costs	\$48,950,000	\$54,050,000
Reduction in Costs Due to:		
Private Box Sales	1,000,000	1,000,000
Seat Priority Sales	8,200,000	8,200,000
Stadium Club Initiations	-0-	-0-
Total Reduction	9,200,000	9,200,000
Net development Costs	\$39,750,000	\$44,850,000

Source: Real Estate Research Corporation

Analysis of Twin Cities Stadium Alternatives

Table 35

ESTIMATED TOTAL DEVELOPMENT COSTS
NEW OPEN FOOTBALL STADIUM

	<u>Minimum</u>	<u>Maximum</u>
Site Acquisition	\$ -0-	\$14,000,000
On-Site Improvements	500,000	6,000,000
Stadium Structure	30,000,000	30,000,000
Bond Debt Assumption (if Metropolitan Stadium site were opted)	5,000,000	-0-
Additional Cost for Down- town Location Attributable to Parking Ramp or Additional Land	-0-	30,000,000
Savings for Berm Construction	<u>-10,000,000</u>	<u>-0-</u>
Sub Total	\$25,500,000	\$ 80,000,000
Off-Site Improvements	<u>-0-</u>	<u>10,000,000</u>
Total	\$25,500,000	\$ 90,000,000
Add 10% to 15% for One Year's Inflation	<u>2,550,000</u>	<u>13,500,000</u>
Total 1975 Development Costs	\$28,050,000	\$103,500,000
Reduction in Costs Due To:		
Private Box Sales	3,750,000	3,750,000
Seat Priority Sales	8,200,000	8,200,000
Stadium Club Initiations	2,000,000	2,000,000
Total Reduction	<u>\$ 13,950,000</u>	<u>\$ 13,950,000</u>
Net Development Costs	\$ 14,100,000	\$ 89,550,000

Analysis of Twin Cities Stadium Alternatives

Table 36 ESTIMATED TOTAL DEVELOPMENT COSTS
NEW DOMED FOOTBALL STADIUM

	<u>Minimum</u>	<u>Maximum</u>
Site Acquisition	\$ -0-	\$14,000,000
On-Site Improvements	500,000	6,000,000
Stadium Structure	40,000,000	40,000,000
Bond Debt Assumption (if Metropolitan Stadium site were opted)	5,000,000	-0-
Additional Cost for Down- town Location Attributable to Parking Ramp or Additional Land	-0-	30,000,000
Savings for Berm Construction	<u>-10,000,000</u>	<u>-0-</u>
Sub Total	\$35,500,000	\$ 90,000,000
Off-Site Improvements	<u>-0-</u>	<u>10,000,000</u>
Total	\$35,500,000	\$100,000,000
Add 10%-15% for One Year's Inflation	<u>3,550,000</u>	<u>15,000,000</u>
Total 1975 Development Costs	\$39,050,000	\$115,000,000
Reduction in Costs due to:		
Private Box Sales	3,750,000	3,750,000
Seat Priority Sales	10,250,000	10,250,000
Stadium Club Initiations	<u>1,000,000</u>	<u>1,000,000</u>
Total Reduction	<u>\$15,000,000</u>	<u>\$ 15,000,000</u>
Net Development Costs	\$24,050,000	\$100,000,000

Source: Real Estate Research Corporation

Analysis of Twin Cities Stadium Alternatives

Table 37 ESTIMATED TOTAL DEVELOPMENT COSTS
NEW DOMED MULTI-PURPOSE STADIUM

	<u>Minimum</u>	<u>Maximum</u>
Site Acquisition	\$ -0-	\$14,000,000
On-Site Improvements	500,000	6,000,000
Stadium Structure	50,000,000	50,000,000
Bond Debt Assumption (if Metropolitan Stadium site were opted)	5,000,000	-0-
Additional Cost for Down- town Location Attributable to Parking Ramp or Additional Land	-0-	30,000,000
Savings for Berm Construction	<u>-10,000,000</u>	<u>-0-</u>
Sub Total	\$45,500,000	\$100,000,000
Off-Site Improvements	<u>-0-</u>	<u>10,000,000</u>
Total	\$45,500,000	\$110,000,000
Add 10%-15% for One Year's Inflation	<u>4,550,000</u>	<u>16,500,000</u>
Total 1975 Development Costs	\$50,050,000	\$126,500,000
Reduction Costs Due To:		
Private Box Sales	5,000,000	5,000,000
Seat Priority Sales	10,250,000	10,250,000
Stadium Club Initiations	<u>1,000,000</u>	<u>1,000,000</u>
Total Reduction	<u>\$16,250,000</u>	<u>\$ 16,250,000</u>
Net Development Costs	\$33,800,000	\$110,250,000

Source: Real Estate Research Corporation

B. Feasibility

The previous tables represent our estimates of all costs which would be directly attributable to a stadium development. All the items listed might not be included in a bond issue. The off-site stadium related improvements in a large number of other metropolitan locations were constructed by local, county or state governments using general highway funds. We have included these costs in our estimates, however, since they do represent a potentially sizeable public expenditure. There are also \$10,000,000 of costs included in the Memorial Stadium plan which would be specifically for the University of Minnesota's use relative to their physical education program. It may be more appropriate to fund this amount from other sources but it does represent the possible expenditure of public funds and, again, is included for that reason:

A comparison of the development costs of one alternative versus another is not indicative of their financial feasibility since the important correlation relates to the amount of bond indebtedness that the net income from each can support. The following table summarizes the estimated total development cost of each alternative as well as the net income attributable to each and the amount of bonds that income could support.

Table 22

REMODELED AND DOMED MEMORIAL STADIUM

Type of Event	Attendance Per Event	No. of Event Days	Total Attendance	Average Ticket Price \$	Total Ticket Sales \$	Stadium Rental Rate % \$	Stadium Rental Revenue \$	Stadium Ticket Tax @ 5% \$	Number Of Vehicles Parked	Parking Charge \$	Total Parking Revenue \$	Stadium Parking Revenue \$	Concession Expenditure Per Person \$	Total Concession Revenue \$	Stadium Concession Revenue \$	Total Stadium Revenue \$
<u>Professional Sports</u>																
Football	62,000	10.5	651,000	9.00	5,859,000	10	586,000	293,000	130,000	2.00	260,000	239,000	.95	618,000	247,000	1,365,000
<u>Non-Sports Events</u>																
Non-Sports Events	10,000	20	200,000	3.00	600,000	10	60,000	30,000	40,000	1.00	40,000	37,000	1.35	270,000	168,000	235,000
Total	--	30.5	851,000	--	6,459,000	--	646,000	323,000	170,000	--	300,000	276,000	--	800,000	355,000	1,600,000

Table 23

REMODELED AND DOMED METROPOLITAN STADIUM

Type of Event	Attendance Per Event	No. of Event Days	Total Attendance	Average Ticket Price \$	Total Ticket Sales \$	Stadium Rental Rate % \$	Stadium Rental Revenue \$	Stadium Ticket Tax @5% \$	Number Of Vehicles Parked	Parking Charge \$	Total Parking Revenue \$	Stadium Parking Revenue \$	Concession Expenditure Per Person \$	Total Concession Sales \$	Stadium Concession Revenue \$	Total Stadium Revenue \$
Professional Sports																
Baseball	16,000	76	1,216,000	4.00	4,864,000	8	399,000	243,000	278,000	1.50	417,000	384,000	1.35	1,642,000	164,000	1,190,000
Football	68,000	10.5	714,000	9.00	6,426,000	15	964,000	321,000	163,000	2.00	326,000	300,000	.95	678,000	170,000	1,755,000
Soccer	16,000	20	760,000	4.00	3,040,000	10	300,000	152,000	163,000	1.50	244,500	233,000	.95	223,500	48,000	231,000
Other Sports																
High School Football	50,000	2	100,000	4.00	400,000	10	40,000	20,000	23,000	1.50	35,000	32,000	.50	50,000	13,000	105,000
Non-Sports																
Closed Circuit T.V. Spectaculars/	20,000	2	40,000	6.00	240,000	15	36,000	12,000	9,000	1.50	14,000	13,000	.95	38,000	10,000	71,000
Concerts	25,000	8	200,000	5.00	1,000,000	15	150,000	50,000	46,000	2.00	92,000	85,000	1.35	270,000	68,000	353,000
Conventions	5,000	8	40,000	-0-	-0-	4,000	32,000	-0-	9,000	1.00	9,000	8,000	.75	30,000	8,000	48,000
Rallies	40,000	1	40,000	-0-	-0-	4,000	4,000	-0-	9,000	1.00	9,000	8,000	.75	30,000	8,000	48,000
Circuses	18,000	4	72,000	4.00	288,000	15	43,000	15,000	16,000	1.50	24,000	22,000	1.35	97,000	24,000	104,000
Rodeos	12,000	5	60,000	5.00	300,000	15	45,000	15,000	14,000	1.50	21,000	19,000	1.35	81,000	20,000	99,000
Trade Shows/ Exhibits	15,000	10	150,000	1.50	225,000	15	34,000	11,000	34,000	1.00	34,000	31,000	1.35	203,000	51,000	127,000
Music Festival	30,000	2	60,000	3.00	180,000	15	27,000	9,000	14,000	1.00	14,000	13,000	.75	45,000	11,000	65,000
Military Displays/ Band Competitions	15,000	1	15,000	3.00	45,000	15	7,000	2,000	3,000	1.00	3,000	3,000	.75	11,000	3,000	15,000
Religious convocations	50,000	1	50,000	-0-	-0-	4,000	4,000	-0-	11,000	1.00	11,000	10,000	.50	25,000	6,000	20,000
Political Rallies	50,000	1	50,000	-0-	-0-	4,000	4,000	-0-	11,000	1.00	11,000	10,000	.75	38,000	10,000	24,000
Total	--	151.5	3,007,000	--	14,768,000	--	1,659,000	738,000	666,000	--	1,089,000	1,001,000	--	3,423,000	614,000	4,212,000

Table 24.

NEW OPEN FOOTBALL STADIUM

Type of Event	Attendance Per Event	No. of Event Days	Total Attendance	Average Ticket Price \$	Total Ticket Sales \$	Stadium Rental Rate % \$	Stadium Rental Revenue \$	Stadium Ticket Tax @ 5% \$	Number Of Vehicles Parked	Parking Charge \$	Total Parking Revenue \$	Stadium Parking Revenue \$	Concession Expenditure Per Person \$	Total Concession Revenue \$	Stadium Concession Revenue \$	Total Stadium Revenue \$
<u>Professional Sports</u>																
Football	62,000	10.5	651,000	9.00	5,859,000	10	585,000	298,000	149,000	2.00	298,000	274,000	.95	618,000	155,000	1,306,000
Soccer	10,000	20	200,000	4.00	800,000	10	80,000	40,000	46,000	1.50	69,000	63,000	.95	190,000	48,000	231,000
<u>Other Sports</u>																
High School Football	50,000	2	100,000	4.00	400,000	10	40,000	20,000	23,000	1.50	35,000	32,000	.50	50,000	13,000	105,000
<u>Non-Sports</u>																
Spectaculars/ Concerts	25,000	5	125,000	5.00	625,000	10	63,000	31,000	29,000	2.00	58,000	53,000	1.35	169,000	42,000	189,000
Rally or convention	50,000	1	50,000	-0-	-0-	2,000	2,000	-0-	11,000	1.00	11,000	10,000	.75	33,000	10,000	22,000
Total	--	38.5	1,126,000	--	7,684,000	--	771,000	384,000	258,000	--	471,000	432,000	--	1,065,000	268,000	1,355,000

Table 25

NEW DOMED FOOTBALL-ONLY STADIUM

Type of Event	Attendance Per Event	No. of Event Days	Total Attend- ance	Average Ticket Price \$	Total Ticket Sales \$	Stadium Rental Rate % \$	Stadium Rental Revenue \$	Stadium Ticket Tax @ 5% \$	Number Of Vehicles Parked	Park- ing Charge \$	Total Parking Revenue \$	Stadium Parking Revenue \$	Concession Expenditure Per Person \$	Total Concession Revenue \$	Stadium Concession Revenue \$	Total Stadium Revenue \$
<u>Professional Sports</u>																
Football	68,000	10.5	714,000	9.00	6,426,000	15	964,000	321,000	163,000	2.00	326,000	300,000	.95	673,000	170,000	1,755,000
Soccer	12,000	20	240,000	4.00	960,000	10	96,000	48,000	55,000	1.50	83,000	76,000	.95	228,000	57,000	277,000
<u>Other Sports</u>																
College Football	45,000	7	315,000	5.00	1,575,000	10	158,000	79,000	72,000	1.50	108,000	99,000	.75	236,000	59,000	395,000
High School Foot- ball	60,000	2	120,000	4.00	480,000	10	48,000	24,000	27,000	1.50	41,000	38,000	.50	60,000	15,000	125,000
<u>Non-Sports</u>																
Closed Circuit T.V.	25,000	2	50,000	6.00	300,000	15	45,000	15,000	11,000	1.50	17,000	16,000	.95	48,000	12,000	60,000
Spectaculars/ Concerts	30,000	10	300,000	5.00	1,500,000	15	225,000	75,000	69,000	2.00	138,000	127,000	1.35	405,000	101,000	528,000
Conventions	5,000	12	60,000	-0-	-0-	5,000	60,000	-0-	14,000	1.00	14,000	13,000	.75	45,000	11,000	24,000
Rallies	25,000	2	50,000	-0-	-0-	5,000	10,000	-0-	11,000	1.00	11,000	10,000	.75	38,000	10,000	30,000
Circuses	20,000	8	160,000	4.00	640,000	15	96,000	32,000	37,000	1.50	56,000	52,000	1.35	216,000	54,000	234,000
Trade Shows/ Exhibits	20,000	15	300,000	1.50	450,000	15	68,000	20,000	69,000	1.00	69,000	64,000	1.35	405,000	101,000	256,000
Music Festival	30,000	2	60,000	3.00	180,000	15	27,000	9,000	14,000	1.00	14,000	13,000	.75	45,000	11,000	50,000
Military Display/ Band Competition	20,000	1	20,000	3.00	60,000	15	9,000	3,000	5,000	1.00	5,000	4,000	.75	15,000	4,000	20,000
Religious Convo- cations	50,000	2	100,000	-0-	-0-	5,000	10,000	-0-	23,000	1.00	23,000	21,000	.50	50,000	13,000	44,000
Political Rallies	50,000	1	50,000	-0-	-0-	5,000	5,000	-0-	11,000	1.00	11,000	10,000	.75	38,000	9,000	24,000
Total	--	94.5	2,539,000	--	12,571,000	--	1,821,000	629,000	581,000	--	916,000	843,000	--	2,507,000	627,000	3,920,000

Table 26

NEW DOMED MULTI-PURPOSE STADIUM

Type of Event	Attendance Per Event	No. of Event Days	Total Attendance	Average Ticket Price \$	Total Ticket Sales \$	Stadium Rental Rate % \$	Stadium Rental Revenue \$	Stadium Ticket Tax @ 5% \$	Number Of Vehicles Parked	Parking Charge \$	Total Parking Revenue \$	Stadium Parking Revenue \$	Concession Expenditure Per Person \$	Total Concession Revenue \$	Stadium Concession Revenue \$	Total Stadium Revenue \$
Professional Sports																
Baseball	18,000	76	1,368,000	4.00	5,472,000	8	423,000	274,000	313,000	1.50	470,000	432,000	1.35	1,847,000	185,000	1,329,000
Football	68,000	10.5	714,000	9.00	6,426,000	15	964,000	321,000	163,000	2.00	326,000	300,000	.95	678,000	170,000	1,755,000
Soccer	12,000	20	240,000	4.00	960,000	10	96,000	48,000	55,000	1.50	83,000	76,000	.95	228,000	57,000	277,000
Other Sports																
College Football	45,000	7	315,000	5.00	1,575,000	10	158,000	79,000	72,000	1.50	108,000	99,000	.75	236,000	59,000	395,000
High School Football	60,000	2	120,000	4.00	480,000	10	48,000	24,000	27,000	1.50	41,000	38,000	.50	60,000	15,000	125,000
Non-Sports																
Closed Circuits T.V.	25,000	2	50,000	6.00	300,000	15	45,000	15,000	11,000	1.50	17,000	16,000	.95	48,000	12,000	63,000
Spectacular/Concerts	30,000	10	300,000	5.00	1,500,000	15	225,000	75,000	69,000	2.00	138,000	127,000	1.35	405,000	101,000	528,000
Conventions	5,000	12	60,000	-0-	-0-	5,000	60,000	-0-	14,000	1.00	14,000	13,000	.75	45,000	11,000	64,000
Rallies	25,000	2	50,000	-0-	-0-	5,000	10,000	-0-	11,000	1.00	11,000	10,000	.75	38,000	10,000	30,000
Circuses	20,000	6	160,000	4.00	640,000	15	96,000	32,000	37,000	1.50	56,000	52,000	1.35	216,000	54,000	234,000
Rodnos	20,000	3	100,000	5.00	500,000	15	75,000	25,000	23,000	1.50	35,000	32,000	1.35	135,000	34,000	166,000
Trade Shows/Exhibits	20,000	15	300,000	1.50	450,000	15	68,000	23,000	69,000	1.00	69,000	64,000	1.35	405,000	101,000	256,000
Music Festivals	30,000	2	60,000	3.00	180,000	15	27,000	9,000	14,000	1.00	14,000	13,000	.75	45,000	11,000	60,000
Military Displays/Band Competitions	20,000	1	20,000	3.00	60,000	15	9,000	3,000	5,000	1.00	5,000	4,000	.75	15,000	4,000	20,000
Religious Conventions	50,000	2	100,000	-0-	-0-	5,000	10,000	-0-	23,000	1.00	23,000	21,000	.50	50,000	13,000	44,000
Political Rallies	50,000	1	50,000	-0-	-0-	5,000	5,000	-0-	11,000	1.00	11,000	10,000	.75	38,000	9,000	24,000
Event Totals	--	175.5	4,007,000	--	18,543,000	--	2,334,000	928,000	917,000	--	1,421,000	1,307,000	--	4,489,000	846,000	5,415,000
Stadium Tours	--	--	200,000	1.00	200,000	100	200,000	10,000	--	-0-	--	--	.75	150,000	38,000	248,000
Total	--	175.5	4,207,000	--	18,743,000	--	2,534,000	938,000	917,000	--	1,421,000	1,307,000	--	4,639,000	884,000	5,663,000

INTERIM FINDINGS

NEED

It is the finding of this Stadium Task Force that there is an immediate and urgent need for improved facilities for football and baseball in the Twin Cities Metropolitan Area.

This finding is based upon the following facts and opinions:

The Minnesota Vikings professional football team and the Minnesota Twins professional baseball team will relocate their franchises from the Twin Cities Metropolitan Area if improved sports facilities are not available to them.

The Minnesota Twins and Vikings have advised the Metropolitan Sports Commission that they will not renew their present leases, which expire in 1975, in the present sports facility for any extended period of time, but only on a year-to-year basis. This fact makes it possible for the Minnesota Twins and Vikings to negotiate with other areas for the relocation of their franchises.

Several areas within this country are building or planning to build sports facilities and are in the process of encouraging professional franchises to locate in their areas. The Minnesota Vikings, with the smallest capacity for attendance in the entire league, and the Minnesota Twins, with the lowest attendance in the American League this year, due in part to the uncertainty of the weather in this area, are franchises that are attractive to these areas.

Transfer of a franchise in the National Football League must be proposed by the franchise owner and be approved by 20 of the 26 members of the league. The sharing of gate receipts in the National Football League encourages owners to vote for franchise relocations where increased attendance is possible.

Transfer of a franchise in the American Baseball League must be proposed by the franchise owner and be approved by 9 of the 12 members of the league.

This area cannot afford to lose the Twins and Vikings. We need the economic vitality that results from these sports activities. A 1965 study on the economic impact of major league sports to this area concluded that \$14.5 million per year in initial expenditures can be directly attributed to professional baseball and football. Today, the direct economic impact of these major league teams to this area is at least \$15 million per year. This initial expenditure is received by individuals, governmental bodies, and firms who in turn spend it for wages, services and supplies. These expenditures began a long spending chain which may result in \$29 million in incomes and \$75 million in sales volume.

In addition, the construction of a sports complex provides a significant one-time impact on the local economy. An initial expenditure ranging from \$25 million to \$85 million for construction of a new facility would result in increased employment, personal income, and state income and sales taxes. The multiplier effect of these expenditures creates additional income and sales to the area.

The drawing power of a sports complex results in secondary construction which may take the form of supporting facilities and services such as hotels, motels and restaurants. This also results in increased employment, personal income, and increased income and sales taxes. Again, the multiplier effect creates additional income and sales to the area.

The citizens of this area deserve a better opportunity to attend Vikings football games. Many citizens who wish to purchase tickets are unable to do so due to the limited capacity of the present stadium. Thousands of people are on the waiting list for season tickets for Vikings games.

The University of Minnesota needs improved sports facilities for football, intramural, physical education, and other athletic activities.

The indirect benefits of major league sports to this area cannot be easily measured, but they may be more important than the direct benefits.

TYPE OF FACILITY

It is the finding of this Stadium Task Force that the most desirable stadium, in view of the need, is a multi-purpose domed facility for football, baseball and other activities.

This finding is based upon the following facts and opinions:

The need for improved facilities for professional football, professional baseball, University of Minnesota football, and other activities, is clearly evident to the task force. To build, and continue to build, separate facilities for these activities does not seem to be either economically feasible nor politically advisable.

All sports mentioned need enclosed facilities due to weather conditions in this area.

Baseball and football can be played in the same stadium, as evidenced by our present facility and many other facilities throughout this country. Compromises in scheduling and viewing can be made by the various tenants of any such facility.

The operating costs of a sports facility can be minimized by the construction of a multi-purpose facility for baseball, football, and other activities. Operating costs are an important factor in any stadium.

A multi-purpose domed facility is most desirable. However, economic conditions availability of financing, priority for this need in relationship to other needs and citizen attitude will be factors in the final decision as to whether this type of facility will be constructed.

LOCATION

It is the finding of this Stadium Task Force that the location of any new or renovated stadium is a public decision and will, in the final analysis, be made by elected public officials.

This finding is based upon the following facts and opinions:

The location of any new or renovated stadium for football and baseball in this area will be decided by elected public officials and citizens. The fact that public financing is required, and that the citizens will decide whether new and/or renovated stadiums is a high priority, leads to the conclusion that the location of any such facility will be decided by the people of this area through their elected public officials.

The task force has received information on two sites, the Bloomington sports complex and the Memorial Stadium at the University of Minnesota. Both of these sites have advantages and disadvantages as to the location of any stadium. Many other possible locations have been discussed through the media and various other means, including the State Fairgrounds; Cedar-Riverside; Lakeville; Downtown Minneapolis; Eagandale; Midway Area, St. Paul; and Fort Snelling.

Location of a sports facility is highly emotional. Once discussion of location commences the questions of need and priority are forgotten. If the citizens agree with the task force that there is a need and this need is a high priority in relationship to other needs, then, and only then, should location be considered.

The important and emotional question of location demonstrates the substantial direct economic benefits to the area immediately surrounding any sports facility.