

# Arena Construction Project Manager

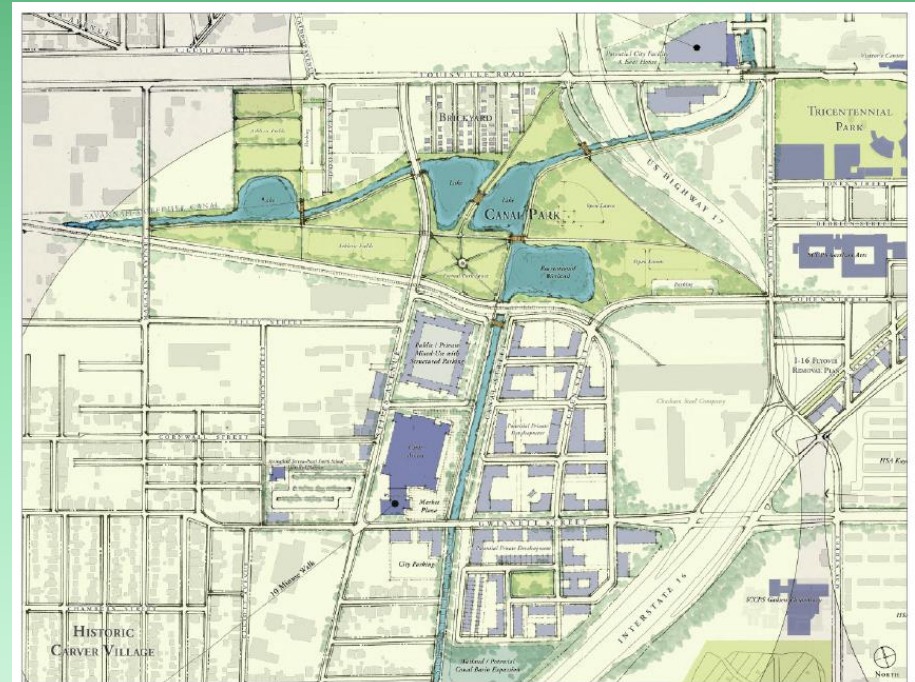


# Importance of Project Management

- The arena project will be the largest and most expensive Capital Project the City has ever constructed when it is completed.
- In addition to the huge scope of the project, it also requires expertise that city staff does not have.
- Picking the best project delivery method will require special consideration to ensure the project is completed on schedule on budget.
- Other responsibilities include project coordination, construction oversight and performance analysis.

# Arena Construction Project Manager

- City Staff is recommending that Council award a contract to Jones Lang LaSalle Americas, Inc. (JLL)
- The City received seven responses to its request for proposals (RFP) from nationally known arena construction management experts.



# M/WBE Participation

- Initially a M/WBE participation goal was calculated based on the activity codes for the project. The Goal was calculated to be 7 percent.
- The RFP was amended to have an open goal with the highest participation receiving the highest score.
- JLL has proposed a M/WBE participation of 30 percent
- MBE local participation is 25 percent
- WBE local participation is 5 percent.

# Selection Process

- An interdisciplinary panel of City staff evaluated the proposals. Interviews were then conducted of all proposers.
- Best and Final Offers were received by the proposers.
- Proposals were graded according to criteria listed in the RFP.
- The SEC Administrator performed the evaluation of the M/WBE participation and the Purchasing Department calculated the points awarded for fees.

# Arena Feasibility and Program

- The Consulting Team consisted of the following firms:
  - Barrett Sports Group (now CAA ICON)
  - Gensler
  - JE Dunn Construction
  - Thomas and Hutton
  - Coastline Consulting Services
  - Ecological Planning Group, LLC
  - Resource & Land Consultants
  - Terracon
- The Consulting Team completed a comprehensive evaluation of the proposed site and potential feasibility and demand for a new arena that would host athletic events, concerts, family shows, and other community events



# Major Feasibility Tasks Completed

- Analyzed demographics of local and comparable market areas
- Analyzed facility characteristics of competitive facilities
- Analyzed performance of comparable facilities
- Evaluated performance of facilities in comparable markets
- Surveyed potential users of the new arena (promoters and minor league sports leagues)
- Prepared preliminary program for a new arena



# Potential Arena Event Mix

- Balancing market demand with the needs of arena events and tenants is key to optimizing seating capacity
- We spoke to representatives from the following organizations to get a better understanding of their need for a new facility and their interest in the Savannah market
  - Promoters
    - AEG Live / Live Nation / Feld Entertainment / Phatt Katz
  - Minor league sports leagues
    - AHL / ECHL / SPHL / AFL / D-League (Now G-League)



# Potential Arena Event Mix

- Analyzed event information from Pollstar to determine the optimal capacity for a new arena in Savannah
- Calculated the percentage of non-sporting events held at each of the following four arenas based on attendance cutoffs
  - Jacksonville Veterans Memorial Arena – Jacksonville
  - James Brown Arena – Augusta
  - Macon Coliseum – Macon
  - North Charleston Coliseum – North Charleston
- Promoters indicated that the above facilities provided the most direct competition to Savannah

# Potential Arena Event Mix

- Demographic characteristics summarized below

| Regional Market Summary CBSA<br>Designation Overview | Rank     |      | Charleston - North |            |          |          | Average<br>(Ex. Savannah) |
|--|----------|------|--------------------|------------|----------|----------|---------------------------|
|  | Savannah | of 5 | Jacksonville       | Charleston | Augusta  | Macon    |                           |
| 2017 Population (000s)                               | 390.8    | 4    | 1,489.4            | 767.6      | 607.5    | 232.2    | 774.2                     |
| 2022 Population (000s)                               | 422.9    | 4    | 1,606.2            | 846.6      | 638.4    | 230.2    | 830.4                     |
| Est. % Growth 2017-2022                              | 8.23%    | 2    | 7.84%              | 10.29%     | 5.09%    | -0.85%   | 5.59%                     |
| 2017 Households (000s)                               | 146.9    | 4    | 575.3              | 300.9      | 231.8    | 88.5     | 299.1                     |
| 2022 Households (000s)                               | 158.5    | 4    | 618.6              | 332.2      | 243.6    | 87.6     | 320.5                     |
| Est. % Growth 2017-2022                              | 7.96%    | 2    | 7.51%              | 10.41%     | 5.07%    | -1.01%   | 5.50%                     |
| Per Capita Income                                    | \$27,489 | 3    | \$30,132           | \$30,067   | \$26,305 | \$24,483 | \$27,747                  |
| Average Household Income                             | \$70,600 | 3    | \$76,601           | \$75,909   | \$67,035 | \$61,956 | \$70,375                  |
| Median Household Income                              | \$51,912 | 3    | \$54,772           | \$55,266   | \$49,752 | \$43,610 | \$50,850                  |
| HHs w/ Income \$100,000+ (000s)                      | 31.4     | 4    | 131.7              | 67.8       | 44.6     | 15.3     | 64.9                      |
| Average Disposable Income                            | \$54,288 | 3    | \$60,318           | \$58,563   | \$52,218 | \$48,309 | \$54,852                  |
| Median Disposable Income                             | \$41,895 | 3    | \$45,987           | \$46,808   | \$40,269 | \$36,211 | \$42,319                  |
| HHs w/ Disposable Income \$100,000+ (000s)           | 17.3     | 4    | 84.4               | 39.1       | 24.6     | 8.3      | 39.1                      |
| Median Age   | 35.8     | 1    | 38.6               | 36.9       | 38.0     | 38.5     | 38.0                      |
| Unemployment Rate                                    | 4.10%    | 2    | 4.70%              | 3.30%      | 4.60%    | 5.00%    | 4.40%                     |
| Economy Size (GDP-Billions)                          | \$17.6   | 4    | \$71.5             | \$38.8     | \$23.4   | \$9.5    | \$35.8                    |
| Cost of Living Index                                 | 89.3     | 1    | 95.8               | 103.7      | NA       | NA       | 99.8                      |
| TV Population (000s)                                 | 822.3    | 2    | 1,646.5            | 782.1      | 613.7    | 567.7    | 902.5                     |
| TV Households (000s)                                 | 328.9    | 2    | 700.9              | 321.0      | 249.1    | 223.0    | 373.5                     |
| Radio Population (000s)                              | 330.0    | 5    | 1,296.1            | 668.3      | 484.5    | 372.4    | 705.3                     |
| Companies w/ \$20mm Sales                            | 132      | 3    | 569                | 198        | 132      | 68       | 242                       |
| Companies w/ 500+ Employees                          | 37       | 4    | 133                | 53         | 42       | 18       | 62                        |

Sources: Esri 2017, Nielsen 2017, BLS 2017, Hoovers 2017, The Council for Community and Economic Research 2017, and U.S. BEA.

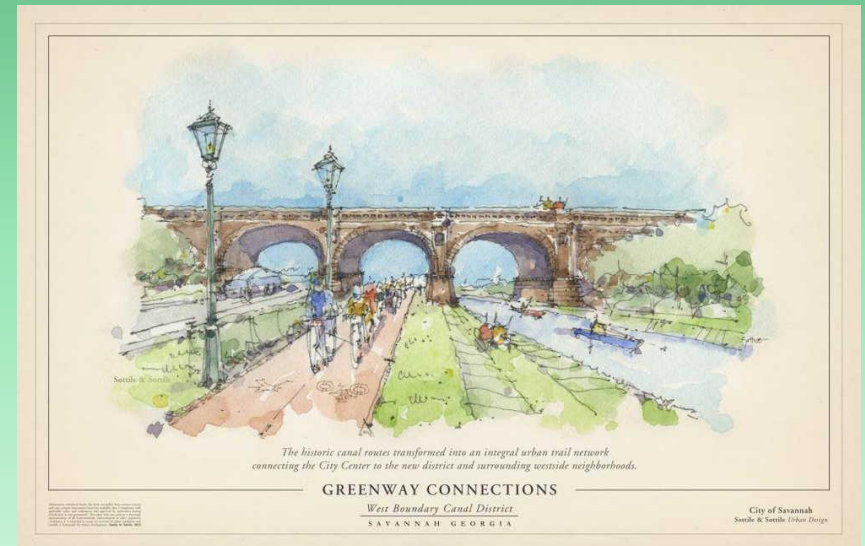
# Potential Arena Event Mix

- 82% of the Pollstar-reported events held at those four arenas from 2013-2017 (through December 12, 2017) had 9,000 or fewer paid attendees
  - 77% of events had 7,500 or fewer
- 69% of the Pollstar-reported events held at Jacksonville Veterans Memorial Arena (14,521) had 9,000 or fewer paid attendees
  - 63% of events had 7,500 or fewer
- 94% of the Pollstar-reported events held at North Charleston Coliseum (13,295) had 9,000 or fewer paid attendees
  - 88% of events had 7,500 or fewer
- 100% of the Pollstar-reported events held at James Brown Arena (9,167) and Macon Coliseum (9,252) had 9,000 or fewer paid attendees



# Potential Arena Event Mix

- Promoters' feelings on maximum capacity were mixed
  - Some indicated that they would prefer a capacity over 10,000
  - Others favored a number closer to 8,500-9,000 with concerns about the market supporting a facility with over 10,000 seats
- An end stage concert capacity of 7,500 was considered sufficient
- Capacity is not an issue for family shows



# Potential Arena Event Mix

- ECHL potentially interested in Savannah
  - ECHL would prefer a capacity between 6,000 and 7,000 for hockey games, but a slightly larger capacity would be acceptable
- G-League potentially interested in Savannah
  - Previously NBA Development League (D-League) / Partnership with Gatorade
  - Have been looking into the southeast region
  - Atlanta Hawks in discussions for a new arena in College Park for G-League team (3,500 seats)
  - Ideal building size is 5,000 – 10,000 seats, but they vary



# Preliminary Program

- Arena Characteristics

|                                     |               |
|-------------------------------------|---------------|
| – Capacity – 360 Degree             | 8,500 – 9,500 |
| – Capacity – 270 Degree (End Stage) | 7,500 – 8,000 |
| – Luxury Suites                     | 12 – 15       |
| – Club Seats                        | 350 – 450     |
| – Parking                           | 2,750 – 3,000 |

Note: Premium seating inventory assumes anchor minor league tenant



# Moving Forward

- Now that we have selected a project management firm, the City will work with our experts to make decisions and get the project moving.
- Arena Operator RFP
- Project delivery method – What is the best method for this project?
  - Design-bid-build
  - Design-Build
  - Construction Manager at Risk
- Finalizing Arena Program
- Finalizing Arena Conceptual Site Plan
- Preparation of RFPs

# Questions?

