

Long Range Planning Committee

Final Report

To: Cumberland County Civic Center Board of Trustees
From: Long Range Planning Committee
Re: Civic Center Renovation/Expansion Project
Date: May 14, 2002

Background

When the City of Portland decided not to proceed with construction of a new arena, the Trustees of the Civic Center formed a Long Range Planning Committee to identify renovation options for the existing facility. The LRP Committee contracted with Heery International, a world wide architectural and consulting firm, to investigate renovation and expansion opportunities.

Heery identified the following four options, ranging from Maintenance Improvements (Option A) to Expanded General and Premium Seating (Option C2).

- Option A: Needed Maintenance: \$4.4 Million
- Option B: Improved Public Areas: \$13.25 Million
- Option C: Add 2000 Seats: \$25 Million
- Option C2: Add Club Seats/Skyboxes: \$26 Million

Brailsford and Dunleavy, facilities planning consultants, of Washington, D.C. was then hired to analyze the marketability and projected financial performance for each option. The findings of that work were presented in the January 24, 2002 report of the LRP Committee to the Trustees. (See Appendix A for a summary of that report and its conclusions)

Option Analysis

None of the options identified in the Heery/Dunleavy reports was a clear winner. The Committee then expanded its information-gathering, by conducting intensive interviews with knowledgeable parties, including:

- Civic and Business Leaders
- Arena Finance and Construction Specialists
- Professional arena management firm personnel, including Frank Russo of Global Spectrum Management and Joe Brilligia of SMG, the two top private arena management firms in the industry.
- Civic Center Board members and community leaders
- Cumberland County Civic Center Staff
- Paul Stevens (architect) of Stevens, Morton, Rose & Thompson in Portland

The purpose of these interviews was to “test” the feasibility of the four options. The interviews revealed some fundamental flaws in the marketing and construction analysis. They prompted the committee to rethink the desirability of making a major investment in the existing facility.

Representative Sample of Interviews

- Among community leaders there is limited support for a high-cost modernized facility. Many individuals felt a more conservative approach was in order.
- Renovations that do not include “back of the house” improvements will fail to meet the needs of the sporting and artistic talent, with accordant financial implications.
- Club seating is unlikely to generate the revenues projected by Brailsford/Dunleavy.
- Investing \$25-30 million in the existing facility will prevent the community from pursuing a state-of-the-art arena for at least 20 years. **Both professional management firms contacted felt strongly this was not a wise choice because of the excessive cost involved to obtain only a marginally improved facility.**

Initial Conclusions

None of the options presented by Heery and Associates or analyzed by Brailsford/Dunleavy is a good long-term investment for the Civic Center. The options fail to accommodate the needs of performers, sporting and artistic; they cost more than revenues would cover and, in the case of C2, the community would be tied to this aging facility for at least another 20-25 years.

The Committee decided to reconfigure and rethink the available options, and worked with staff and Paul Stevens to generate the following list of new Options to consider:

Options to Consider

Needed Maintenance: \$4.4 million

This is a maintenance-without-improvements Option and corresponds to the original "Option A" (see Appendix A). The maintenance items such as roof repair, safety and ADA features, HVAC replacement need to be completed for the facility to remain functional. The annual debt service on \$4.4 Million amortized over 10 years at 5.5% is approximately \$584,000/year. Adding this to projected operating losses of roughly \$250,000 annually results in a shortfall of \$834,000 annually.

Renovation Option: \$15 million

- Needed Maintenance
- Back of the house improvements
- Improved restrooms, ticketing lobby, concessions and queuing areas
- Improved locker rooms
- New administrative and team offices

This is a **revised version** of the old "Option B" (see Appendix A). The primary objective of this Option is to ensure the continuity of quality entertainment for the region by improving the back-of-the-house functions. Patron comfort is also improved through better restrooms and concession areas.

This Option, unlike Option B in Appendix A, essentially, breaks even, prior to debt service. The \$15 Million in project costs would need to be funded privately (i.e. through donations, sale of naming rights, etc.) or dealt with as bonded debt. Most likely the cost would be covered through a combination of bonds, contractual income and private philanthropy. The

full debt service on \$15 million, amortized over a ten-year horizon utilizing a 5.5% interest rate, would be approximately \$1.95 million/year.

New Facility Option: \$40-50 Million

This Option was not explored in detail by the Long Range Planning Committee. The Committee opted to include it as an Option to solicit public feedback on the level of support for a new arena. Funding for a new arena would be through a combination of public and private sources.

Public Input

Public meetings were held in Windham, Brunswick, Cumberland and Portland in April and May to present the findings of the LRP Committee and seek input from the public (see Appendix B). At each meeting, Trustees presented the results of their investigations and asked attendees what Option they supported for the future of the Civic Center. Although the meetings were heavily advertised, they were sparsely attended with the exception of Portland. Trustees also met with the Cumberland County City and Town Managers Association. These meetings were helpful in reaching a recommendation beyond what the number of participants would suggest. Those who attended had given considerable thought to the future of the Civic Center and the resulting dialogue was instrumental in the Trustees' deliberations.

Findings

- The "Needed Maintenance" Option, at \$4.4 million, extends the life of the Civic Center but does not change the fact that the Civic Center, as it currently exists, cannot and will not stay competitive going forward. The quality and quantity of talent visiting our market will dry up and with it will go part of the vibrancy of this community.
- The \$15 million Option offers considerable benefits for our patrons, constituents, and citizens of Cumberland County. This Option improves some back-of-the-house problems and improves patron service through better restrooms and concessions. However, the substantial costs involved are not offset at all by the increased revenues and several hundred seats would be lost through safety and ADA improvements. The result is a hefty annual deficit and a marginally better facility.

Investing \$15 in this building will foreclose the opportunity for a new and superior arena for 15-20 years.

- It is premature to place a referendum question on the county ballot in '02.
- A new arena might be supported by the community (and certainly was by the majority who attended the public meetings) but no vigorous exploration of that Option has been undertaken to date.

Conclusions

A Civic Center is essential to the fabric of life in Southern Maine. It is part of the economic and social engine that contributes to the quality of life we all experience. This area needs a vibrant arena to attract the best in music and sporting entertainment for our citizens. The Cumberland County Civic Center has served this purpose admirably for 25 years. With new arenas in place in New England, the aging Civic Center is less able to compete for talent. That situation will worsen.

Rather than move forward immediately with what one participant in the public meetings called a "band-aid" \$15 million solution, the Trustees have decided to take the next year to explore sizing needs and programs, appropriate costs, funding models, financial projections and legislative actions which would be necessary to create a new arena. Required near-term maintenance will occur as necessary during this period.

A new, larger, well-designed contemporary facility, perhaps in conjunction with a Convention Center, is clearly what the community needs and deserves. Whether a combination of public and private funds can be raised is the outstanding question. During the next year, Trustees will invite business and civic leaders to embrace the challenge of identifying funding for a new arena. By May 2003, Trustees will recommend whether to move forward with a new arena or commence renovations at the current Civic Center.

Appendix A

Brailsford & Dunleavy Report Summary

The necessity for expansion in order to remain competitive is, perhaps, the most significant issue facing the Civic Center. Our investigations indicate that if such an expansion is not undertaken, the Civic Center will slowly, but surely, lose significant acts as it will become less and less attractive to performers due to the limited revenue potential caused by the seating constraints. The alternatives identified in the Heery final report are as follows:

- **Option A**

Deferred Maintenance—This is basically a “paint and paper” approach to catch up on deferred maintenance items and other minimal ADA improvements. It does not really move the facility ahead, but simply slows its decline. The estimated cost for this option is approximately \$4.4 million. Our projections indicate that the option of “doing nothing,” which is represented by the Option A plan to accomplish only deferred maintenance items and other absolutely necessary improvements, leads to a downward spiral in financial performance due to decreased revenues as a result of fewer and less attractive acts and shows coming to the Cumberland County Civic Center in the coming years. A relatively flat projection for revenues coupled with increasing costs results in an increase in operating deficits stabilizing at a loss of roughly \$250,000 annually. Adding to this the debt service on \$4.4 Million amortized over 10 years at a 5.5% interest rate of \$584,000 brings the projected deficit to \$834,000 annually.

- **Option B**

Operational/Functional Improvements—This approach deals with a series of improvements such as modernized facilities, improved public areas including restrooms, concessions, queuing areas and access points, along with more significant improvements. This is a significant upgrade, but does nothing to expand the capacity of the facility which is necessary in order for us to continue to attract large traveling talents such as major musical acts and family entertainment such as Disney on Ice, etc. The estimated cost for this option is approximately \$13.25 million. Option B, which provides operational and functional improvements but no increase in capacity, also has projected operating deficits, roughly \$125,000 annually. While this is less than the deficits projected in Option A, the lack of additional seating capacity is still a drag on the projected financial performance of the Civic Center. Adding the debt service on \$13.25 Million over 10 years at 5.5% of \$1.76 Million brings the projected deficit to \$1.88 Million annually.

- **Option C**

Expanded General Seating Capacity—This creates a “bigger and better” Civic Center and addresses all of the improvements and upgrades of the preceding options A and B, but also creates a larger facility to allow the Civic Center to continue as a competitive venue for these large acts. In the course of expanding the facility from a capacity standpoint, additional volume is created which accommodates a variety of other desirable features such as meeting areas and restaurant facilities. This will increase the utility of the Civic Center and will improve the overall quality of our patrons’ experience there. This option gets us to the size we need to remain a competitive venue going forward. For this option, overall seating capacity for a concert is increased to 10,000 ± seats with no luxury seats or skyboxes provided. The approximate cost of this option is \$24.66 million. Under Option C, which provides for an expanded and improved Civic Center without any level of luxury seating or skyboxes, a positive net operating income is projected prior to any allowance for debt service, and it is the increased projected revenues caused by the higher capacity of the Center and an increase in the number of acts performing there that drives this positive trend. Note, however, the projected net operating income over time, decreases to \$300,000 by 2009. Under Option C, the \$300,000 ± projected net operating income on a stabilized basis in 2009 would support debt of \$3.66 million utilizing a 1.1 debt coverage ratio and an assumed interest rate of 5.5% and a 25 year amortization period. Deducting this from the project cost of \$24.66 million results in a “gap” of \$21.00 million that would need to be raised through non-operational sources such as the sale of naming rights and/or direct contributions from other sources. These sources might include businesses, private donors, foundations, governmental sources such as cities, communities, the State, and/or the County.

- **Option C.2**

Expanded General Seating and Added Premium Seating—This is a further extension of the Option C expansion which adds corporate “skyboxes” and luxury seating. This option would incorporate twelve skyboxes with twenty-four seats each, premium “club” seating for 300, with total concert seating capacity of 10,000± seats including behind the state seating. This option is projected to have a cost of approximately \$24.58 million. Similarly, under Option C.2, positive net operating income prior to debt service is projected at even higher levels than those projected in Option C with a “stabilized” net operating income of approximately \$800,000/year. This would support approximately \$9.76 million under the aforementioned financing assumptions. Deducting this supportable debt of \$9.76 million from the overall project costs of \$24.58 million would lead to a “gap” of approximately \$14.82 million. Again, this “gap” amount would need to be raised through non-operational means such as the sale of naming rights and/or donations.

Appendix B

Future of Cumberland County Civic Center
Windham Public Meeting
Windham High School

April 24, 2002

Meeting began at 7:10 with a welcome to the audience from Elizabeth Swain. Gave brief overview and general background.

Tony McDonald

Gave history. PowerPoint presentation.

David ? – [Current Building] Parents said it would never work...worst investment possible....wrong for the most part. Shouldn't we think beyond Cumberland County? It seems as though to build any facility big enough to fill the needs, we should look beyond the County confines to finance this.

Steve Crane: We would love to see state government be more magnanimous to the concept of sharing. But State Govt. is financially more destitute than everyone else right now. The Bangor initiative was rejected by legislature. I'd like to dream that somewhere down road, the State Leg. may take a more open-minded view of state benefit. One tax district can't singularly bear the burden of cost. That's part of the reason we haven't done anything to date.

E. Swain to David: As a Windham Councilor...what's the sentiment around town?

Dave: Windham has its own infrastructure improvement needs and an investment in the Civic Center would not return significant benefit.

Tony: read statistics of tax increase for each option per taxpayer.

Jim: Do we have estimates of annual usage?

Steve Crane: About 450,000.

Tom Gleason (?): For years, Windham has gone the short route such as building temporary classrooms and it's hurt us. We're finally getting a new school at a \$27/yr. increase in taxes – and that's a fair price. The new high school will cost much more than that. Repairing the old facility is a waste of money. We need a big auditorium for sports, circuses and the like – it pays to make it bigger and bring in more money.

E. Swain: ...and \$27 per year is a very conservative number. That assumes no other funding sources. Where would you build something like this?

Tony: Building a new facility is not an option we've explored to the level of detail as the other options. Having said that, there are a number of locations where this could be built.

Let me point out also, even if the entire county voted for a new facility – it would be at least 5 years out at best and we'd need to spend the bulk of the \$4.4 million just to keep the current facility running until the new one opens.

David: Personally I think it would be insane to build onto the current facility. It would be a terrible lack of vision.

Steve Crane: The Civic Center is now in total compliance with ADA only because facilities built prior to 1993 are grand fathered. If we move a brick, we will need to renovate to meet current ADA requirements and we will lose seats as a result. So there is reluctance to do anything at this point.

Gary: I find it interesting the trustees come here to discuss the studies, but the interest has turned to "none of those are good ideas so let's turn to a new facility." It sounds good, but are municipalities going to look at \$27/yr to an individual or will they be looking at the total bill the municipality needs to collect from the community?

David: That's a good point. We recently had a referendum to renovate the public safety building and we posted total cost. We needed to do a better job at breaking it down per taxpayer.

Tom Bartell: We are starting to talk about the impact of the county budget and county tax on our ability to do things in Windham. The county tax is the county tax and the rest of the budget is what we have left to focus on Windham. If the county were to send out the bills, than the taxpayer would understand the county impact. However, the difficulty will be when the county sends the increase to the municipalities that have to collect the new tax revenue. However, the expenses if we do nothing will continue to go up and we will be seeing deficits if we don't do something.

Tony: Perhaps the \$4.4 million in deferred maintenance should have been addressed a few years ago but, then again, we would not have broken even.

Jim: One of the things I keep coming back to is what will this cost if we keep deferring this? It's \$40-\$50 million now. In 20 years will we be facing \$150 million to build or renovate? Why don't we build this now to attract bigger shows and more revenue before we fall behind?

David: Other than the public forums, what other methods are you using to gauge the sentiment of Cumberland County?

May 15, 2002

Tony: We're using an omnibus survey to gain statistical data. And get as much data we can get to make a sound decision.

David: It seems prudent to address maintenance to squeeze every last minute of its life cycle out of it, but it isn't prudent to spend too much money to keep it alive.

Tony: I would hope that if we present building a new facility, we would present a cost less than \$50 million. We'd be searching hard for other funding sources, but I think it's safe to say that the taxpayers would certainly bear the majority of the cost.

Jim: Is the Bayside property still a viable option?"

Tony: No. That property was pulled back and sold to a private interest.

Tom Gleason (?): How much could we expect from naming rights and things of that nature?

Tony: Let me state for the record that we have not officially explored that option. Having said that, I think we could expect something more than \$5 million and something less than \$20 million. I know that's a huge range, but it all depends upon what we are selling.

Steve Crane: Of course the ability to attract that money would certainly be less if we renovate the current facility vs. building something new.

Tony: The difference here, compared to other places in the country where the State is involved and many other sources of support, is in this instance the responsibility rests entirely upon the County.

8:20 *Wrap up*

Future of Cumberland County Civic Center
Brunswick Public Meeting
Brunswick Municipal Meeting Facility
April 30, 2002

7:10 pm - Elizabeth Swain opened meeting, welcomed guests, outlined meeting objectives and made introductions.

Tony McDonald gave a PowerPoint presentation outlining the background of the Civic Center, the present situation and options on the table for moving forward.

John ? – Season ticket holder. If build option takes place, I strongly hope it will happen on the peninsula and not out in an area surrounded by parking lots.

Rose: I represent a group of people who are not impressed with Brunswick putting money into the Civic Center. We are too far away. It's a Portland item and Portland should be supporting it. I don't want my taxes to go up \$27.00

Esther Clenott: I understand how you feel (Rose) but at the same time I know there are a lot of people in Brunswick and surrounding areas that do use the center. I wish we could give you some information on the cost of the tickets. [Steve Crane] keeps his tickets at a level of cost so that people in all surrounding areas, including families, can afford them. Plus, we put on a lot of graduations and other community events.

Q: You mentioned that the options of \$15M and up would improve the back of the house.

Tony: Right just not the \$4.4 M option.

Various people believe that increasing the size of the arena would not necessarily bring more people to the Center. Why didn't you include the \$26 M program in the option during the presentation?

Tony: It became clear to all of us that the \$26M option didn't make any sense and we couldn't find anybody to support it. It's too much money. You would spend \$26M on an old facility. One thing that really hit a chord for me was a breakdown by cost per seat. The goal is to put more seats in the facility. The \$26M option broke down to \$13K per seat for not very desirable seats, so that's why we ruled that out.

If Garth Brooks were going to play 100 nights per year, would he play in Kansas City and sell 15,000 seats per night @ \$40 /ticket or in Portland, Maine for 8,500 seat @ \$40 per ticket? It costs him the same to set up and promote each show. The clear business decision would be to play the bigger venue.

The horizons here are not 6 months or a year, they are 10 to 15 year horizons that we must plan for.

Steve Crane: The other challenge with the renovation plan is that the 2,000 seats (\$26M Option) are balcony seats and they are the least desirable. The concept of a new facility would be to have 10,000 seats that are easily accessible and accommodate persons with disabilities.

Bill Whitten: I'm still up in the air on the whole project because the more information I get, my perception changes. I need input from the public to help shape my decision. What we do know is that 10 or 15 years from now, the Civic Center will be non-existent. I think it's vital to have a Civic Center, especially one that's served the public so well. We have shows here that towns around the country would die for like Stars on ice.

Dale Olmstead (Freeport, Brunswick): Public input is critical. I really encourage people to give their input. I'm from Aroostook County and I know folks that drive down for shows. It's called the Cumberland County Civic Center, but it's really Maine's facility. There's a real need statewide to renovate or build these facilities.

Steve Crane: I'd like to address one of Rose's points. When I hear high ticket prices, it pains me. Most of the money for the shows goes to the artists such as Stars on Ice and music talent. Stars on Ice was \$58/ticket, and that killed me. But there was nothing we could do about it because it was the same price in Massachusetts and everywhere else. Then, in cases like the basketball tournament and the Shrine Circus, we give them the same rental deals they've been getting the last 15 to 20 years with the understanding that they keep the ticket price down. In some cases we are helpless because the shows are getting more and more money everywhere else. In other cases we can exert influence to keep the ticket affordable. We feel a lot of pain when prices are high and a lot of people can't go.

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7:55 pm - E. Swain closed meeting by thanking everyone for coming and reminding the taped audience of the next two public meetings.

Future of Cumberland County Civic Center
Cumberland Public Meeting
Cumberland Council Chambers
May 1, 2002

7:10 pm - Elizabeth Swain opened meeting, welcomed guests, outlined meeting objectives and made introductions.

Tony McDonald gave a PowerPoint presentation outlining the background of the civic center, the present situations and options on the table for moving forward.

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Al Ahlers – My first question would be: Is Portland the only option? What about South Portland, Scarborough and other communities?

Tony: Of course, renovation would mean it stays in Portland, but with regard to the new build option, we do not have any preconceived notion.

Al: If you have a full house, the concourses are mobbed, the restrooms are overloaded and it's bad. It really is bad. The conditions inside the arena really aren't that bad. For a short period of time, I suspect some minimum maintenance might work. But I really believe that the facility is inadequate for the long run in the Portland area. It needs to be bigger. It isn't physically large enough to accommodate the folks that want to go there, and that ought to be our ultimate goal.

If you are going to maintain it for the next few years, we need to upgrade it. We absolutely need a Civic Center. It's given so much to the community and I would recommend you don't stop at maintenance and that you go beyond that. I really believe the Bayside project would have been a wonderful opportunity.

Steve Moriarti (Cumberland) – The maintenance option is probably not an option at all and you probably ought to go forward and get it done.

How many times would a 10K-12K seat arena be filled, what kind of acts would bring that in and would it be cost effective? And, what kinds of things make the current building obsolete? It seems to me it is the right size for this area. What is the genuine need for a larger arena?

Tony: That is really at the heart of the debate.

Steve C. The seating issue really comes into play in the concert side of our business. There's been quite a boom in the last few years with several new facilities all over New England. And we now have to compete with those new seats in addition to the rest of the country. Now, we have our 8,000-seat facility competing for artists looking at 10,000-15,000 seat arenas.

Everyone loves the City when they come here and we have a lot of things other than the building to work with, but as artist's fees go up and new facilities are built, we are concerned that we will not be able to compete for talent. Sometimes we think of it as a Portland arena, but our market area is really much larger than that. I don't

believe we are at the 15,000 seat level, but I do think that 10,000 seats is supportable and is the magic number we would be looking at.

Tony: The issue before us is we know we need to spend some money on this facility. But if it were a forgone conclusion, for the sake of simplicity we would not spend the \$4.4 Million in deferred maintenance. We would hold on and try to wait it out knowing something newer and bigger was coming.

Bill Whitten: It's a community facility, but it's the concerts that bring in revenue. The graduations are revenue losses and the Pirates are a break-even operation. But we are able to support those activities by having the concerts.

Steve Moriarti (Cumberland) What is the maximum additional capacity we can add to this existing structure?

Tony: It's about 2,000 seats, but they will not be good seats, they will be the least desirable and hardest to sell.

Steve Moriarti (Cumberland) I remember when the facility was built, the location was a stroke of genius for the spin-off economic benefits. I'd hate to see it off I-95 or somewhere else that wouldn't bring people into the City.

Steve Crane: The question of obsolescence really can only be determined by people in the business because they see what the trends are and what's happening in the business. To the regular patron, Mainers are pretty good about inconveniences and may not readily make the obsolete judgment.

Gary Plummer: As a commissioner the last couple decades, it's been reassuring that the Civic Center has run in the black. I don't look forward to the prospect of paying yearly amounts to keep the facility open - especially when we have a jail that's taking up huge amounts of money from county taxes. The other thing that the Civic Center supports, is hockey. Except for one tough winter when we didn't have hockey, we've had a great season. How much longer can we sustain that?

Tony: I certainly can't speak for the Pirates, but they have expressed concerns with the facility. They are our anchor tenant, but one of the many tenants of our facility. The question is how much longer can we keep people coming to this community. Not forever. The question is, do we care?

Brian Williams (Pirates): I don't think there is an answer to that question at this point, but if there are questions about his team's commitment to this community, we can put that to bed immediately. We are NOT bringing the championship tournament next year only to leave two seasons later. We aren't demanding more seats to stay here. However, trends and our research show there is definitely a need for an upgrade. We answer to a parent club. If they club determines the facility is not adequate, we are forced to leave. Steve and his staff have been very accommodating and have helped us maximize every nook and cranny of this building. But the space is no longer there. Our season ticket holders are telling us there is a demand for things like box seats and other amenities. It's not a question of 10K seats or the Pirates leave. For us it's a parent club. Can we stay indefinitely in a building with \$4.4 M in deferred maintenance? That's the question.

Steve Crane: I think Brian just hit on it. Leagues are looking for additional revenue streams like the box seats to help support the quality of the hockey team. We currently can't offer that. I think they are certainly committed to staying here, but any hockey franchise has a need to maximize the revenue stream opportunities and we simply don't know what's going to happen.

Bill Whitten: In line with that is that the box seats and club seating are also important to concerts and those types of events. The Fleet Center seats are sold out annually.

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Tony: The difference between us and the County Jail is that we are in the entertainment business and we need to run it like a business. We need to protect and expand our revenue opportunities.

Dale Olmstead: Those numbers on the screen represent the worst case scenario if the entire cost was bonded and paid for by taxpayers. However, other funding sources, naming rights, etc... could substantially bring down that number.

Tony: That right. Nobody's going to pay big money for naming rights to repaint the Civic Center.

Dale: Also, One point that hasn't been made is that the \$15M option would actually cost us seats because we would have to comply with ADA.

Brian: The ability to sell an additional 500 to 1,000 seats for 5 games is the same economically as what those additional 3 or 4 concerts are to the civic center. Those few games could be the difference entirely.

Dale/Bill: We really need to hear from members at home watching this and others to give their input and we'd take calls to talk to you.

8:00: *Wrap up*

Future of Cumberland County Civic Center

Portland Public Meeting

Cumberland County Civic Center

May 7, 2002

7:05 pm - Elizabeth Swain opened meeting, welcomed guests, outlined meeting objectives and made introductions.

Tony McDonald gave a PowerPoint presentation outlining the background of the civic center, the present situations and options on the table for moving forward.

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Q: How many years on tax rate? Amortization period?

A: Tony: 20 yrs.

Q. What happened to the Bayside area project?

A: Landowners withdrew the offer because they City was not prepared to move ahead with that at the time. The CCCC was not involved in it.

Q: Is there any opportunity to still tap into Betty Noyce's money or has that offer vanished?

A: We were not involved in that, so I don't know the answer.

Q: If they built a new building, what would happen to this one? Is there any value in this site to offset the cost?

A: Yes. There is value here and, quite frankly, the dirt under it has a lot of value. It's a possibility that we might sell this facility...might. And it's not inconceivable that we may even build new on the existing site.

Q: What about extending this facility over Center Street into the next parking lot?

A: That's actually been mentioned, but we haven't studied that in depth because we first need to find out if the public wants to invest at all.

Q/C: Steve Scharf Portland residents would probably not want you to expand this facility past the boundaries on this site you have now. And, if you do anything beyond the \$15M option, you need to look outside of Portland.

Q/C: There's no question you need to stay downtown. I thought before I came here that you should expand this facility, but after watching the presentation it's become obvious we need to build new. A band-aid fix will mean we'll need a new facility 10-15 years from now at a cost of \$50-\$60M. We were once THE building to which to go see a show and now we are slipping behind. We have to keep our civic pride. This is good for Portland and for the State of Maine.

Q/C: I can remember when I was 14 years old walking into the brand new Civic Center and being overwhelmed. The Maine Mariners came here and it changed my whole perspective. And my sentiment goes to my wallet. When I sit in a seat for 25 years throughout the Mariners and Pirates dynasties, that's a big investment and I'm willing to do that for the next 30 years. I have a five year old and where is she going to go? I want a new Civic Center.

Q/C: Steve Scharf What contribution will the Pirates be making for any improvement? Will they be asked to contribute at all?

A: There is an existing contractual agreement in place. When that's up for renewal, it's like any other business transaction that will be up for negotiation.

Q/C: I don't like to see the word "cost" up there, I think "investment" is a much better word.

Q/C: If you don't do anything, what will the operating deficit be? Say the \$4.4 million is all you do.

A: Certainly somewhere within the next 5 years, we'll go into the red.

Q/C: When you add the operating loss, perhaps the \$4.4 million would buy you enough time to put solid plans together for a new civic/convention center and you'll need time to pull together the resources. A couple years in the red is o.k. if we can then invest. It will be less on my taxes in the long run.

Jim: Where would we put a new arena, considering the Bayside ran into a few cynics? Another piece of property is next to City Hall where the parking lots are. Manchester's is an anchor property downtown.

A: We have purposely not looked at locations. What we're looking for at this juncture is an indication from County residents: do you want us to go down this path? If the feedback is: "yeah, we're up for it" – then a lot of work has to be done to figure out how to pay for it and where is it going to go.

Esther Clenott: I just want to remind everyone that when I was on the Portland City Council we looked at building a convention center and at that time hotel business interests in town prevented the competition from coming in.

Q/C: Going along with a much larger facility, you'll have greater attendance and you'll need infrastructure improvements in terms of roads etc.. to feed it. I'd hate to see us create a traffic nightmare so people can't get here.

Dick Feeney: Has the figure been determined for what we could get for naming rights?

A: we haven't negotiated anything, but the market suggests it can go anywhere from \$5M to \$15M. It's significant money.

Q/C: You mentioned that the State has a role, but it's always frustrated me that residents in the County have shouldered the cost of a facility that residents from all over the State use.

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A: Well, I can tell you the State has not volunteered any money. There are options like the local option tax that didn't pass this year in the Legislature, but has been used elsewhere.

Steve Crane: In the case of Manchester, the State was a critical player, but it took the City taxpayers to make the decision to apply the local option sales tax to apply to bonding for a \$50M facility.

Steve Scharf: Have you done any studies about where people come from for paid events?

Crane: We're well aware of where people come from because we've studied it for years; they come regularly as far north as New Brunswick and as far west as western New Hampshire and south to the Mass. North Shore. It's a very large market, but if course, Manchester is beginning to hurt us a little bit.

George: Would it be possible to apply a \$1.00 surcharge to every ticket sold to help defray the cost?

S. Crane: Ticket taxes are out there. Manchester and even Merrill Auditorium have them. The side effects are how expensive will you make the tickets and will that detract people? And promoters and artists detest ticket taxes. Disney on Ice and Sesame Street won't even come here if we apply one.

Linda. Cohen: We never want to get to a point where the people of Maine can't afford to come to events. If we pass that mark, then why bother? We would like all income levels and walks of life to be able to enjoy the Civic Center.

Godfrey Wood: The last thing the trustees should do would be to make any major or significant changes to the building without fully exploring the new-build option. It really defines this community and would bring in enormous opportunities for revenue.

Q/C: As a Portland resident and part-time employee of the Civic Center, I see it from both sides. I have to say you will spend a lot of money for little bang for your buck by expanding this building. We now have train service and a developing waterfront now that BIW has moved on. The economic benefits are too much to pass up, not to mention high school basketball events that max out attendance. What an experience for a young Maine athlete. To put a band-aid for another \$4, \$5 M wouldn't make any sense at all.

Q/C: A viable sports/convention center is essential for a healthy community. It's a critical element to making this a great place to live. A new arena is what we need. For the majority of people it's a quality of life issue. I would live elsewhere if not for a facility like this here.

Jerry Bryant: I've never ridden in a S. Portland rescue vehicle, but I don't mind paying for it to be there. As part of the fabric of the region, we have to balance the costs of a facility against the other demands on our public treasury.

Steve Scharf: My concern is that we already have a 19% increase in the County budget and a 12 % increase last year. Should governments be running entertainment facilities? I don't think they should be.

Richard: I think it is appropriate for governments to run these facilities. Governments across the country have been doing it from its inception and those facilities are necessary. It's part of our social fabric. There are schoolchildren in here all year round using this facility. I appreciate the comment, but we are in that business and we will stay in that business.

S. Crane: everywhere in this region other than the Fleet Center is privately owned; but even it was publicly funded. Governments build and operate them because of the economic development opportunities to bring money into the community.

Tony: The studies prove that the multipliers are 3 to 4 times the price of a ticket. For each dollar spent on a ticket, \$3 or \$4 go to the local economy in food, lodging, etc.

George: 1992 was an empty year for me. There was no hockey here. I need to be social. I didn't see my hockey friends for an entire year. When the Pirates came, the town became electric. It was like a reunion. When Hockey is here, it's like the heart's beating. My 17 yr. old stepson asked me to mention rock concerts; that's where his interests lie. Let's go forward, be bold and seize the moment. Let's start today. We need to think beyond Portland.

Q/A: What's your timeframe? Have you talked to the elected officials in the 26 communities and what's the consensus? Can you perform a survey?

Tony: We do have a meeting scheduled next week with the municipal officials having the same discussion. We have a decision to make as a board in the very near future. That is the recommendation we need to make to the County Commissioners. Where the rubber meets the road, is that if we move forward with \$15M, we need to be on a ballot in November and we'd need a decision within the next 60 days.

Tony: We've also conducted some telephone polling through an omnibus poll.

Esther: I get very upset when I hear people say the City/Town budgets will go up. We're asking each citizen if they want to invest. The towns and cities won't be paying for this, the residents will pay for this. It isn't the City & Town managers assuming the burden and therefore they shouldn't be making the final decision – we the citizens should make that decision.

Steve Scharf: Yeah, but we can't secede from the County if we don't like what the county is doing. I want to applaud you and especially Elizabeth for promoting these meetings. You've done an excellent job getting the word out. I went to a meeting about the train coming to Brunswick and they only placed one ad. I asked them why, and they said "that's all we had to do." So, thank you and I wish the City of Portland could learn from you.

Q/A: Would a referendum question be based on 4 options or a single option?

Tony: It's my feeling it would be a single issue. The only possibility of something on this year's ballot would be the \$15M option.

Q/C: So if that's the only option, I would have to vote no if I wanted the new-build option.

Tony: That's an interesting dilemma isn't it?

Godfrey: And all the no votes will be considered by opponents as a "no" for any investment.

Jim: If we decide to proceed with a study for a new arena, marketing is going to be crucial. Sticker shock will be significant. \$40-\$50 million looks like quite a bit, but we'll need to get the message out that naming rights, private investment and other resources will bring down that cost significantly.

Tony: That's the work that we would undertake if that's what you tell us to do.

Godfrey: If the trustees are looking for support, the Chamber of Commerce would be very interested in helping you do this.

8:40 - Wrap up