

# Evaluation of the Business Plan for the National Western Stock Show and Complex

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DENVER URBAN RENEWAL AUTHORITY  
November 13, 2012



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Preservation and Renewal*

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**November 13, 2012**

Mayor Michael B. Hancock  
City and County of Denver  
1437 Bannock  
Denver, CO 80202

Dear Mayor Hancock:

We are pleased to present this report evaluating the *Securing the Future of the National Western Stock Show and Complex – Business Plan* prepared and presented by the Western Stock Show Association in December 2011. The attached report summarizes our research and analysis and is intended to provide you and your team with information to support strategic planning regarding the proposed relocation of the National Western Stock Show Complex.

The information contained in this report is based upon a review of the Business Plan and its Appendices, additional requested information provided by the Western Stock Show Association and the City's Arts and Venues department as well as other information derived through independent research. As our evaluation was limited, any projections contained in this report should not be viewed as necessarily achievable given the significant assumptions made in their formulation. This report is not intended to provide a "solution" to the issues related to the potential relocation of the National Western Stock Show Complex but instead to provide observations related to its current condition and utilization and offer a variety of potential alternatives you and your administration may choose to evaluate.

We sincerely appreciate the opportunity to assist you and your administration with this project, and look forward to being of additional assistance in the evaluation of the findings included herein.

Sincerely,

Tracy Huggins, Executive Director  
Denver Urban Renewal Authority

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## INTRODUCTION –

For 16 days each January the National Western Complex and adjacent Denver Coliseum are teeming with activity as the Western Stock Show Association produces the annual National Western Stock Show, Rodeo and Horse Show. Frequently referred to as the “Super Bowl of Stock Shows”, the Stock Show brings together ranchers, farmers, and the urban and rural public to promote and celebrate the agricultural industry and western heritage of the region. Boasting over 300 events and attracting over 630,000 visitors, the Stock Show breathes important economic life into the Denver area during the otherwise quiet beginning of each year. Yet when the final trailer of livestock is loaded, the last sale of merchandise is made and the dust from the final rodeo has settled, the Complex enters into a relatively quiet and unproductive period for the next 11 months.

While the Stock Show produces revenue to adequately support the operations of the Western Stock Show Association (the “Association”) it does not provide resources sufficient to maintain and upgrade the National Western Complex (the “Complex”). The Complex has grown and expanded since its inception in 1906 to accommodate the increase in activities and events. But the site, last expanded and upgraded in 1990 is showing signs of deterioration and technological obsolescence that, if not addressed, may limit the continued viability of the annual National Western Stock Show (the “NWSS”).

Recognizing this challenge, leadership of the Association began to evaluate the possibilities related to improving, expanding and potentially relocating the Complex to both maintain the competitive position of the Stock Show relative to other shows across the county and attract additional events and activities to the Complex, thereby increasing its productive use and generating additional revenue. This 10+ year effort has resulted in a proposal to relocate the Complex to an area that would allow for new construction and expansion to accommodate additional visitors, events, activities and parking.

The goal of this proposal is for the National Western to “become the world’s premier center for America’s western heritage; serve producers and consumers throughout the world by being the premier Stock Show, Rodeo, Horse Show and center for year-round events”. This goal is supported by a vision of a new, 365 days of the year, events complex – “the Premier Center for Western Heritage in the Rocky Mountain region – anchored by the NWSS and the new home to hundreds of concerts, family, consumer and trade shows, sporting and cultural events”. To achieve this goal the Association has submitted a proposal to Mayor Hancock and his administration for evaluation, recognizing the need for financial and contractual support from the City and County of Denver.

The purpose of this report is to provide information to Mayor Michael Hancock and his team to support strategic planning regarding the proposed relocation of the National Western Stock Show Complex by providing a baseline understanding of the current operations of the Western Stock Show Association, the facilities necessary to support the production of the annual National Western Stock Show and financial implications related to the proposed relocation and improvements of these facilities.

The report is divided into six segments: baseline information related to the current ownership and operational structure of the National Western Complex as well as the Denver Coliseum, the events annually held at each venue and the revenue generated by these events. With a baseline understanding

in place, the next section focuses on a reconciliation of improved and/or expanded facilities to the mission of the Association and the revenue production of current and proposed activities. The third section provides an evaluation of competitive and/or comparable events and facilities to better understand the need for the Complex to be improved and/or expanded. Following the evaluation of other events and facilities is an analysis of the financial implications related to the alternatives presented by the Western Stock Show Association – remain in current location with no renovation or expansion, renovate and expand at current location, relocate and build new facilities without an alliance partner, and relocate and build new facilities with an alliance partner. The fifth section evaluates the Association’s Business Plan against the Guiding Principles put forward by the City Administration related to any potential expansion or relocation of the facilities. The final section provides final considerations for the Mayor and his administration.

### Summary of Activities related to Expansion and/or Relocation

The idea of expansion and/or relocation is not new. While the Association was primarily focused on the January event alone during the 1990’s, they began to see the impacts the aging and technologically obsolescent facilities were having on both the Show and the ability to attract other activities to the Complex in the early 2000’s.

In 2001 the Association’s Executive Committee authorized the development of a Master Plan, looking forward to the next 30-40 years. The Association worked with Bullock Smith & Partners to develop a land use plan and with the Denver Capital Leasing Corporation to develop a potential plan of finance. The Master Plan intended to expand the current facilities and develop a campus approach for the Complex. The facility projects included a new Exposition Hall, an Equestrian Arena for horse events and an expanded Events Center, which would replace the Denver Coliseum, for rodeo events. This plan was shared with the Hickenlooper administration in late 2003. The City had a number of questions regarding the design of the site and transportation related issues and suggested the Association work with a local firm to address these concerns. The Association engaged Civitas to work with Bullock Smith & Partners in 2004. The general scope of services that Civitas was to provide included an evaluation of the role of the Denver Coliseum with regards to the Complex, the role of the Coliseum for events and venues within the larger Denver regional market, the role of the Complex for events and venues within the larger Denver regional market and determining if there was a niche market that a new facility could serve with the goal of including the redevelopment costs in the 2006 City bond issue. To further support the effort, the Association prepared a 17-point programmatic plan for the production of the Stock Show and related agricultural and horse show events.

The Civitas study was completed in 2006 and noted a number of current site assets, constraints and opportunities. Of particular concern was the potential impact on the current site by the proposed I-70 realignment. The study also recognized the impact of the current site’s proximity to the South Platte River and encouraged the acknowledgement of the river and embracing it as an amenity if the Association was to expand at their current location.

The costs to expand the Complex were not included in the 2006 bond election and the Association continued to work to find a feasible solution for their facility needs. In 2008 a long-range planning strategic task force was convened which was comprised of Denver and Colorado business and government leaders. This task force was created to study the opportunities, challenges and constraints of the development and operations of the National Western programs. The objectives of the task force were to determine and recommend a feasible plan for a location that would match the vision, mission and values of the Association; determine and recommend the most feasible alternative for financing; and determine whether the Association should use partnering to execute the task force's recommendations. In 2009 the task force requested a long-term strategy from the Executive Committee of the Association to guide their efforts. This request resulted in a 23-point facility plan. The task force concluded that the Association should move from their current location.

Following this recommendation, the Association engaged Conventions, Sports and Leisure (CSL) to conduct a market, financial and economic feasibility study of a redeveloped National Western Complex and Populous to prepare a site plan consistent with the 23-point facility plan. This work resulted in an evaluation of several sites but was increasingly focused on the potential development partnered with the proposed Gaylord hotel and conference center.

The result of this work was presented to the City in 2011. Given the significant amount of funding requested from the City, coupled with a request to move from the current site to a site outside of Denver, Mayor Hancock convened a working group to evaluate the Association's request to relocate. The Mayor also requested the presentation of a Business Plan to more fully detail the Association's plan for relocation and expansion. This report evaluates the Business Plan in relation to the City's desired outcomes for a redevelopment Complex.

## **Section 1 – BASELINE INFORMATION**

### **CITY AGREEMENT AND ORGANIZATIONAL STRUCTURE**

The National Western Stock Show, the premier event of the Western Stock Show Association, recently completed its 106<sup>th</sup> production. Since 1906 the Western Stock Show Association (the “Association”) has undertaken its mission to serve agricultural producers and consumers throughout the world by being the premier stock show, rodeo, horse show and western heritage center in the nation. The annual Stock Show is undoubtedly an important and iconic event in the Colorado culture and economy, breathing economic life into the quiet month of January each year. According to the Leeds School of Business report, included in the Business Plan Appendices, the event provides approximately \$96 million in direct economic impact and an additional \$6 million of indirect impact.

During its long history, the Association has had a direct relationship with the City and County of Denver. This relationship continues today. A history and summary of the various agreements is presented below:

1968 Agreement – Following years of cooperation in the use of facilities, the City and the Association acknowledged and agreed to terms related to a long-range program of expansion and improvement of the facilities used in the presentation of the Stock Show. Included in this Agreement was the sale of all permanent improvements by the Association to the City for \$1 via a quit claim deed. The Association retained ownership of the land. Any additional or replacement buildings or permanent structures constructed by the Association on the current or other site situated in the City and County of Denver could also be conveyed to the City for \$1. All property sold to the City pursuant to the Agreement is referred to as “Stock Show Facilities”.

Concurrent with the sale of the Stock Show Facilities, the City agreed to lease the Stock Show Facilities and the Exhibition Building (collectively the “Leased Premises”) to the Association for \$1 per year. The Agreement required the Association to maintain and keep the Leased Premises in good repair. Additionally, the City allowed the Association to rent or sublet the Leased Premises for other activities and keep the revenue as long as the activities did not compete with the City or interfere with the production of the annual Stock Show.

The Agreement also permitted the Association to use the Denver Coliseum and its related premises for the annual Stock Show, rent free, during a portion of the month of January, not less than 21 days to include time for move-in and move-out. As part of the free use of the Coliseum, the City retained an exclusive right to all food and beverage concession revenue from the Coliseum as well as all parking revenue from the City owned areas south of 46<sup>th</sup> Avenue. The Association had the right to sell or rent exhibit space and to sell souvenirs in the Coliseum. Finally, the City would be responsible for all maintenance and staffing of the Coliseum. The term of this arrangement was 30 years, terminating October 1998.



The City agreed to re-convey the property sold via the quitclaim deed to the Association upon termination of the Agreement (October 1998) or if either party could not perform its covenants for causes not within its reasonable control.

In addition to the annual \$1 lease payment, the City required the Association to reinvest any and all *net profits* in excess of \$10,000 annually in “providing improvements in the form of additional buildings, remodeling and improving existing buildings, etc., on either City or Association property, or acquiring additional property for expansion of the National Western Stock Show, to promote and improve exhibit, housing and show facilities of the National Western Stock Show, or making principal payment on an indebtedness of the Association”. Such expenditures were to be administered by the Association with the approval of the City. The Association was entitled to accumulate and hold up to five years excess profits (\$50,000) for major improvements. It should be noted that the calculation of *net profits* included non-cash expenses such as depreciation and amortization and excluded direct contributions to the Association.

1990 Amended and Restated Agreement – In 1989 the City was successful in a general obligation bond campaign which included \$30 million for acquiring, constructing and installing improvements to the National Western Stock Show Complex, some of which were to be constructed by the Association. Those improvements and facilities were to be leased by the City to the Association and used, in part, for the production of the annual Stock Show.

While affirming and ratifying the terms of the 1968 Agreement, the 1990 Agreement also added a number of new requirements. This Agreement required the Association to annually produce the National Western Stock Show in its present location during the term of the Agreement. As the City was considering replacing the Coliseum, it committed to provide other facilities in Denver to the Association for those purposes the Coliseum currently provided. The Agreement also specifically provided that the Association could not produce the National Western Stock Show outside the City and County of Denver or undermine its annual production.

Several new facilities were constructed with the proceeds of a construction loan secured by the Association. These included a multi-use arena, the “Concourse Building” and the “Hall of Education” which were to be planned, designed, financed and constructed by the Association. Upon completion of these structures, the City agreed to purchase the structures from the Association with the proceeds of the 1990 Bonds. These facilities are leased by the City to the Association for \$1.

A portion of the land on which the structures were to be constructed was owned by the City. The City conveyed their interest in this real property (the “1990 Property”) to the Association. Upon completion of construction of the structures, the Association leased the 1990 Property to the City for \$1 through the term of the Agreement, thereby creating a leasehold interest in that portion of the land.

The term of the Agreement was extended to September 30, 2040, including the provision to re-convey the Stock Show Facilities previously purchased by the City to the Association. The 1990 Property was leased to the City for \$1 per year and then subleased to the Association for \$1 per year. Again, the 1990 Agreement allowed the Association the right to rent or sublet the facilities for any purpose not in



conflict or in competition with the City for the traditional purposes it had used the facilities including horse shows, livestock shows, rodeos, sport boat and travel shows, trade association meetings, merchandise exhibitions and similar shows and exhibitions. Such traditional purposes could not include amateur athletic events other than Golden Gloves events, franchise sports events such as hockey, basketball, etc. and promoted musical concerts with professional, advertised performers unrelated to the annual National Western Stock Show and Rodeo. Those events could not be performed or permitted without the prior written consent of the Manager of General Services of the City and could not interfere with the annual production of the Stock Show and Rodeo.

The City retained the exclusive and complete ownership and control of all advertising in any and all parts of the Coliseum except that during the production of the annual Stock Show the Association could receive revenue from signage on the east wall and on the west wall of the performing area of the Coliseum, not including any City advertising on the scoreboard. The City also retained the exclusive right to all food and beverage concession revenue from the Coliseum as well as all parking revenue from the City owned areas south of 46<sup>th</sup> Avenue. The City continued to provide the staffing for the Coliseum but required the Association to either pay directly or reimburse the City for staffing costs.

The City agreed to re-convey the leased facilities to the Association at the end of the term of the Agreement (September 30, 2040) or, upon the written request of the Association, at any time for the purpose of demolition of the Stock Show Facilities (other than the 1990 Property).

The requirement of the Association to use net profits for improvements was increased from \$10,000 to \$50,000. The calculation of net profits was not modified.

2011 Amendatory Agreement – The 2011 Agreement amended the 1990 Agreement to address several items. The City accepted transfer of additional Association facilities acquired since the 1990 Agreement via a quit claim deed as previously contemplated. Upon completion of the transfer the City leased these improvements to the Association under the same terms and conditions as existing Stock Show Facilities.

As a means of providing additional financial resources for the maintenance and improvements of the facilities, the City agreed to provide, via appropriation, the Facilities Development Admission tax (“FDA tax”) collected by the City for admission to the Stock Show Facilities and 1990 Property and events located thereon and ticketed events at the Stock Show Facilities (excluding Coliseum and 10% of the grounds admission only ticketing) to the extent such amounts were not needed to meet the City’s payment obligations on any outstanding excise tax bonds and certificates of participation related to the Denver Performing Arts Complex.

As it pertains to the Stock Show and Rodeo, the 2011 amendment removed the restriction of the Association doing anything that would move the Stock Show from the City of Denver. Additionally, the City acknowledged that the Association could engage in negotiations to relocate the Stock Show and its associated rights and franchises to an alternate site located within Adams County, Arapahoe County, Boulder County, Broomfield County, the City and County of Denver, Douglas County or Jefferson County, and that any such negotiations shall not be in violation of the Agreement.

The City also agreed to allow the Association to rent or sublease the facilities for amateur athletic events, franchise sports events, including without limitation, hockey, basketball and soccer, and promoted musical concerts with professional, advertised performers unrelated to the Stock Show provided such uses did not interfere with or detract from the annual production of the National Western Stock Show.

These amendments opened the door for the Association to actively pursue the potential of rebuilding and/or relocating the facilities from its current location.

The City also agreed to allow the Association to retain additional revenues relating to the advertising in and around the Coliseum.

The continuing pattern of the Association working periodically with the City to provide funding for expansion and maintenance needs begins to reveal the flaw in the financial structure of the Association – even though they are financially sound in the performance of their mission-driven activities of producing the annual stock show and using the venues for other related and non-related events, they are not capable of generating revenue sufficient to address the continuing maintenance and upgrade needs of the facilities.

#### Western Stock Show Association Organizational Structure

The Western Stock Show Association is a Colorado 501(c)(3)not-for-profit corporation whose purposes are to educate the general public regarding agriculture and related activities by presenting the annual Stock Show, Horse Show and Rodeo; to promote youth education and their involvement in agriculture and the livestock industry by holding junior livestock events and related auctions; and to provide a forum for an exchange of ideas by people in the livestock industry. These purposes provide the exempt function for not-for-profit organization determination by the Internal Revenue Service (IRS).

The IRS has classified the Association as one that is not a private foundation. To receive this classification the organization must demonstrate that they normally receive their support from fees for services such as admissions or sales of material supporting their exempt function. The exclusion from private foundation status is granted if the organization normally receives more than one-third of its support from any combination of gifts, grants, contributions, membership fees, and gross receipts from permitted sources, and not more than one-third of its support from gross investment income and unrelated business taxable income. Permitted sources include gross receipts from admissions, sales, performance of services, or furnishing of facilities related to an activity which is not an unrelated trade or business.

The major sources of revenue for the Association are ticket revenue, general exhibits, entry fees, and parking fees from the Stock Show, Horse Show, and Rodeo held each January. The Association also raises funds for contributions to The Western Stock Show Association Scholarship Trust, which provides general scholarships to students studying in agriculture-related fields and medical students (including nursing students) planning on practicing in rural areas. Other significant sources of revenue include

contributions, sponsorships and fundraising activities, and complex shows, which are held to offset the extensive carrying costs of the Association's facilities.

The Western Stock Show Association is governed by a 99 member board of directors which selects a 12 member Executive Committee. The day to day activities are managed by the National Western Administrative Staff which is led by Paul Andrews, President and Chief Executive Officer. Until his passing in May 2012, Jerry McMorris was serving as the current Chairman of the Board. At the recent annual meeting of the Board, Ron Williams was elected as the new Chairman.

In addition to the board, the Association has approximately 750 permanent and part-time employees and relies on the services of approximately 500 volunteers.

**BASELINE INFORMATION – FINANCIAL POSITION, OPERATING REVENUE AND MAINTENANCE NEEDS**

Financial Position

The Western Stock Show Association is a not-for-profit organization. But the designation as a non-profit and an intention to make money are not related. Instead, the distinction is that a not-for profit organization is expected to use surplus revenue to achieve its goals rather than distributing them as profits or dividends. These organizations are permitted to generate surplus revenue but they must be retained for its self-preservation, expansion, or other related organizational plans. This intention of generating surplus revenue and using them, in part, for maintenance and expansion is clearly acknowledged in the Agreement between the Association and the City by the requirement that net profits in excess of \$50,000 be reinvested back into the facilities.

A common evaluation of the financial health of an organization is the comparison of assets readily available to pay obligations due in the short term. This test, commonly referred to as the Quick Ratio, measures a company's ability to meet its short-term obligations with its most liquid assets. The higher the Quick Ratio, the better the position of the organization. As indicated on Exhibit 1, the Associations Quick Ratio has consistently been above 2:1, indicating they have twice the resources necessary to meet its current obligations.

**Exhibit 1 – Quick Ratio**

Year	2005	2006	2007	2008	2009	2010	2011	2012
Cash, Investments & Accts. Rec'l	\$4,341,629	\$4,718,755	\$4,211,299	\$4,401,409	\$4,474,507	\$4,722,930	\$4,850,493	\$5,258,742
Current Liabilities	\$1,635,154	\$2,019,350	\$2,089,871	\$2,216,889	\$1,903,532	\$2,133,768	\$2,048,892	\$2,259,681
Quick Ratio	2.66:1	2.34:1	2.02:1	1.99:1	2.35:1	2.21:1	2.37:1	2.33:1

The availability of liquid assets is significantly driven by the cash generated from operations of the Association. A review of the Association’s audited financial statements reveals that the Association has realized an increase in cash from operations for all years reviewed (2007-2012). This result appears to be contradicted by the Change in Net Assets in the audited financial statements which consistently show the Association having negative results which could be construed as “losing money”.

The primary difference between these two measurements of financial activity is the impact of non-cash expenses, in particular depreciation of property and equipment. Depreciation expense allows for the recognition of the expense of these assets over their expected useful life. For accounting purposes, depreciation indicates how much of an asset’s value has been used up, not the amount of cash that was used in that year. For example, if a company buys a piece of equipment for \$1 million and expects it to have a useful life of 10 years, it will be depreciated over 10 years. Every accounting year, the company will expense \$100,000 (assuming straight-line depreciation), which will be matched with the money that the equipment helps to make each year, even though the \$1 million in cash was used in year one.

Exhibit 2 shows the impact on Change in Net Assets when depreciation and other non-cash expenses are eliminated.

**Exhibit 2 – Change in Net Assets and Cash Provided by Operations**

Year	2005	2006	2007	2008	2009	2010	2011	2012
Change in Net Assets	(\$29,681)	(\$231,925)	(\$1,184,347)	(\$619,160)	(\$644,562)	(\$319,584)	(\$483,190)	(\$998,010)
Non-Cash: Depreciation & Amortization	1,281,601	1,277,969	1,322,552	1,356,521	1,388,407	1,463,794	1,246,847	1,227,838
Unrealized (Gains)/Losses	(131,969)	(40,544)	(6,142)	148,120	100,248	(78,437)	(69,803)	(54,923)
Subtotal	1,119,951	1,005,500	132,063	885,481	844,093	1,065,773	693,854	174,905
Changes in Assets & Liabilities	(538,220)	291,828	183,526	272,188	(225,158)	225,852	(373,278)	628,507
Net Cash Provided by Operations	\$581,731	\$1,297,328	\$315,589	\$1,157,669	\$618,935	\$1,291,625	\$320,576	\$803,412

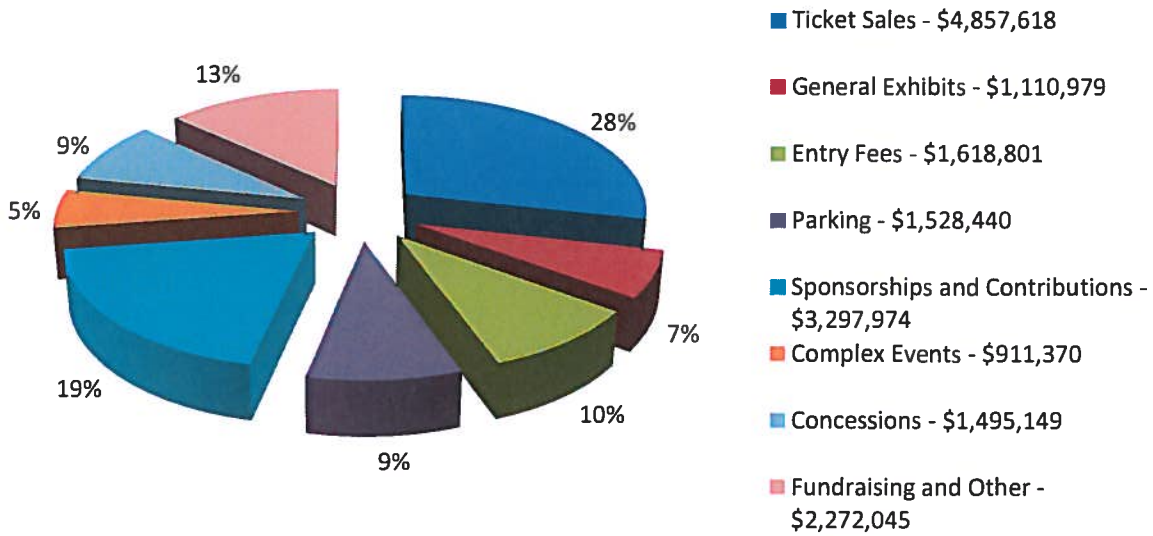
What this information demonstrates is that the Association has been able to generate positive financial results from the operations of the annual Stock Show and other events held throughout the remainder of the year. A concern raised in the Business Plan is the impact that external forces, such as weather conditions and Denver Broncos post-season play, may have on the operational performance of the organization. While this concern is not without merit, as evidenced by the operational results realized in 2007 - a period which recorded five consecutive weeks of snowstorms during the set up and run of the Stock Show – the Association still recognized positive cash flow from operations.

The current cash and investment position of the Association, as of March 31, 2012 was \$2,774,363 in cash & cash equivalents and \$2,043,408 in investments. A general rule of thumb for non-profit organizations is to have a minimum of 3 months or 25% of average operating expenses in a cash reserve. While the Association does not fund an established operating reserve, the cash and investments, net of current liabilities, is \$2,558,090 which represents 20.2% of the prior year’s functional expenses (excluding depreciation) or 2.4 months.

Operating Revenue –

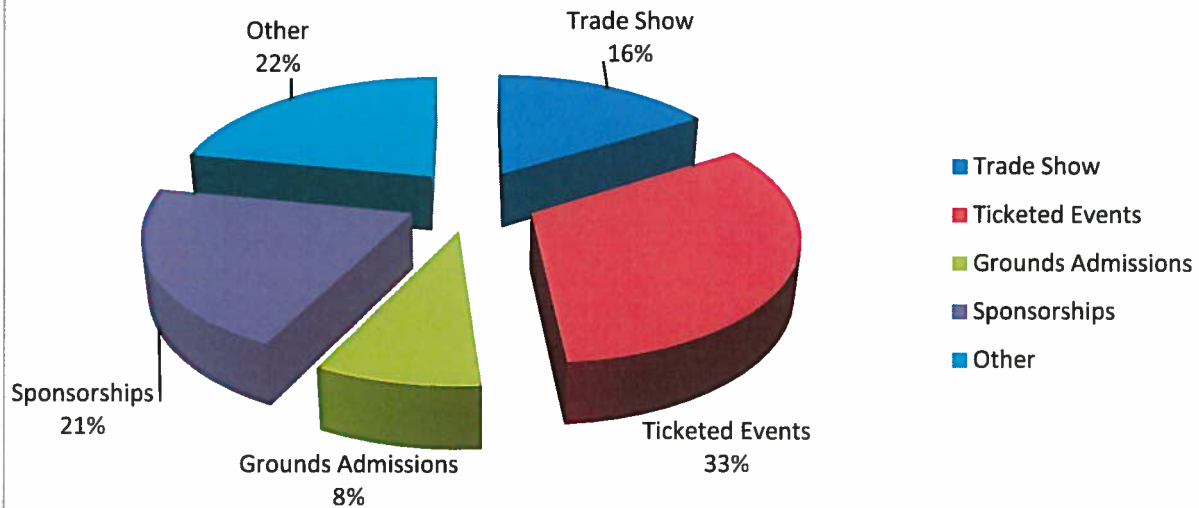
The major sources of revenue for the Association are ticket revenue, general exhibits, entry fees, and parking fees from the annual Stock Show. Other significant sources of revenue include contributions, sponsorships and fundraising activities, and complex shows, which are held to offset the general and administrative, fundraising and carrying costs of the Association’s facilities.

## Western Stock Show Association Gross Revenue by Source - Year ended 3/31/2011



As represented by the Association, the annual Stock Show generates approximately 80% of the total revenue of the organization. Related events and non-related events each represent approximately 10% of the total revenue. A review of the revenue generated by the annual stock show reveal that ticketed events, driven by the rodeo performances, represent approximately 32% of the total revenue, followed by sponsorships (21%), tradeshow revenue (16%) and general grounds admissions (8%).

## Gross Revenue by Event- Stock Show, Horse Show and Rodeo Year ended 3/31/2011





Capital Maintenance -

Per the Agreement with the City, the Association is required to reinvest all net profits in excess of \$50,000 into the continued upkeep and maintenance of the Complex. Net profits is defined as “the net income figure reported in the annual audit report of Association”), which includes the non-cash expenditures of depreciation and amortization. In 2011 net profits were (\$483,190) while net cash provided by operating activities was \$320,576. Per the Agreement language the Association would have no requirement to make any investment as they realized negative net profits. However, the Association regularly makes capital acquisitions and improvements. In 2011 approximately \$246,000 was used to purchase property and equipment. Accordingly, using the stated calculation amount, the Association has invested approximately \$18.9 million more than the required investment in the Complex.

Below is a summary of the capital acquisitions and improvements made by the association since 1990:

<u>Description</u>	<u>Amount Spent 1990-2012</u>	<u>% of Total</u>
Land	\$ 7,546,070	39.91%
Buildings	160,288	.85%
Leasehold Improvements	6,593,053	34.87%
Capitalized Soft Costs	288,817	1.53%
Equipment:		
Vehicles	616,739	3.26%
Computer Software	768,249	4.06%
Computer Hardware	427,934	2.26%
Other Various Furniture, Fixtures & Equipment	<u>2,506,899</u>	<u>13.26%</u>
Total	<u>\$18,908,049</u>	<u>100.00%</u>

Per the report prepared by HVS Convention, Sports & Entertainment Facilities Consulting, an organization should expect to spend 2.5% of total facility operating revenue per year in annual repairs and maintenance. Based on the Association’s 2012 total operating revenue of approximately \$17.2 million this would equate to approximately \$430,000. The Association exceeded this amount in 2012, spending approximately \$535,000 on repairs and maintenance.

The HVS report also stated an annual contribution based upon 4% of total facility operating revenue is a standard expectation to fund major capital improvements as a facility ages. Applying this percentage to the National Western Complex would result in approximately \$688,000 per year. As indicated from the above summary, the total investment in buildings and leasehold improvements since 1990 is \$6,753,341 or approximately \$294,000 per year. This amount is not even half the amount necessary to adequately maintain the facilities. While the Association is generating operational revenue sufficient to address annual repairs and maintenance as well as limited capital improvements, they lack the additional financial resources to adequately fund a capital reserve for major improvements. As a result, the facilities are suffering from significant deferred maintenance needs.



An evaluation of the facilities identifies approximately \$14.375 million in repairs, structural upgrades and technological enhancements that must be made in the next five years to keep the facilities safe and able to continue to host the various events. It is this realization of having facilities which currently cannot generate revenue sufficient to meet the annual and long-term maintenance needs that has prompted the Association to explore the possibility of building new, more state-of-the art facilities which they believe can reverse this circumstance.

## **BASELINE INFORMATION – FACILITIES**

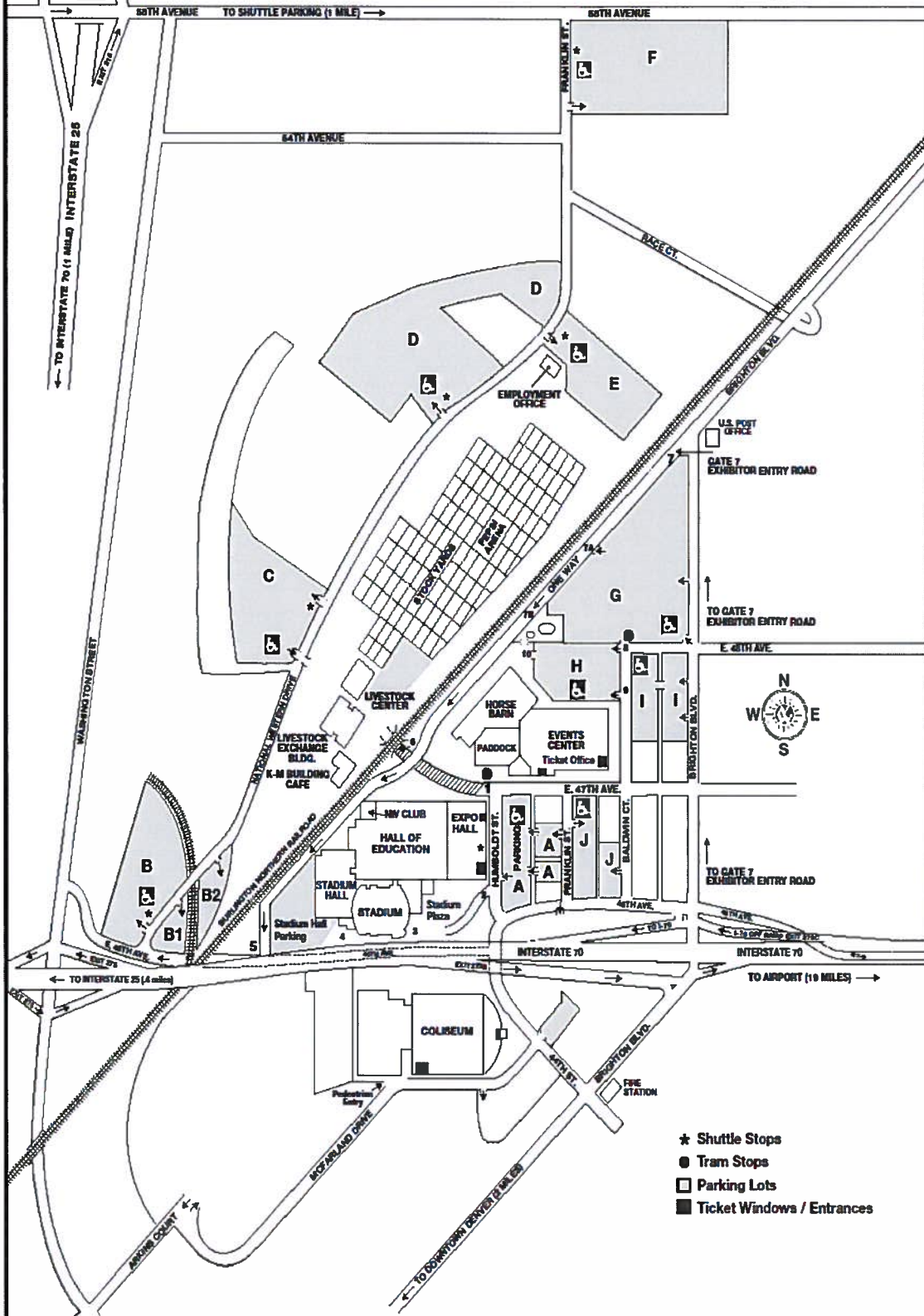
### **National Western Complex**

The National Western Complex (the “Complex”) is situated on approximately 95 acres near the intersection of Interstate Highways 25 and 70. The Complex has a number of buildings including a 4,777-seat Events Center, the Hall of Education which includes 236,800 square feet (“sf”) of exhibit space on two levels, the 6,600-seat Stadium Arena, the Stadium Hall with 116,300 sf of exhibition space on three levels and the Expo Hall with approximately 161,000 sf of exhibition space on three levels. The most unique component of the Complex is the original and historic outdoor animal stalls and stockyards. In addition to the Complex, the Association utilizes the Denver Coliseum to host a number of events during the January Show, most notably the rodeo events.

Of the 95.4 acres, approximately 53 acres are devoted to parking for patrons, employees and participants. In addition to the Association owned, on-site parking, the Association leases approximately 91 acres of off-site parking, primarily used for truck and trailer parking. The City-owned parking at the Coliseum provides an additional 24 acres of parking for patrons, employees and participants. Approximately 14 acres of close-in, privately owned parking is utilized by patrons during the annual Stock Show. Collectively the Stock Show currently utilizes approximately 182 acres for parking.

The map of the facilities is presented on the following page.

# NATIONAL WESTERN COMPLEX



Below is a summary of the facilities at the current location:

Code	Name	Year Built	Description (CSL)
EC	Events Center	1995	Dirt floor arena, offering 150'x300' total floor space and 4,777 fixed seats with an additional 3,000 floor seats available.
HE	Hall of Education	1973	Approximately 236,800 square feet of concrete floor exhibition space on two levels, with approximately 118,400 square feet of contiguous space on each.
EH	Expo Hall	1991	Approximately 160,600 square feet of concrete floor exhibition space among three levels offering approximately 53,500 square feet of space each. Connectivity to Hall of Education provides for natural flow of spectator traffic between each venue.
SH	Stadium Hall	1991	Approximately 116,300 square feet of concrete floor exhibit space among three levels offering approximately 41,000, 42,400 and 32,900 square feet of space, respectively.
SA	Stadium Arena	1908	Denver historic landmark built in 1908 with 4,600 fixed seats and an additional 2,000 floor seats available.
Yards	Stock Yards	1886	
C	Coliseum	1952	Built in 1952 and is owned and operated by the City of Denver. The Coliseum offers a concrete floor (both ice and dirt are available upon request) with 8,140 fixed seats and a total capacity of up to 10,500.
P	Parking		The Association owns approximately 53 acres of parking lots and leases an additional 91 acres. An additional 24 acres is provided by the Coliseum and nearby private lots provide approximately 14 additional acres totaling 182 acres of combined parking for patrons, employees and exhibitors.
IC	International Center	1984	Established to encourage and foster overseas sales of livestock and livestock products by providing a social and education environment for trade development. The Center is located in the Livestock Center Auction Arena.
AAP	Ames Activity Pavilion	2009	Located outside Expo Hall and hosts a number of children's activities.
SB	Stall Barns		560 stalls for horses.

Venue Utilization – National Western Complex

All the Complex facilities are utilized during the production of the annual Stock Show with a varying level of intensity. Looking at the core activities of the Stock Show, the following venues have the greatest significance in the annual Show.

<u>Venue</u>	<u>Core Activity</u>	<u># Events</u>	<u>% Total</u>
Expo Hall/Activity Pavilion	Demonstrations, Family & Educational Activities	57	18.9%
Stadium Arena	Livestock Shows	51	16.9%
Events Center	Horse Shows	44	14.6%
Denver Coliseum	Rodeo	35	11.6%
Beef Palace Auction Arena (located in Hall of Education)	Educational Activities & Livestock Sales	27	8.9%
Stockyards Arena	Livestock Shows	26	8.6%
Livestock Center Auction Arena	Livestock Sales	21	7.0%
Stadium Hall (Level 1)	Junior Livestock Events	18	6.0%
Various Other	Other	<u>22</u>	<u>7.6%</u>
Total		<u>302</u>	<u>100.0%</u>

Due to the fairly unique venues that make up the Complex, the opportunity to use some of them beyond the annual Stock Show is somewhat constrained. As evidenced by the existing usage, the venues lend themselves to agricultural based events, primarily horse shows, as well as consumer shows and limited sporting events. In addition to the Stock Show events there were 86 events hosted at the Complex during the months of February 2010 through March 2011. These events also used the facilities within the Complex with varying degrees of intensity.

The events related to the Association's exempt purpose totaled 33 and were almost entirely horse shows. Of these 33 events, 23 utilized only the Events Center. The remaining 10 events utilized the Events Center in combination with other facilities in the Complex.

During the same period the Complex hosted 53 events which were not related to the Association's exempt purpose. The use of the venues depended on the type of event.

**Events Not Related to Exempt Purpose – Year Ended March 31, 2011**

<u>Type of Activity</u>	<u>Venue Used</u>	<u># of Events</u>	<u>% of Total</u>
Consumer Shows (*)	Exhibition Hall, Hall of Education, Stadium Hall, Stadium Arena	18	34%
Meetings	Exhibition Hall, Hall of Education Stadium Hall, Stadium Arena	9	17%
Banquets	Events Center, Exhibition Hall	8	15%
Sporting Events	Stadium Arena, Events Center	7	13%
Concerts & Entertainment (*)	Events Center, Stadium Arena	7	13%
Trade Shows (*)	Exhibition Hall, Hall of Education	1	2%
Other	Stadium Arena, Stadium Hall Hall of Education	<u>3</u>	<u>6%</u>
Total all Events		<u>53</u>	<u>100%</u>

(\*) – Type of Activity where greatest increase in activity is expected to occur per Business Plan

Parking Facilities

The Association owns approximately 53 acres of surface parking. In addition it leases or utilizes another approximately 115 acres. Attendees are also able to use private lots proximate to the grounds which collectively provide an additional 14 acres of parking. Some of the parking, particularly the leased parking, requires shuttle service for access to the grounds. A summary of this parking is provided below:

Parking Lot	Private Vehicles (Acreage)	Patron Spaces	Employee Spaces	Media Spaces	Sponsor Spaces	Participant Spaces	Truck/Trailer (Acreage)
<b>NW Owned</b>							
A	2.08	242					0.70
B	3.90	170		150			
B-1	0.70	62					
B-2	0.80	101					
C	6.36	794	50				
D	7.60	1,242					
E	3.20	342					
F	9.60	1,009	285				
G	7.50	271	425		200		
H	3.60	342					
I	2.32	372					
J	2.26	151			75		
K	1.44	73		75			
L	0.50	24					
M	0.50	59					
Sub-Total	52.36	5,254	760	225	275	0	0.70
<b>NW Leased</b>							
DPS	4.17	542					
Pepsi	5.7	724					
F-Annex	4.08	320					1.12
Crystal	1.1						
Jefferson Co.							60.0
Coors Field							10.9
Pepsi & Coors Food Court							4.0
Sub-Total	15.05	1,586	0	0	0	0	76.02
<b>NW/Coliseum</b>							
Behind Lot	19.4	1,675	240				1.3
Gold Buckle	3.25	325					
Sub-Total	22.65	2,000	240	0	0	0	1.3
<b>Private</b>							
	13.98	1,398	0	0	0	0	0.0
<b>Grand Total</b>							
	104.04	10,238	1,000	225	275	186	78.02

Source: Parsons Brinckerhoff Parking Demand Tech Memorandum, October 3, 2011



## **BASELINE INFORMATION – EVENTS**

### **National Western Complex**

The annual Stock Show presents approximately 300 events during its 16 day run. These events are generally categorized as:

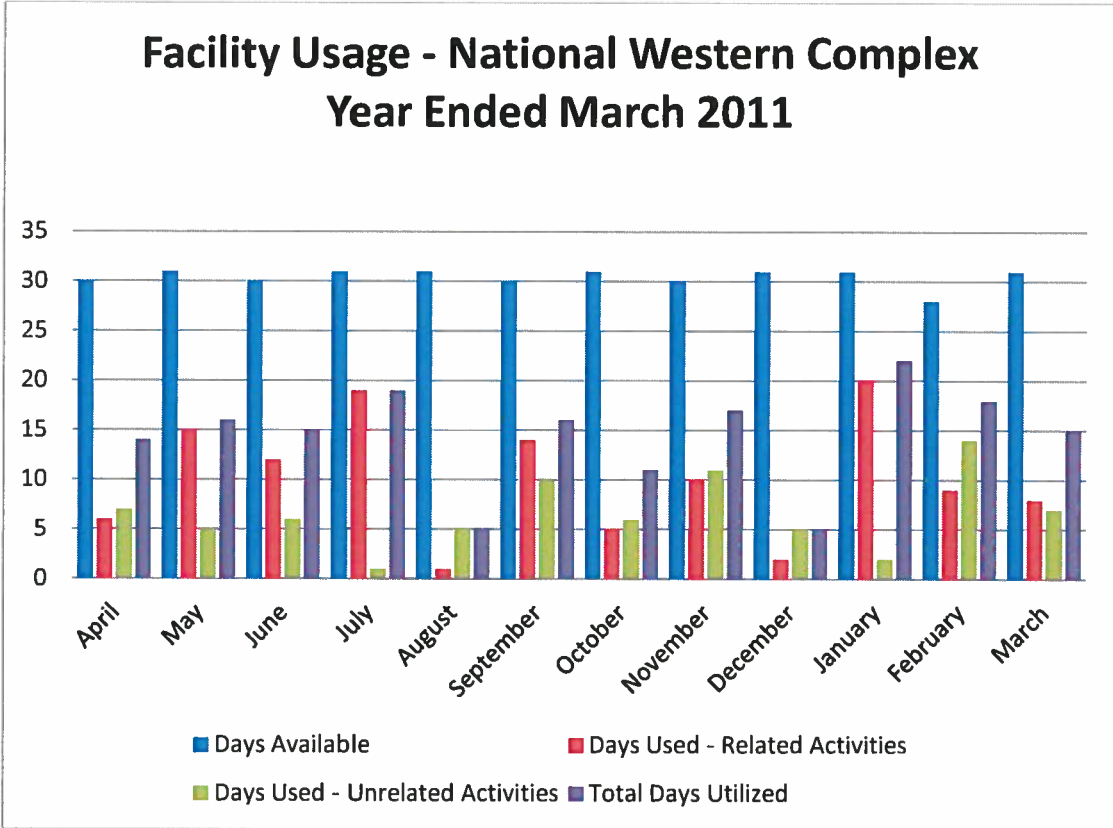
1. Ticketed Events – these events require a ticket to attend and include the rodeo, horse shows, 9News Super Dogs and the Wild West Show.
2. Livestock Shows – the displaying of over 12,500 livestock of various breed and types
3. Livestock Sales – this includes the auctioning of various breeds and types
4. Educational Events – there are a number of activities for children including Backstage with a Rodeo Clown, Pedal Tractor Races and Stick Horse Rodeo

In addition to the 16 day Stock Show, the Association hosts events during the remaining 11 months that are both related and unrelated to their mission to preserve the western lifestyle through an emphasis on education. During the year ended March 31, 2011 the Complex hosted 33 “related” events and 53 “unrelated” events. Related events included horse shows and other agricultural events. Unrelated events are more varied, including meetings, entertainment, tradeshow and other events.

Below is a summary of the types of events held during the year ended March 31, 2011 and the number of days the Complex was utilized:

<u>Type of Event</u>	<u># of Events</u>	<u># of Days Utilized</u>
Livestock/Horse Shows	33	111
Tradeshows	1	5
Consumer Shows	17	43
Meetings	8	8
Banquets	8	8
Sports	7	12
Concerts & Entertainment	9	15
Other	<u>3</u>	<u>8</u>
Total	<u>86</u>	<u>210</u>

As noted by the Association in their Business Plan, the Complex is not being utilized to its full potential. While there are days throughout the year when multiple events are being held at the Complex, many events are the sole user. The Complex was used 111 days for related events for the year ending March 31, 2011. This figure includes the 16 days in January for the Stock Show. Additionally, the Complex was used 99 days for unrelated events during the same period. Recognizing there are days when both related and unrelated events are being held, the total number of days the Complex was utilized in 2011 was 173. This represents a 47.4% utilization rate, assuming a 365 day year. Note these figures do not include the “load in” and “load out” day an event may require for set up and move out time. The chart below summarizes the Complex utilization for related and unrelated events, as well as total usage.



**BASELINE INFORMATION – DENVER COLISEUM**

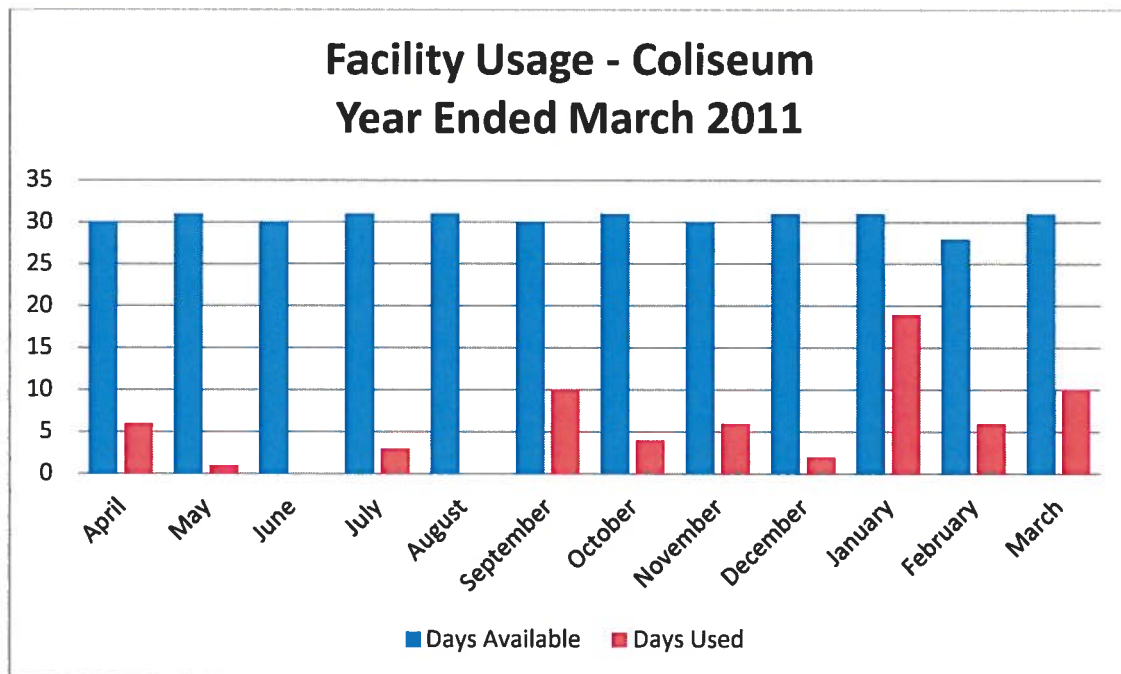
The Historic Denver Coliseum was completed in 1952 at a cost of \$3 million. The building consists of approximately 122,400 sf in the main building and adjacent Arcade, and seats a maximum of 10,500. The Barn provides an additional 60,000 sf of unconditioned space adjacent to the Arcade. Four parking lots adjacent to the structure can accommodate 2,604 cars.

The Coliseum has not been mechanically upgraded in nearly 60 years of service, and the adjoining 60,000 sf barn has experienced several partial roof collapses without significant structural reinforcement or renovation. The reinforced concrete structure of the Coliseum is structurally sound and has been well-maintained by the on-site maintenance staff. The City completed a \$7 million renovation of the Coliseum in 2002 which updated the concourses, refreshed the front entrance with new windows and doors and built a new box office. The venue may not meet current ADA standards for access by people with disabilities and has serious infrastructure challenges. There is no adequate air-cooling mechanical ventilation system, so the venue is not able to comfortably accommodate events in the warmest summer months. The sound system is in need of an extensive overhaul. Dressing rooms, public restrooms and the concourses all need major renovation and upgrades. The barn is dilapidated and needs to be replaced. The parking lot is full of swales and needs to be re-graded and resurfaced.

The Coliseum is owned and managed by the City’s department of Arts and Venues. Similar to the Association, the Arts and Venues department has struggled to get adequate capital funding for both

routine maintenance and building upgrades. The deferred maintenance of the Coliseum has put it at a competitive disadvantage compared to newer facilities.

The production of the annual Stock Show would not be possible without the use of the Denver Coliseum. Of the 300 Stock Show events, 35 were held in the Coliseum including the popular rodeo events. Similar to the National Western Complex, the Coliseum is utilized rather sparingly throughout the remainder of the year. During the same period summarized for the Complex (April 2010-March 2011), the Coliseum hosted 27 ticketed events, producing 94 performances and utilizing the facility a total of 67 days. This figure also includes the 16 days of the Stock Show. This activity resulted in a utilization rate of 18.4% assuming a 365 day year. Note these figures do not include the “load in” and “load out” day an event may require for set up and move out time. As indicated on the chart below, there were two months (June and August) when the Coliseum was not used at all.



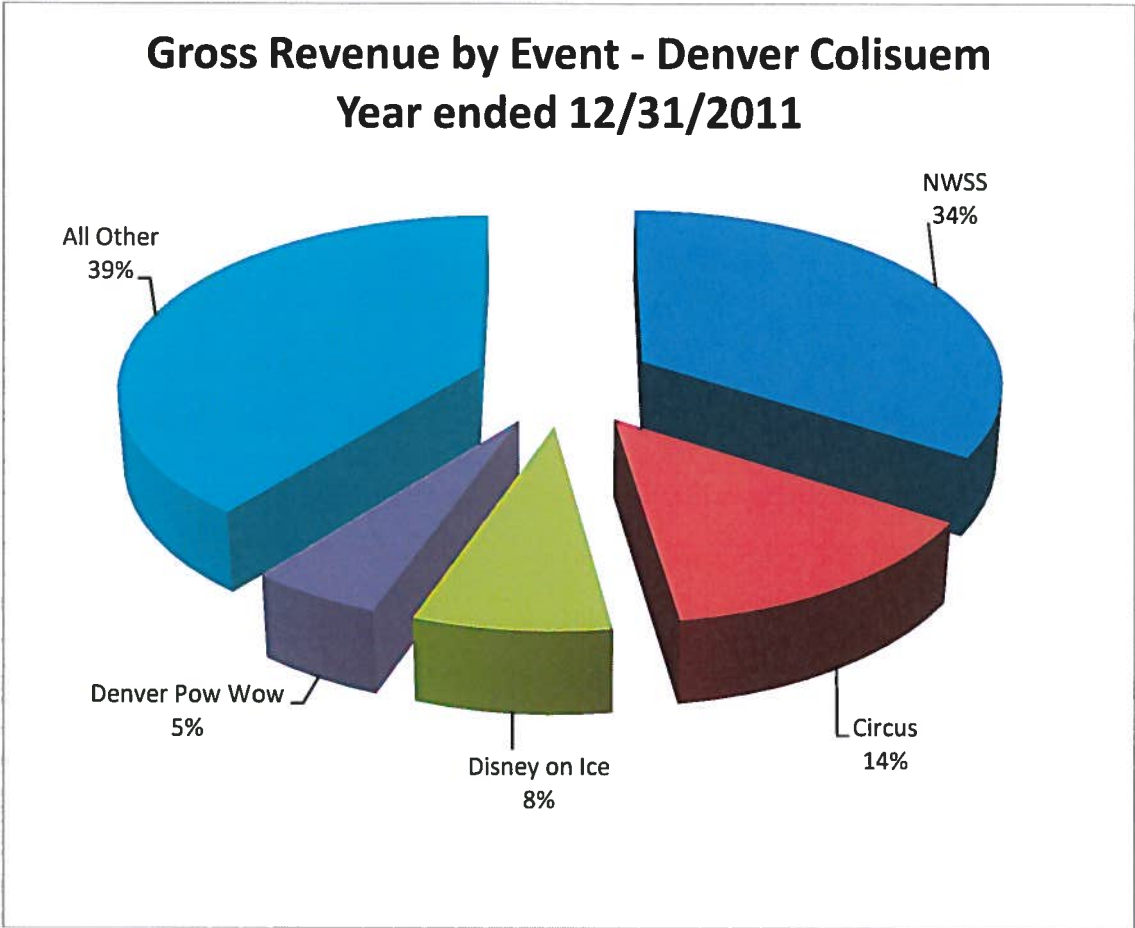
Below is a summary of the types of events held at the Coliseum during the year ended March 31, 2011 and the number of days the Coliseum was utilized:

<u>Type of Event</u>	<u># of Events</u>	<u># of Performances</u>	<u># of Days Utilized</u>
Cheerleading/Drill Team	9	9	9
Consumer Shows	1	5	5
High School Sports	3	6	6
Sports - Others	4	7	7
Meetings/Conferences	3	6	6
Stock Show Ticketed Events	1	29	16
Concerts & Entertainment	5	31	17
High School Graduation	<u>1</u>	<u>1</u>	<u>1</u>
<b>Total</b>	<b><u>27</u></b>	<b><u>94</u></b>	<b><u>67</u></b>

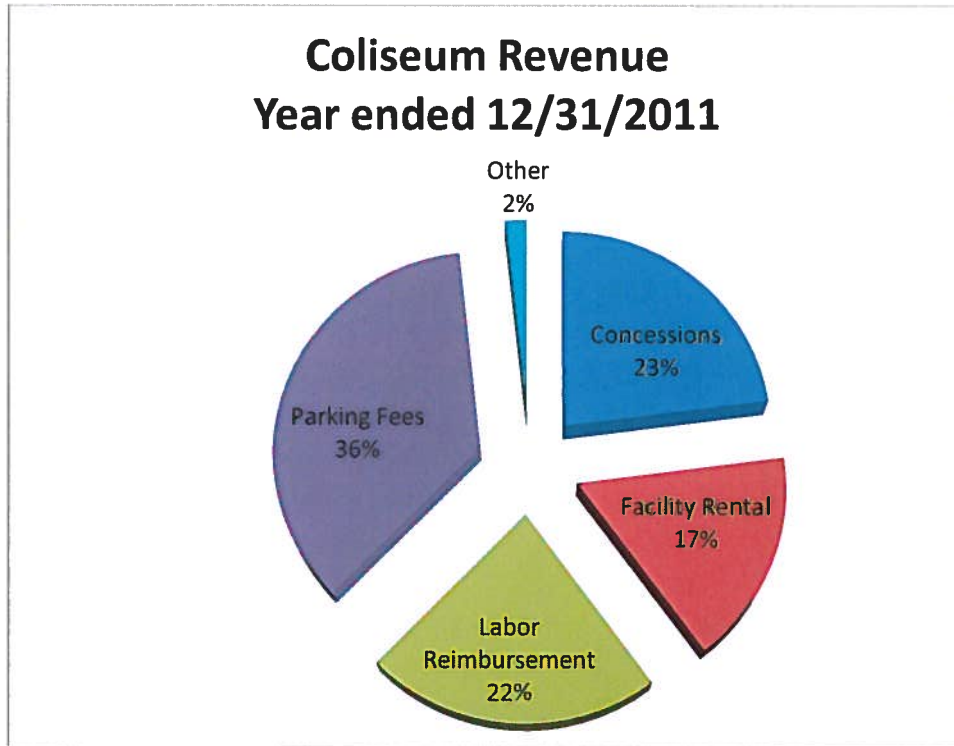
As evidenced by the information presented above, both the Complex and the Coliseum are very underutilized. The reason for this is fairly consistent between the two venues. The Complex is limited in their ability to add additional mission-related events, such as horse shows, because they lack the venues to support expansion in this area. They struggle to attract more unrelated events due to the limitations of the existing facilities and the other venue options available in the market. Similarly, the Coliseum is structurally and technologically outdated and is in need of significant renovation. Both the Complex and the Coliseum lack the ability to generate the revenue from existing events necessary to support the needed renovations and improvements required to increase event activity and venue utilization.

Revenue Mix – Denver Coliseum

Given the interrelationship between the Stock Show and the Coliseum, the operating revenue of the Coliseum must also be evaluated. During the year ended December 31, 2011 gross revenue generated at the Coliseum was approximately \$2.9 million. Of this amount, \$983,300 or 34% was generated by the annual Stock Show. Expanding beyond the Stock Show, 61% of total gross revenue generated at the Coliseum is a result of four events: the Stock Show, Barnum & Bailey Circus, Disney on Ice and the Denver Pow Wow. The gross revenue generated at the Coliseum is presented below.



The revenue generated at the Coliseum comes primarily from four sources: concessions, facility and equipment rental, labor reimbursement and parking fees. As indicated below, parking fees represented 36% of the total Coliseum revenue for the year ended December 31, 2011. Parking fees generated during the annual Stock Show represent 41% of all parking revenue generated at the Coliseum. The net operating income recognized for the year ended December 31, 2011, after expenses and inter-fund transfers, was approximately \$469,000.



In addition to net operating income, which is retained by the Arts and Venues department of the City for use in their operational and maintenance needs of their facilities, the activities at the Coliseum also generate FDA (seat tax) revenue for the City. The 2011 FDA tax was 10% of each ticket sold. From 2009 through 2011 the annual FDA collections from the Coliseum have totaled approximately \$2 million and averaged \$672,000 per year. Of these amounts, \$990,000, at an average of \$330,000, has been generated by the annual Stock Show. As presented below, this represents approximately 50% of the total FDA collections of the Coliseum over the last three years.

### Coliseum FDA Receipts

	2009	2010	2011	Total	Average
Stock Show	384,278	356,420	248,928	989,626	329,875
Other Events	415,227	289,810	320,882	1,025,919	341,973
Total	799,505	646,230	569,810	2,015,545	671,848

Some of the other events hosted at the Complex also generate FDA tax for the City. From 2009 through 2011 the FDA generated by Complex events other than the Stock Show totaled \$269,200 and averaged \$89,740 per year.

### **National Western Complex FDA Receipts**

	2009	2010	2011	Total	Average
Stock Show	--	24,761	207,330	232,091	77,364
Other Events	67,559	50,800	150,862	269,221	89,740
Total	67,559	75,561	358,192	501,312	167,104

The overall economic impact of the annual Stock Show has been evaluated by others, including the LEEDS School of Business reports where were included in the Business Plan Appendices, and is outside the scope of this report.



## **SECTION 2 – Reconciliation of Improved and Expanded Venues to Mission and Revenue Production**

One of the key considerations the Association expressed in the proposed Business Plan is their concern of having 80% of total revenue being tied to the annual Stock Show. They view this as not sustainable and too sensitive to conditions beyond their control, i.e. weather, Denver Broncos post-season play, etc. The positive aspect of being the first stock show and rodeo of the year does bring with it the weather implications of January. And while there may be some negative attendance impact as a result of the weather, the general weather conditions during the period of the annual Stock Show have become the expected conditions, frequently referred to as “Stock Show weather”. Arguably every stock show has the potential of being negatively impacted by outside forces such as weather. The annual audits of the Association have never raised a concern of concentration risk related to the revenues derived from the Stock Show, primarily as this event defines the Association’s mission and tax-exempt purpose.

As noted previously both the Association and the Denver Coliseum generate positive operating income. However, the annual net revenue generated by the Association, both through the annual Stock Show and the other off-season events is clearly not sufficient to maintain the facilities as required by their lease. This appears to be true of both the Complex and the Coliseum. The deferred maintenance and outdated design of these venues has left them both structurally and technologically obsolete. This obsolescence has the circular effect of limiting the number and type of events the venues can attract, thereby limiting the revenue they can generate which then limits the funds available to make necessary upgrades and improvements. It is this concern that has led the Association to desire to rebuild and expand their current facilities.

These two concerns - revenue reliance on the success of the Stock Show and the inability to maintain the facilities - are linked in the Business Plan. The Association is concerned they will not be able to sustain the current position as a premier stock show and rodeo if they cannot compete from a venue standpoint. They also recognize that the current revenue generated by their activities are not sufficient to pay the costs of new construction and therefore are looking to greatly expand the number and types of events held at the new facilities, in particular more concerts and consumer shows. Creating a new Complex, they maintain, will allow the annual Stock Show to remain competitive and will provide venues that currently do not exist in the Denver market to host events to drive additional revenue to the Association. The following section will evaluate these two premises.

### **Identified Programmatic Goals of National Western**

Since the early 2000’s, the Association has been concerned about the ability to maintain their competitive position in the Stock Show circuit primarily as a result of the inability to appropriately expand and improve their facilities. The process to identify a solution to this situation has been undertaken with input from several advisory committees and several City administrations. In 2008 a Task Force of business and community leaders was convened to make recommendations to the Association on whether the Association should remain in or move from its present location. In undertaking this evaluation, the Task Force asked the Executive Committee of the Association to



prepare a long-term strategy statement to help in their deliberations. The Executive Committee presented the following:

**Long-Term Strategy Statement of the Executive Committee of the National Western Stock Show Board of Directors:**

*The foundation of the long-term strategy of the National Western Stock Show (NWSS) is the vision, mission and values of the organization and the continuance of the three major areas of concentration of the NWSS – education, entertainment and economic.*

***Vision** is to aspire to be world's premier center for America's Western Heritage*

***Mission** is to provide education, serve producers and consumers, be the premier Stock Show, Rodeo, Horse Show and center for year-around events*

***Values** dictate commitment to quality and service, respect for individuals and teamwork, honesty and integrity and dedication to fiscal responsibility*

*Provide **Education** about agriculture*

*Provide **Entertaining Education** through rodeo and other agricultural related events*

*Provide **Economic** opportunities in support of education and entertainment*

*The primary and dominant strategy of the NWSS is to educate the urban and rural public regarding agricultural and related activities and promote youth education and their involvement in the agriculture and livestock industry.*

- *All activity of the NWSS will be driven by or contain an educational component*
- *Success of the NWSS will be determined primarily through measures of how well the NWSS educates the general public and provides educational opportunities for youth*

*The secondary strategy of the NWSS is to provide a premier customer experience highlighting America's western heritage by presenting a world class stock show, an entertaining rodeo, and an entertaining and informative horse show.*

- *Singular emphasis of entertaining education will be stock show, rodeo and horse related events*
- *Success of the NWSS will be determined by measuring attendance of targeted audiences, by internal financial metrics, sponsor satisfaction and by the national reputation of NWSS educational entertainment events*

*The tertiary strategy of the NWSS is to create economic opportunities in which the NWSS may engage*

- *Economic opportunities will be for those within the agricultural community and with alliances outside the agricultural community whose purpose fit the vision, mission and values of NWSS*
- *Success of the NWSS will be determined by both financial and non-financial performance metrics set in advance for each economic opportunity*

It is clear the intention of this strategy is to maintain the competitive position of the organization's primary purpose of enhancing interest and encouraging participation in the livestock and agri-business fields through quality public competitions, exhibitions and entertainment. The hierarchy of strategies is important to reiterate:

1. Educate the urban and rural public regarding agricultural and related activities and promote youth education and their involvement in the agriculture and livestock industry
2. Provide a premier customer experience highlighting America's western heritage by presenting a world class stock show, an entertaining rodeo, and an entertaining and informative horse show
3. Create economic opportunities in which the NWSS may engage within the agricultural community

The projected increased uses of a new complex, in particular concerts, consumer and trade shows, do not appear to reflect this hierarchy of strategies and will be discussed later in this report.

#### Facilities Necessary to Achieve these Goals

With the strategy statement as a basis of deliberation, the Task Force modified the 17 programmatic requirements identified in 2005 to 23 programmatic requirements necessary to achieve the strategy in 2009. The table below presents these requirements.

Item # 2005/2009	Code	Item	Description
1/1	E	New Coliseum	10,000 net seats, include high end boxes
2/2	E	Stadium	4,000 seats
3/3	E	Events Center	Current dimension and size is great – 5,000 seats
4/4	E	Horse Stall Barn	Expand from current 560 stalls to 700 permanent and 700 temporary
5/5	E	Yards	Need to review
6/6	E	Yards Wash Racks	Need to review
-/7	E	Yards Stockyard Arena	Currently 120'x108'; desire 100'x200'
7/8	S	Parking	Currently 12,000; desire 15,000-18,000, 700-900 truck and trailer
8/9	S	Marshalling Yard	Need 20-30 acres
9/10	P	Hall of Education	550,000 sf building is optimal on two levels. Increase ceiling from 11'8" to minimum 22'
10/-		Exposition Hall	150,000 sf
11/11	E	Livestock Tie-outs	Need 2,000 outside ties at 4' per animal
12/12	S	Auditorium	500 seats in classroom style, plus 20 breakout rooms
13/13	P	Auction Arena	Beef Palace seats 450, desire 700 seat arena.
14/14	S	RV Spaces	Desire 200 spaces/full service
15/15	S	Security	Need 3,000 sf
16/16	S	Maintenance	15,000 sf for repair, etc., 50,000 sf for equipment storage
17/17	E	Administration	Approximately 15,000 sf
-/18	E	Club/Museum/Cafeteria	30,000 sf
-/19	E	Coors Art	15,000 sf
-/20	E	NWIAC (International Ctr)	5,000 sf
-/21	E	Temporary Employee Ctr	Temporary building
-/22	E	Stock Dogs	150'x225' outside
-/23	E	Western Heritage Center	Set aside 10-20 acres

Code: E – Exclusively Stock Show, S – Shared Facilities, P – Potentially Shared Facilities

With the exception of various stock show specific improvements, i.e. yards wash racks, livestock tie-outs and horse stalls, and the increase in desired parking, the facilities contemplated in the 23-point program represent a re-creation of much of the square footage and facility spaces that the current Complex offers but in new, modern and technologically improved facilities.

#### What is Required to Grow Activities?

One of the greatest assets the Association has is the strength of the National Western Stock Show “brand”. Throughout the industry the National Western is viewed as one of the premier events, kicking off the new season. An interview with the CSL consultant yielded his opinion that the National Western “would never go away”. Indeed the operating and financial results of the annual Show indicate that the greatest challenge presented by the existing venues is the inability to accommodate the actual demand for both trade exhibitors and stock breeds. In addition, current seating capacity of the Coliseum limits the potential amount of revenue which can be generated by the rodeos. That being said, it should be noted that under the four development alternatives presented by the Association in conjunction with CSL, the expected Stock Show attendance at expanded facilities was an increase from the current level of approximately 640,000 to a constant attendance of 750,000 or a 17% increase, regardless of the scenario chosen. This suggests that while there is potential to increase the attendance, the market has an upper limit.

#### Four Primary Core Activities

The current production of the annual Stock Show includes four primary activities – Rodeo, Livestock Show, Horse Show and Trade Show. These activities were reinforced in the long-term strategy statement of the Association to provide a premier customer experience ... by presenting a world class stock show, an entertaining rodeo, and an entertaining and informative horse show.

#### Rodeo –

As noted in the baseline discussion above, the greatest revenue generator for the Association is the rodeo events. The experience for the spectator is enhanced by the quality of the competitor and the ability to attract the best competitors is influenced by the size of the purse – or amount of money available to be won. A key indicator of the attractiveness of the rodeo to the competitors is the ranking by committee purse. The purse is determined by the entry fees collected from the contestants and added money from the host event. An industry standard is to add up to 12% of the ticket sales to the purse. While the Stock Show has consistently enjoyed a top 15 ranking, the Association would prefer a top 10, and ideally a top 5, ranking in order to attract the best talent and thereby provide a better spectator experience.

In the Business Plan the Association references the desire to return to one of the top five rodeos by Committee Purse. The ranking is important to maintaining the stature of the event and the ability to attract the top rodeo athletes. During the eighties and early nineties the National Western was consistently one of the top three largest paying rodeos in the Pro Rodeo Cowboys Association (PRCA). This ranking began to slip, but still stayed in the top 10 through the early 2000’s. The ranking is now hovering between 11 and 13.

The drop in ranking has not been a result of lack of interest or attendance. Conversely, the 8,300 seat Coliseum is routinely sold out for each PRCA performance. The Committee Purse (the prize money that it added on by the event producer) is typically a percentage of the ticket sales or “gate”. The inability to sell more seats limits the amount of purse. Several other competitor rodeos (Houston and San Antonio) have increased the seating capacity of their rodeos. Both of these events have actively taken steps to increase the purse available to the contestants. Following completion of Reliant Park in 2003, the Houston Livestock Show and Rodeo moved their rodeo from the 5,800 seat Reliant Arena to the 70,000 Reliant Stadium (home of the Houston Texans football team) and packaged the rodeo with concerts by top country music performers. Similarly, San Antonio moved its rodeo from the 9,500 seat Freeman Coliseum to the 18,500 seat AT&T Center in 2003. In 2009 and 2010 Houston and San Antonio were ranked #2 and #3 with committee purse amounts at or about \$1 million.

Since 2011, Houston is no longer noted on the Top 25 list. Houston decided to not follow the PRCA restrictions regarding the number and type of events they produce and have consequently lost PRCA backing. While their purse continues to exceed \$1 million, the lack of PRCA sanctioning means the earnings paid to the contestants does not count towards the earnings necessary to secure the opportunity to compete in the Wrangler National Finals Rodeo in Las Vegas. The Las Vegas rodeo is by far the largest event with a committee purse of nearly \$6 million.

Clearly the increase in venue seating has helped propel the Houston and San Antonio rodeos to the top of the money list while Denver and Fort Worth, Texas, who have not increased their venue seating remain in the constant (and lower) ranking of 10-15. Information provided by the Association states that the committee purse in a new 10,000 seat venue would grow from the current \$246,000 (#11) to \$419,000 (#5). This increase assumes the same number of rodeo events (19) and no ticket price increase. In order to achieve these projections the new venue would need to sell out nearly every performance.

In addition to the industry standard of 10-12% of the gate, rodeo producers can choose to put additional amounts of their operating revenue toward the committee purse. San Antonio is an example of this practice where they chose not to charge an entry fee and yet added that same amount to the purse from their own funds. The Association is not currently in a position to make an additional contribution due to the limitations on other sources of revenue (i.e. parking and concessions) derived from the rodeo events under their Agreement with the City. Under the proposed structure of an expanded facility the Association would be able to charge for and retain all revenue generated by the rodeo and therefore would have a greater revenue stream which they could put towards an increased purse.

The Association also maintains that the aging and outdated facilities in the Denver Coliseum make both the rodeo competitor and spectator experience not comparable to other newer venues. This concern and desire for improvement resonates with the Executive Committees’ strategy to provide a premier customer experience. It cannot be argued that the technological and design improvements in the newer facilities (Houston and San Antonio) provide a different experience than that of the older venues (Denver Coliseum – 1956 and Will Rogers Memorial Stadium – 1936).

### **Livestock Show –**

The livestock show is the heart of the agri-business aspect of the Stock Show. Recognized as one of the “triple crown” competitions along with Louisville, Kentucky and Fort Worth, Texas, recognition at the National Western has the ability to enhance the monetary value of the exhibitor’s livestock. In 2012 the historic yards hosted over 16,000 head of livestock making it one of the top 5 years of all time. As the name implies, the National Western is a stock show that is open to exhibitors from across the county. Other stock shows are “closed” shows, limited to entrants from specific areas. The demand this type of national show generates must be able to be accommodated at the facilities. The Business Plan states that recently two different breeds were declined entry for lack of space. In 2012 a new breed was shown for the first time in the Northern Hemisphere. The facility currently has 1,100 indoor stalls and the Association maintains there is demand for up to 1,500. This would represent a 36% increase in the number of indoor stalls. Recognizing that the various types and breeds are shown at rotating times throughout the Stock Show, these additional indoor stalls would provide considerable growth opportunity.

Another limiting factor of the current facility is the structural obsolescence of the 1908 Stadium Arena. While the building has maintained its structural integrity, the arena floor is smaller than ideal at 90’x190’ and the columns limit the sight lines.

Perhaps the most interesting challenge presented by the current facilities are the historic outdoor yards. The “Yards”, which are outside pens and corrals where open market buying, selling, displaying and marketing of livestock occurs, are the only ones left in the country. The unique and historic nature of the Yards makes them an important asset to the Stock Show yet the cost to maintain them is becoming prohibitive.

The final limitation to expand the functionality of the livestock show is the lack of convenient and close in parking for trucks and trailers. In addition, the sequencing of loading and unloading livestock creates a periodic gridlock. While certainly an inconvenience, many other stock shows face this same dilemma and are able to manage with off-site parking.

Each of these items represent a challenge for the current performance of the Stock Show however none of them appear to significantly impair the success of the show. Provided the expected demand for more stall space is warranted, the proposed specifications in the programmatic requirements would address the primary challenge and allow for an increase in this core activity.

### **Horse Show –**

The 2012 Stock Show included both ticketed and non-ticketed horse show events. According to the Business Plan this component of the Stock Show is generally adequately addressed in the current Events Center and the Association is not currently looking to increase the number of events of this activity during the annual Show. To the extent there are limitations presented by the current venues, these concerns are more geared toward the production of horse shows during the remainder of the year. This issue will be discussed further below.



**Trade Show –**

Virtually every stock show includes a trade show and the National Western is no exception. This activity caters to the agricultural industry and works to ensure that the latest agricultural-related products are well marketed. The Business Plan states that over 50 percent of the commercial exhibitors are agriculturally based. It also notes that many of the “non-agricultural” exhibits, such as hats, heavy weather outerwear and work boots, have a rural appeal. Last year the Stock Show had 320 commercial exhibitors with another 500 on a waiting list. The Association tries to utilize every square foot of available exhibit space during the Show. The strong demand for exhibit space calls out the potential to grow this activity. There is currently approximately 400,000 sf of exhibit space between the Hall of Education and the Expo center. This space is distributed between two and three floors in these buildings, respectively. A noted limiting factor in the use of the existing space is the ceiling height at 11’ 8”. The currently specified programmatic requirements suggest the ceilings on the second floor be a minimum of 22’ with an optimum height of 32’ to allow for the display of larger equipment.

There was no information provided in the Business Plan regarding the diminishing returns the various exhibitors may experience with additional competition. Also, the assumed cap on overall attendance of 750,000 would also need to be considered when increasing the number of trade show exhibitors and the space they require.

**Other noted growth limitations**

Parking - The growth of each of these four core activities is suggested to be limited by the availability of convenient and close-in parking for both exhibitors and visitors. The chart below summarizes the current parking and the projected demand if the Complex were to be modified to attract the expected 750,000 attendees. The assumptions regarding the amount and type of parking presented below was prepared by Parsons Brinckerhoff (“PB”) for the Association and was calculated based on the peak parking need between 1:00-2:00 PM on the middle Saturday of the Show.

	Patron & Employee	Truck & Trailer	Total
NW Owned	52.36	.70	53.06
NW Leased	15.05	76.02	91.07
NW/Coliseum	22.65	1.30	23.95
Private	<u>13.98</u>	<u>- -</u>	<u>13.98</u>
Total Current Parking	104.04	78.02	182.06
Current “Need” per PB	<u>106.50</u>	<u>85.00</u>	<u>191.50</u>
Difference from Current	<u>2.46</u>	<u>6.98</u>	<u>9.44</u>
Projected “Need” per PB	<u>159.90</u>	<u>85.00</u>	<u>244.90</u>
Difference from Current	<u>55.86</u>	<u>6.98</u>	<u>62.84</u>
Projected “Need” by NW	<u>163.64</u>	<u>80.00</u>	<u>243.64</u>
Difference from Current	<u>59.60</u>	<u>1.98</u>	<u>61.58</u>

The difference between the PB projections and the NW projections are primarily due to an expected need of 18,000 private vehicles per NW as compared to 16,000 per PB. Additionally, the acreage estimated for RV parking and marshaling yards were slightly lower in the NW projections.

As presented, the issue of insufficient close-in parking raised by existing patrons and exhibitors is supported by the difference between expected parking needs at the peak of activity and the parking currently available. The difference for large truck and trailer is more significant than for individual vehicles.

The vehicle assumptions of PB did take into consideration the commuter rail stop that will be at the current Complex location in 2016. Based on commuter ridership in other cities to similar venues they estimated that 10% of all attendees would utilize rail while none of the employees or exhibitors would. Certainly increased usage of the rail facilities could dramatically reduce the projected need of patron and employee parking. The rail stops at Pepsi Center and at Coors Field (with the future 38<sup>th</sup> & Blake Station) will provide patrons increased convenience to access the current complex if they choose to park at these remote lots.

While the projected 245 acres for parking noted in the Business Plan seems like an extraordinary amount of land, it should be recognized that approximately 56% of the land at the existing complex is utilized for parking and a combined total of 182 acres is used to accommodate the current level of activity. The Association has managed to utilize the surface parking of other nearby venues, including Coors Field and Pepsi Center which are not being used in January. And while the Association would prefer to control all the parking, only 14 acres of privately owned parking is currently being used at the existing location. As surface parking is arguably the most inefficient land use, particularly in an urban environment, using existing parking for multiple purposes should be encouraged. At any potential location for redevelopment of the Complex, the desire to control the parking should be weighed against the value derived from sharing parking with the existing and proximate uses.

If the Association is successful in increasing the attendance at the Stock Show they may need to provide additional parking. But before this conclusion is reached, and as the final programmatic needs and site preference are determined, a comprehensive parking study and transportation management plan should be undertaken. This type of study should focus on event planning strategies, parking rate considerations and promotional techniques and considerations related to events at an expanded and/or reconfigured facility.

Other site constraints – Another frequently noted barrier to growth of the facilities and their usage is the presence of railroad tracks bisecting the site and the naturally occurring “edge” of the site created by the South Platte River. As conversation continues with the Association regarding the future development plans it will be imperative for there to be a willingness to re-evaluate these conditions, determine the potential to alter them and also look to embrace them as amenities instead of constraints. This is particularly true for the river and was noted in the Civitas study prepared for the Association where they encourage the Association to acknowledge the South Platte River noting that



“historically, culturally, the river is part of the Stock Show’s sense of place of this site”. Cities across the county are reclaiming their rivers and reaping the development rewards as well as the public amenity values these areas can provide. A comprehensive and coordinated evaluation of this issue should be undertaken before the final location verdict is reached.

### **Growth Potential – Related Events**

A key consideration of the Business Plan is the potential to utilize the expanded center for more events during the remainder of the year. The long-term strategy statement of the executive committee spoke directly to the strategy of engaging in economic opportunities within the agricultural community and with alliances outside the agricultural community whose purpose fit the vision, mission and values of NWSS.

**Rodeo** – Ticket sales from the various rodeo events provide a significant source of revenue, currently accounting for approximately 25% of the total Stock Show revenue and approximately 21% of all operating revenue of the Association. Despite the limitations presented by the ability to increase the Committee Purse and the structural and technological obsolescence of the Coliseum, the Association has worked very hard to increase the level and quality of the rodeo experience. In 2012 they introduced the Colorado vs. the World competition, featuring Colorado Rodeo Champions vs. Rodeo Champions of the World in 3 opening day rodeos, 2 semi-finals and the finale. In April 2013 they will host the inaugural Rodeo All-Star weekend. Similar to other all-star events which recognize the elite in the sport, the Rodeo All-Star event will include the top 128 cowboys and cowgirls competing over 3 performances. While this type of creative marketing and promotion will certainly increase this core activity, the venue challenges will continue to limit the full potential in this area.

**Horse Shows** - An area of market penetration the Association is attempting to increase with improved/expanded facilities is horse shows. The National Western includes the largest horse show in North America with over 13,000 horse entries. Horse shows also represent approximately 17% of the ticketed events during the Show. In addition, the majority of the off-season mission-related activity of the Complex is related to horse shows. The 23-point programmatic changes include additional warm up space and horse ties to be able to attract major horse shows. Even with these identified changes, an interview with the representative of CSL, the entity engaged to conduct the market analysis and financial operating implications of a new Complex noted that he did not believe the Association should actively pursue the major horse shows due to the cost required to bring in the events and the limited revenue potential they create. This apparent disconnect must be reconciled in order to have program and facility needs be consistent.

Research indicates there is a number of large national/regional horse show facilities located throughout the country. These facilities include horse parks (single-focus event facilities) and fairgrounds (multi-focused event facilities) and multi-use event facilities. Horse parks typically consist of arenas (indoor, covered and open), stall facilities, RV sites and ancillary support structures. Some of these horse parks also have numerous retail outlets, gift shops and meeting space. The venues that represent these types of venues include:

- Colorado Horse Park; Parker, Colorado
- Kentucky Horse Park; Lexington, Kentucky

Fairgrounds typically consist of buildings and structures that can host horse shows and events, as well as non-equine events and activities. Being multi-use, the management philosophy and staffing expertise is more broadly focused and not uniquely “equine”. In addition to fairgrounds there are also several multi-use event facilities that host concerts, rodeos, horse shows, consumer shows, circuses, livestock shows and other events. Clearly the National Western Complex, the Will Rogers Memorial Center (Ft. Worth, TX) and American Royal (Kansas City, MO) represent this category.

National trends indicate an increase in both the number of horses in the United States and the number of show competitions, as well as overall interest in showing. Based on the information provided in the Business Plan this trend is also true in Colorado. There is a wide assortment of horse clubs and associations and a wide variety of equine events and activities that could be held at an expanded National Western Complex.

A review of various horse parks, fairgrounds and multi-purpose venues indicate a wide array of facilities. However there appears to be a baseline of facility requirements necessary to successfully attract regional, and potentially national, horse shows beyond what is currently being accommodated at the Complex. These include:

*Indoor Arena* – State-of-the-art, equestrian –focused indoor area with 150’ x 300’ dirt-over-concrete ring, 4,000 to 6,000 seats (mix of seats with backs and bench style), full-climate controls, LCD video screen, vendor space, restrooms, box office, show office, dressing rooms with showers, concessions, storage and sound system. With the potential exception of dressing rooms with showers, the current Events Center, which was constructed in 1994, appears to possess all the stated requirements.

*Covered Arena* – Two covered arenas/rings, 100’ x 200’ and 140’ x 240’ with portable bleacher seating for up to 1,500. The current complex looks to the Stadium Arena, built in 1908 to serve as the covered arena. The 23-point programmatic changes would include only one ring at 100’ x 180’ with seating for 4,000.

*Outside Arenas/Rings* – Four to six arenas/rings, ranging from 100’ x 200’ to 120’ x 240’ with sound system and some permanent/portable seating. The current programmatic changes do not incorporate any outside arenas or rings.

*Warm-Up/Schooling Rings* – Two to three warm-up and schooling rings ranging in size from 60’x 100’ to 80’ x 120’ with some portable seating available. The programmatic changes for the Events Center note the need to have a second warm-up arena like what is currently available, with the possibility of it being outside, as well as a 20,000 sf warm-up area with a preferred size of 100’ x 200’.

*Stalls* – 600 permanent stalls (10'x12') and tenting area to accommodate 400+ temporary stalls. The Complex currently has 560 stalls for horses and desires to expand to 700 permanent stalls (10'x10') with an additional 700 temporary stalls.

If the Association is looking to expand the market penetration of horse shows it appears that additional facility improvements would need to be taken into consideration. Also, all other venues reviewed seemed to pay particular attention to other improvements and amenities such as footing, courses, ceremony, stabling, hospitality, healthy food, convenient accommodations, strong marketing and management by a knowledgeable, friendly staff. These considerations were not noted in the Business Plan.

*Western Heritage Center* – The concept of a Western Heritage Center was added by the Executive Committee when they expanded the 17-point strategic plan to the final 23-point plan. Envisioned as a tribute to the western cowboy and ranch culture, the facility would be operated year round as a destination and educational facility, museum and entertainment center. While a detailed plan for the Center was provided in the Business Plan, the physical aspects of the Western Heritage Center were not included in the site plan. In addition, there was no incorporation of the Western Heritage Center into any of the revenue and expense projections of the new facilities. This lack of consistent presentation questions the true commitment to the inclusion and management of such a Center.

#### ***Growth Potential – Unrelated Events***

While not apparently consistent with the Long-Term Strategy Statement of the Executive Committee, the expansion of unrelated events appears to be the area of greatest growth potential in the Business Plan. There were two different market studies prepared related to the potential relocation and/or expansion of the National Western Complex. One study was prepared by Convention, Sports & Leisure (CSL) for the Association. The other was prepared by HVS Convention, Sports & Entertainment Facilities Consulting (HVS) for the City of Aurora as part of the evaluation of National Western co-locating with the proposed Gaylord Hotel development. Both firms are recognized experts in the field of market analysis related to various events including sports, concerts, entertainment, etc.

Both reports established that the number of events held at a new complex would increase significantly from the 2011 level of 87 to approximately 180 events per year. The reports concluded that attendance at the Stock Show would be increased as a result of improved facilities, horse show events would remain relatively unchanged and the primary increase in the number of events hosted at a new complex would be in other unrelated events. The areas with the most growth potential are noted below:

*Trade and Consumer Shows* – Both Trade Shows (non-public events that require a combination of exhibition and meeting space) and Consumer Shows (public ticketed events that would attract local attendees such as home and garden shows, craft fairs, and gun shows) would be accommodated in the Livestock/Trade Show facility. The Arena (new Coliseum) or Event Center floor could be used as exhibit space to accommodate multiple events. HVS projected an increase in the number of consumer shows

from 18 (2011 activity) to approximately 30 per year and an increase in the number of trade shows from 1 (2011 activity) to 5. CSL projected an increase in consumer and trade shows from 21 (2010 activity) to approximately 37-45, depending on the aggressiveness of marketing of the Complex. CSL later revised these estimates to 30 and 28 trade and consumer shows if the facilities were to expand at the current location or relocated to the Commerce City location, respectively. The studies indicated that both trade show and consumer show bookings would likely be more industrial or agricultural in nature and therefore not require the level of finish and amenity found at the Colorado Convention Center.

Concerts & Entertainment – This area of activity includes concerts, live theater, family entertainment and other performances. Recognizing the venue competition coming from regional arenas, including the Pepsi Center, 1<sup>st</sup> Bank Center, Budweiser Events Center, Coors Field, Dick’s Sporting Goods Park, Sports Authority Field, and the Red Rocks Amphitheater, HVS projected a redeveloped complex would attract approximately 30 events a year, compared to the 7 events held in 2011. These events would be split evenly between concerts and family shows held in the Arena. CSL projected approximately 36-64 events, again depending on the aggressiveness of marketing a new facility, compared to the 9 events held in 2010. The revised CSL report related to expansion at the current site or relocation to Commerce City indicated approximately 37 or 31 events at these venues, respectively.

The Business Plan indicates that event booking would most likely be contracted to an entertainment promotion company such as AEG. The Association provided information which estimated that based on typical touring cycles a new 3,500 seat venue could host 30-35 events while a 10,000 seat venue could host 6-8 events. This would represent an additional 1-3 events from the 5 concert & entertainment events that were held in the Denver Coliseum in 2011 with the majority of the new events coming from the smaller 3,500 seat venue. By contrast, the CSL report indicated that “most of the events assumed under the “Entertainment” category ... represent events that are estimated to take place in the new Arena.” The CSL report stated that a state-of-the-art arena would be capable of hosting a wide variety of event types, including minor league sports tenants, other types of amateur and exhibition sports, concerts, family shows, rodeos, motocross, civic and religious events and other such events and that most of these events would take place in the new Arena.

The current entertainment activity noted above does not include any event activity currently occurring at the Coliseum. The activity projected by CSL assumes the Coliseum “will be removed from service” and therefore includes the current Coliseum activity in the new projections. In addition, the CSL report notes that a new facility will naturally cause some displacement of events which are currently being held at other local area event venues. This “cannibalization” could occur from venues both within and outside Denver. The HVS report stated that the competition for exhibition space would be tempered by the space at a new National Western facility being of a somewhat lower quality than that found at the Convention Center. However a new, state-of-the-art arena would directly compete with the Pepsi Center as well as other concert venues. As noted in Section 3, in other cities that have recently built facilities that compete with the older venues, the impact can be significant.

Meetings – There are events that require breakout meeting space but would not use banquet or exhibit space such as local area businesses, civic organizations, youth groups, and government agencies. The meetings could range from 25 to 300 persons with most meetings using a single meeting room. The exhibit space could also be used to handle larger meetings or several smaller simultaneous meetings. HVS projected meetings and banquets would increase by 12 events per year while CSL projected an increase of 32 events over the 2011 activity.

Other – This category includes a variety of local-oriented facility rentals including dance recitals, family recreation and marching band competitions. Private rentals, blood drives and other civic uses are also in the “other” category. This category has the highest increase in event activity projecting 30 events annually compared to the 2011 activity of 3 for an increase of 27 annual events.

The magnitude of increased activity is tempered somewhat when the current Coliseum events are included. Below is a summary of the current events at the Complex and Coliseum compared to the projected activity at a new complex upon stabilization (2019).

**Projected vs. Current Complex & Coliseum Activity – New Location**

Events	Projected Activity Per CSL (2019)	Current Complex Activity	Difference	Current Coliseum Activity	Adjusted Difference
Stock Show	1	1	0	(1)	0
Livestock/Horse	40	32	8	0	8
Consumer/Trade Show	37	19	18	1	17
Meetings/Banquets	50	18	32	3	29
Concerts & Entertainment	36	7	29	5	24
Other	15	10	5	17	-12
<b>Total</b>	<b>179</b>	<b>87</b>	<b>92</b>	<b>27</b>	<b>66</b>

The projected activity assumed a redeveloped Complex proximate to the Gaylord Hotel and Conference Center in Aurora. In November 2011 CSL issued a revised report projecting the increased activity of a redeveloped complex at the current location and in Commerce City, Colorado. This report took the projected increase of event activity down from 179 to 163 at the current location and to 146 at the Dick’s Sporting Goods Park in Commerce City. The projected activity of 163 at the current location still represents a 44% increase from the combined 2011 levels. The primary areas of increase would still be expected to be consumer and trade shows, meetings and banquets and concerts and entertainment.

**Projected vs. Current Complex & Coliseum Activity – Redeveloped at Current Location**

Events	Projected Activity per CSL (2019)	Current Complex Activity	Difference	Current Coliseum Activity	Adjusted Difference
Stock Show	1	1	0	(1)	0
Livestock/Horse	38	32	6	0	6
Consumer/Trade Show	30	19	11	1	10
Meetings/Banquets	37	18	19	3	16
Concerts & Entertainment	45	7	38	5	33
Other	12	10	2	17	-15
Total	163	87	76	27	50

The shift in event activity from the Coliseum to a new Complex facility would result in a transfer of the revenue these activities generate from the Coliseum to the Association. The CSL report assumed the Coliseum “would be removed from service”. If the Coliseum remained in operations, the expected transfer of this revenue would be catastrophic to the financial viability of the Coliseum.

The most significant shortcoming of the various reports projecting the increase in activity, particularly in the non-related events, was the inability to appropriately describe the specific type of events the Association should actively pursue and therefore how many, if any, of the events held at a new venue would be an actual “net new” events to the market. Conversation with the representative from CSL was not able to identify the magnitude of events that would be additive to the current market. Instead their report provided a list of events that are currently being held at competing/comparable venues. Many of these events are either already being held at the Complex or the Coliseum or are accommodated at the Colorado Convention Center, other arena-type facilities or in local hotel conference facilities. The representative did note that the basic fact that these would be the newest venues in the area would assist in the ability to attract new events and that there would be re-shifting of current events away from their current performance venues to the newest facilities. In order to gain a true understanding of the events that are currently not being hosted in the Denver market, a more thorough event demand study should be undertaken, ideally with the coordination with VISIT Denver and the City’s Arts and Venues department.



**Section 3 - COMPARISON OF PROPOSED COMPLEX TO COMPARABLE/COMPETING CITIES AND VENUES**

The information provided by the Association gave a variety of venues which they deemed to be comparable and/or competitive to the Complex. In an attempt to further refine the information, a schedule of the reports and the venues noted was compiled with the greatest frequency of reference being a baseline for comparative purposes. From this schedule the following events and facilities were selected:

<u>Event Name</u>	<u>City, State</u>	<u>Date of Event</u>
Fort Worth Stock Show & Rodeo	Ft. Worth, TX	January
San Antonio Stock Show & Rodeo	San Antonio, TX	February
Houston Livestock Show	Houston, TX	March
Calgary Stampede	Calgary, BC, Canada	July
Oklahoma State Fair	Oklahoma City, OK	September
American Royal	Kansas City, MO	October
Pennsylvania Farm Show	Harrisburg, PA	October
Georgia National Fair & Agricenter	Perry, GA	October
No. American Int'l Livestock Expo	Louisville, KY	November

As indicated in the information above, there are generally two times during the year when stock shows are held – January through March and September through November. Of those events noted as comparable or competitors to the National Western Stock Show a focus was placed on those events that were most likely to compete with Denver by event, time of year and/or proximity. Those events included:

<u>Event Name</u>	<u>City, State</u>	<u>Date of Event</u>	<u># of Days</u>
Fort Worth Stock Show & Rodeo	Ft. Worth, TX	January	23
San Antonio Stock Show & Rodeo	San Antonio, TX	February	18
Houston Livestock Show	Houston, TX	March	18
American Royal	Kansas City, MO	October	15
No. American Int'l Livestock Expo	Louisville, KY	November	14

When comparing the events by core activities the comparable/competitive set is as follows:

**Rodeo** – The recognized “*Big Four*” rodeos are Denver, Houston, San Antonio and Fort Worth

**Livestock Shows** – The “*Triple Crown*” consists of Denver, Louisville and Fort Worth

**Horse Shows** – While no comparatives were provided in the Business Plan the assumed competitors are Kentucky, Fort Worth and Kansas City

Event	Rodeo	Livestock	Equestrian
National Western	X	X	X
Fort Worth Stock Show & Rodeo	X	X	X
Houston Livestock Show & Rodeo	X		
San Antonio Stock Show & Rodeo	X		
No. American Int'l Livestock Expo		X	X
American Royal			X



The Fort Worth Stock Show & Rodeo is the only event that competes with the National Western Stock Show in all areas. The competitive factor is increased by the timing of the event which actually overlaps the National Western running from late January into early February.

While these are the events that are most comparable and/or competitive to the National Western Stock Show, the venues they utilize are quite varied. The chart below summarizes the key characteristics of these venues.

**Key Venue Characteristics**

<u>Complex</u>	<u>Acres</u>	<u>Main Performance Arena Seating</u>	<u>Secondary Venue Seating</u>	<u>Indoor Exhibition Space</u>
American Royal	14	18,000	5,000	277,400
Kentucky Exposition Center	400	17,000	5,820	925,100
Reliant Park	350	72,000	5,800	999,500
San Antonio Livestock Exhibition Grounds	232	13,800	11,000	158,000
Will Rogers Memorial Center	85	5,600	5,788	112,460
National Western Complex/Coliseum	95	8,140	4,600	236,800
<b>Proposed National Western Complex</b>	<b>300</b>	<b>10,000</b>	<b>3,500</b>	<b>280,550</b>

A review of each of these events and venues follows.

## **Fort Worth, Texas**

In addition to being the most competitive event to the National Western, the facilities are also the most comparable to the existing Complex. The Fort Worth Stock Show & Rodeo is held at the Will Rogers Memorial Center which is situated on approximately 105 acres near downtown Fort Worth. The show runs for 23 days beginning in mid-January through early February. The site is owned by the City of Fort Worth and managed by the Public Events Department of the Culture & Tourism Fund (special trust fund).

The event is produced by the Southwestern Exposition & Livestock Show, a 501(c)(3) non-profit organization. The stock show group keeps all revenue generated from ticket sales, parking fees, exhibitor leases, concessions, livestock show fees, corporate sponsorships, and rodeo tickets. An annual rent payment of \$100,000 is paid to the City as well as \$20,000 for improvements to the facility.

The Will Rogers Memorial Center was constructed in 1936 and has been periodically upgraded and expanded through resources provided by both the City and the stock show group. A master plan for the center was completed in 1990 and includes plans for a \$120 million 12,000 seat arena and a \$50 million Livestock & Equestrian Building. These improvements are to be funded with public and private funds.

The rodeo events are held in the Will Rogers Coliseum which seats approximately 5,600. Most of the livestock show and sales are held in the smaller arenas which seat between 1,000 and 1,900 patrons. Other venues, such as the 2,800 seat Will Rogers Auditorium, are used throughout the year for dance recitals, community and theater events. The Center has placed a great deal of emphasis on becoming a recognized equestrian center including construction of a new multi-purpose building on the grounds that promises more practice pen space, first-class horse stalls and an expanded underground tunnel system.

Public parking is available for \$8 per vehicle in a number of surface lots and parking garages near the Center which provide 4,000 spaces. A shuttle service runs from other parking areas. This parking is free and the shuttle is \$1 each way.

The management, promotion and maintenance responsibility of the Will Rogers Memorial Center falls to the City of Fort Worth Public Events Department. This department is a component of the Culture & Tourism Fund, a Special Trust Fund which receives its funding from a 9% lodgers tax and a portion of the short-term auto rental tax. The 9% lodgers tax is allocated 2% for debt service on bonds issued for the expansion of the convention center and 7% to promote tourism and support art and culture activities in the city. In addition to these tax revenues the department retains revenue generated by the other events held in the center including ticket sales, concessions and parking revenues. The department has responsibility for the Fort Worth Convention Center and Water Gardens Events Plaza in addition to the Will Rogers Memorial Center.

A map of the Will Rogers Memorial Center is provided on the following page.

# Will Rogers Memorial Center Grounds Map



## Stock Show Services

- 2 Rodeo Ticket Office
- 3 CHASE ATM
- 4 Visitors Information Center
- 5 Stock Show Shuttle Bus Stop
- 9 Will Rogers Tower (Police Dept)
- 13 Exhibitor Parking
- 16 International Suite
- 22 Stock Show Information Booth
- 31 Feed Office/Accounting Office
- 36 Family Assist Restroom
- 53 Public Parking

## Entertainment & Education

- 6 Rodeo Roadhouse

## Restaurants & Food

- 22 Reata at the Rodeo
- 23 Round Up Inn Food Court
- 29 La Espuela: A Mexican Cantina
- 36 Stockman's 24-Hour Cafe
- 49 Outdoor Food Court

## Buildings & Offices

- 8 Will Rogers Auditorium
- 10 Will Rogers Coliseum
- 21 Stock Show Main Office
- 22 Calf Scramble Meeting Room

## Livestock Areas

- 17 West Arena

7 Bank of Texas Petting Zoo/Pony Ride

11 Carnival/Midway

37 Milking Parlor

40 Planet Agriculture and Ag Magic Show

Show presented by Texas Farm Bureau  
Insurance

42 FFA Children's Barnyard

51 Frost Stage

#### Commercial Exhibits / Shopping

14 Brown-Lupton Exhibits Hall

24 Amon G. Carter Jr. Exhibits Hall

50 Outdoor Commercial Exhibits

#### Museums & Sites

1 Will Rogers Statue

9 Will Rogers Tower (Police Dept)

12 Casa Mañana Theatre

25 Midnight Statue

26 John Justin Plaza

44 National Cowgirl Museum

45 Museum of Science and History  
and Cattle Raisers Museum

46 Amon Carter Museum

47 Kimbell Museum

48 Modern Art Museum

52 Community Arts Center

54 Botanical Research Institute of Texas

27 W. R. Watt Arena

28 Charlie and Kit Moncrief Building

30 Cattle Barn No. 4

32 Cattle Barn No. 3

33 Cattle Sale Arena

34 Cattle Arena

35 Cattle Barn No. 2

36 Arena Director's Office

38 Cattle Barn No. 1

39 Poultry, Pigeons, Rabbits

41 Sheep Barn

43 Swine Barn

#### Horse Areas

15 John Justin Arena

18 Richardson-Bass Building

19 Horse Stall Area

20 Horse Show-Grand Entry Office

55 Equestrian Multi-Purpose Building



## Houston, Texas

The Houston Livestock Show & Rodeo is held at the Reliant Park complex. The 350 acre complex includes Reliant Stadium (home to the Houston Texans NFL team), Reliant Astrodome, Reliant Arena and the Reliant Center. The show runs for 18 days at the beginning of March. The complex is owned by the Harris County Sports & Convention Corporation.

The event is produced by the Houston Livestock Show & Rodeo, Inc., a 501(c)(3) non-profit organization. The organization recognized \$80 million in total revenue in 2010 with contributions and grants totaling \$27.6 million and program services revenue totaling \$51.5 million. Much of the program services revenue comes from the rodeo events which are typically paired with concerts by top country western performers. After expenses, the organization realized net income of approximately \$9.4 million. The organization has the exclusive right to exhibit livestock and produce equestrian and rodeo events at the complex. They can utilize the complex for 40 days (February 3-March 28) as Spring Rodeo dates.

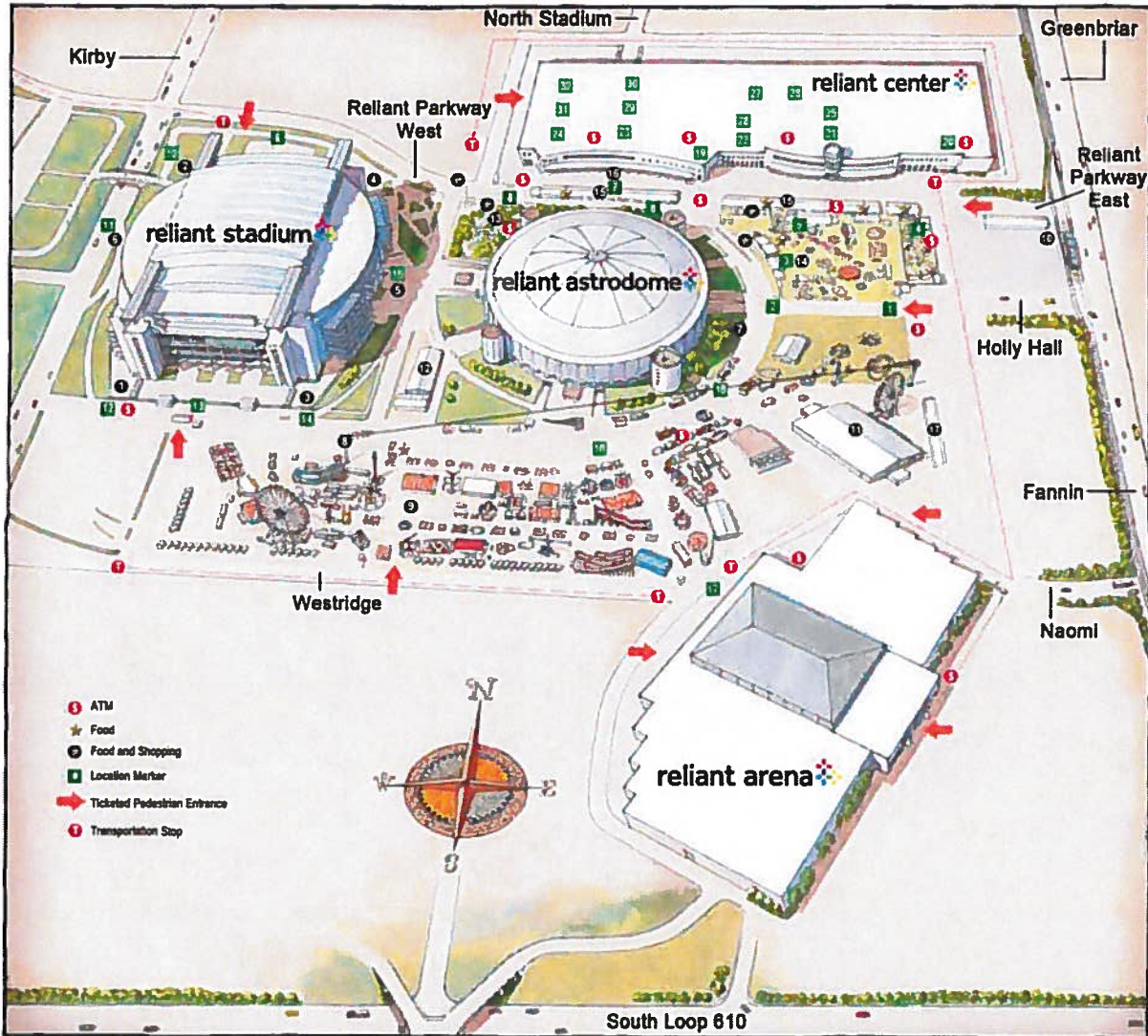
The rodeo events were held in the 5,800 seat Reliant Arena until the opening in 2003 of the 71,500 seat Reliant Stadium. This venue change, coupled with the concert activity, rocketed the rodeo to one of the biggest money events on the PRCA tour.

A portion of the rodeo admissions and rodeo parking revenues are paid to the Harris County Sports & Convention Corporation – an Authority of Harris County. In addition, the stock show organization pays \$1.5 million in rent under a 30 year lease agreement. The Authority has maintenance responsibility of the complex which includes the requirement to fund a \$2.5 million per year capital repair reserve account.






In addition to funds received from the stock show organization, the Authority also receives revenue from ticket sales at arena events, a guaranteed rent payment from the NFL, a portion of ticket sales from the Texans football admissions and parking and a supplemental payment from the NFL as well as motor vehicle rental tax and hotel occupancy tax. Total stadium revenues were \$19.2 million in 2011 and motor vehicle and hotel occupancy tax provided an additional \$42.2 million for total revenue of \$61.4 million.

The complex boasts one of the world's largest parking lots with 26,000 total spaces. The parking lot also served Six Flags Astroworld until it closed in 2005. The site is also served by a light rail station.

A map of Reliant Park is provided on the following page.



## HOUSTON Livestock Show and Rodeo

- |   |  |
|---|--|
| 1.  Gate               | 10. METRORail                            |
| 2. Comcast Gate   | 11. The Hideout                          |
| 3. Amegy Bank Gate  | 12. Rockin' Rodeo Party Pavilion         |
| 4.  Gate               | 13. Rodeo Uncorked! Champion Wine Garden |
| 5.  East Club Entrance | 14. Kids Country                         |
| 6.  West Club Entrance | 15. Rodeo Plaza                          |
| 7. Horticulture Exhibit   | 16. Circle Drive                         |
| 8. Sky Ride   | 17. Rodeo Express Tent                   |
| 9.  Carnival           |  |

## San Antonio, Texas

The San Antonio Stock Show & Rodeo is held at the AT&T Center and Freeman Coliseum Grounds. The 232 acre facility includes the AT&T Center, (home to the San Antonio Spurs NBA team) and the Joe & Harry Freeman Coliseum. The show is held for 18 days in early February. The site and facilities are owned by Bexar County. Due to the partnership arrangement among Bexar County, the Spurs and the San Antonio Livestock Exposition (SALE) the facilities have unique management characteristics. The AT&T center is managed and operated by the Spurs, the Freeman Coliseum is managed and operated by a Coliseum Advisory Board and the livestock barns are managed and operated by SALE.

The Stock Show & Rodeo is produced by SALE, a 501(c)(3) non-profit organization. SALE is able to retain all ticket sales, concession and parking revenue generated during the show. In addition, SALE is authorized to produce 20 shows (events) per year under the lease agreement to utilize the AT&T Center. The total rent payment made in 2011 was \$1.5 million. Under the terms of the lease, SALE was to make a \$1.2 million lease payment in the first fiscal year of the Agreement and the payment increases by \$50,000 per year for the first five years and then by CPI for the next 20 years.

The Freeman Coliseum opened in 1948 and has 12,500 seats. The rodeo events were held in the Freeman Coliseum until 2003 when they were moved to the newly constructed AT&T Center. This move provided an additional 6,000 seats and caused the rodeo revenue to increase significantly. This also allowed SALE to increase the committee purse for the rodeo events to approximately \$1 million, putting them in the top position behind Las Vegas. The PRCA named the San Antonio Stock Show and Rodeo the Large Indoor Rodeo of the Year from 2005-2010. The Freeman Coliseum is now used as an expo hall along with other buildings in the complex during the stock show.

The AT&T center was a voter-approved partnership among the Spurs, Bexar County, the San Antonio Stock Show & Rodeo and the Coliseum Advisory Board to build a county-owned community arena that would serve as a new home to the Spurs and the Stock Show & Rodeo. The \$175 million facility was financed through a \$28.5 million contribution from the Spurs and \$146.5 million from the County, paid for by an increase in the local hotel occupancy tax and short-term motor vehicle rental tax, collectively referred to as the "visitor tax". The Spurs and the San Antonio Stock Show & Rodeo together designed the AT&T Center to be a state-of-the-art facility, capable of hosting championship sporting events, rodeo and other entertainment events.

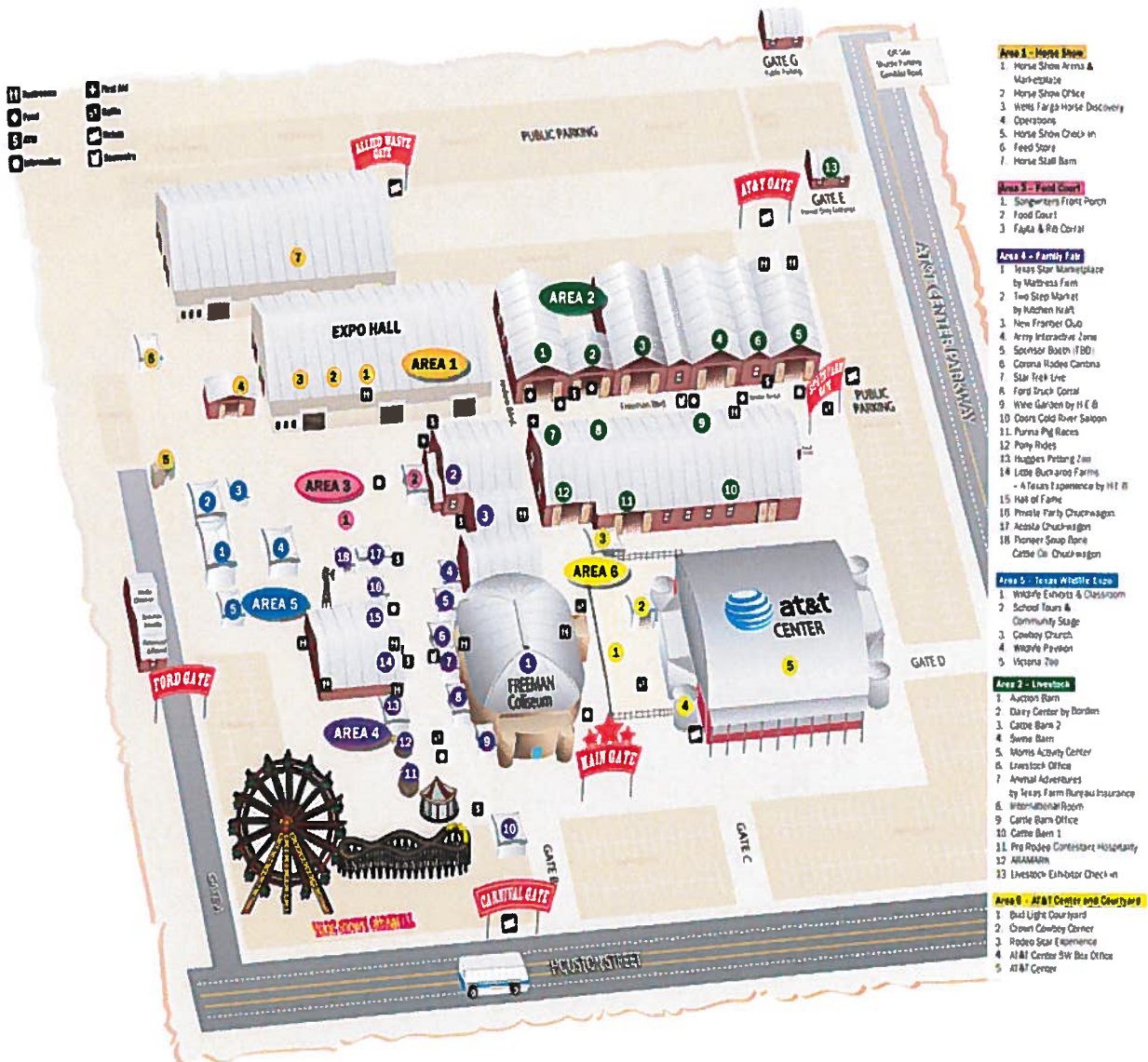
In 2008, Bexar County voters approved an extension of the visitor tax to fund four initiatives: San Antonio River Improvements, Youth & Amateur Athletic Facilities, Rodeo Grounds & Community Arenas Enhancements and Performing & Cultural Arts Centers. In an effort to ensure the AT&T Center remained a state-of-the-art facility, Bexar County agreed to set aside a portion of the revenue from the visitor tax extension to enhance and upgrade the AT&T Center after it had been open 10 years. In addition, the County agreed to make enhancements to the Freeman Coliseum and stock show facilities, to ensure all of these County-owned facilities were properly maintained. As part of the agreement, the



Spurs and the San Antonio Stock Show & Rodeo agreed to extend their leases and to contribute a significant amount toward the cost of the renovations.

These funds assisted in the construction of the Expo Hall which was completed in 2010 and hosts the horse shows. This venue totals approximately 316,000 sq. ft. and features a competition arena measuring 125'x300', 126 commercial exhibit spaces, climate controlled warm-up arena and show arena, 1,500 spectator seats, 750 new stalls, indoor wash racks and improved unloading areas for trailers.

### AT&T Center and Freeman Coliseum Grounds



## Louisville, Kentucky

The North American International Livestock Exposition is part of the “Triple Crown” of livestock shows along with Denver and Fort Worth. The event is held for 14 days in the beginning of November at the Kentucky Exposition Center which includes Freedom Hall and Broadbent Arena. It is one of the three events produced by the Kentucky State Fair Board in addition to the Kentucky State Fair and the National Farm Machinery Show.

The Kentucky State Fair Board is an agency of the State of Kentucky and part of its Arts & Heritage Cabinet. The Fair Board owns and manages the Kentucky Exposition Center, the Kentucky International Convention Center and the KFC Yum! Center. As both the owner and operator of the venue, as well as the producer of the Stock Show, the Fair Board retains all revenue associated with the event, including admissions, parking and concessions.

In 2011 the stock show had approximately 5,500 beef cattle registered, making it the largest purebred beef show in the world. Five continents and 11 countries were represented including Canada, Costa Rica, Australia, China, Poland and France. The show utilizes the Exposition Center with 6,600 seats available in the Broadbent Arena. The rodeo events take place in the 19,000 seat Freedom Hall.

In 2006, at the urging of the University of Louisville, the State undertook the construction of the 22,000 seat KFC Yum! Center in downtown Louisville. The Center opened in October 2010. The University of Louisville men’s and women’s basketball teams are the primary tenants of the arena complex. The Center also hosted a number of events including the Ultimate Fighting Championship, Ringling Bros and Barnum & Bailey Circus, high school proms, Disney on Ice, concerts and family shows. The Louisville Arena Authority, Inc., a non-profit corporation, was formed for the purpose of creating, financing, developing and overseeing the construction of the multi-use arena.

Prior to the opening of the KFC Yum! Center, the events listed above were hosted in Freedom Hall, causing the Exposition Center to reinvent itself with the loss of these events. Recognizing the potential negative effect the new venue would have on the operational revenue of the Exposition Center, the Arena Authority is required to pay a Freedom Hall Reimbursement to compensate for any net-negative impact experienced by Freedom Hall. The reimbursement arrangement is required over the term of the Operations Management Agreement which runs through 2017. The Arena Authority has estimated the total net-negative impact to be \$5,250,000 during the term of the agreement. In addition, the Arena Authority is required to fund a reserve account in the amount of \$750,000 annually through June 30, 2014.

After only being open for a year and a half, the Arena Authority is looking to replace the Kentucky State Fair Board as the manager of the KFC Yum! Center. The Arena Authority is also looking to enter into an agreement with a private firm to manage the arena in an attempt to lower costs and increase revenue. Citing the Center’s high operating expenses and “weakened financial metrics going forward” Moody’s downgraded the Arena Project Revenue Bonds from Baa3 to Ba2.



While the Kentucky Stock Show is held in Louisville, the equestrian events center is located in Lexington. The Kentucky Horse Park, which opened in 1978 is owned and operated by the State of Kentucky. Viewed as a world-class equestrian event facility it includes a 125'x300' indoor arena with permanent seating for 1,175 and 1,800 additional bleacher seats. It has fourteen outdoor arenas and a Grand Prix Stadium, including 6 warm-up arenas. The Park also has permanent stalling for 1,084 horses and portable/temporary stalls for another 400+ horses. It also includes a 260-site campground.

The Kentucky Horse Park hosts over 150 horse shows and events each year, with particular emphasis on eventing, show jumping, hunter shows and dressage. Both regional and national shows are held at the Park.

In addition to horse shows, the Park is host to dog shows, conventions, clinics, schools, Special Olympics, polo, auctions, large animal training, practices and drills and banquets/meetings. The complex also has daily and seasonal presentations highlighting horses that live at the Park and unique characteristics of selected breeds, horse drawn tours of the park, an International Museum of the Horse, the American Saddle bred Museum and horseback riding and pony rides.

Another key feature of the Horse Park is the National Horse center, a "village" comprised of more than 30 national, regional and state equine associations, commissions and organizations that have their headquarters at the Kentucky Horse Park.

**Visitor Map**

**SCHEDULE OF ACTIVITY**  
 March 15-October 31, 2010:  
 A 10:00 am Trolley Tour  
 B 10:15 am Hall of Champions  
 C 11:00 am Parade of Breeds  
 D 11:15 am Mare and Foal show (Memorial Day to July 31)  
 A 1:00 pm Trolley Tour  
 B 1:15 pm Hall of Champions  
 C 2:00 pm Parade of Breeds  
 D 2:00 pm Trolley Tour  
 B 3:15 pm Hall of Champions  
 E International Museum of the Horse  
 9:00am-5:00 pm  
 G Kentucky Horse Park Gift Shop  
 9:00am-5:00 pm  
 G 9am-6pm Film: The Kentucky Horse Park, 2010 & Beyond  
 F American Saddlebred Museum  
 9:00am-5:00 pm

**ADDITIONAL ATTRACTIONS**  
 Purchase tickets at the Visitor Information Center before 3:45pm  
 H Heronback Rides  
 Load times: 9:45 am, 11:00 am, 12:15 pm, 1:30 pm, 2:45 pm and 4:00 pm  
 Riders must be at least 7 years old & 4 feet tall. Riders can not be over 240 lbs. in weight. Helmets required for age 16 and under.  
 I Pony Rides  
 Ages 2 to 12 - under 90 lbs. Times vary  
 Horse Farm Tours  
 9:15 am, 12:15 pm and 3:15 pm

**Located in the Visitor Information Center:**  
 ATM, lost and found, scooters, wheelchair, vending machines, hotel & restaurant information  
**Restrooms** - indicated by on the map.  
**Smoking** - no smoking in buildings or barns.  
**Emergency** - contact the nearest park employee

**KENTUCKY HORSE PARK**

## Kansas City, Missouri

The American Royal, Kansas City's Stock Show and Rodeo is held at the American Royal Complex. The show runs for 15 days from mid-October through early November. The site is owned by the City of Kansas City and managed by the Convention & Entertainment Centers Department through the Kansas City Municipal Assistance Corporation.

The event is produced by the American Royal Association, Inc., a 501(c)(3) non-profit organization. The Association pays the City approximately \$300,000 per year in rent and retains the event revenue for their operations. The American Royal focuses on education related to agriculture and ag-related activities. To fund their educational purpose they put on a number of annual events that generate revenue including a BBQ contest, rodeo, livestock show and horse shows.

The American Royal Complex has been home to the American Royal since 1905. Included in the Complex are the Kemper Arena and Hale Arena which seat 18,000 and 5,000, respectively. The rodeo is a key event during the American Royal as the second largest revenue producing event for the Association. The Kemper Arena has held the rodeo for the last forty years. In 2011 the rodeo was held in the newly constructed Sprint Center which seats 18,500. But scheduling conflicts with other users of the Sprint Center combined with challenging logistics of having qualifying events at the Complex and final events at the Sprint Center caused the rodeo to not meet the expectations of the Association. Consequently the rodeo will return to the Complex but not to Kemper Arena but to the smaller Hale Arena.

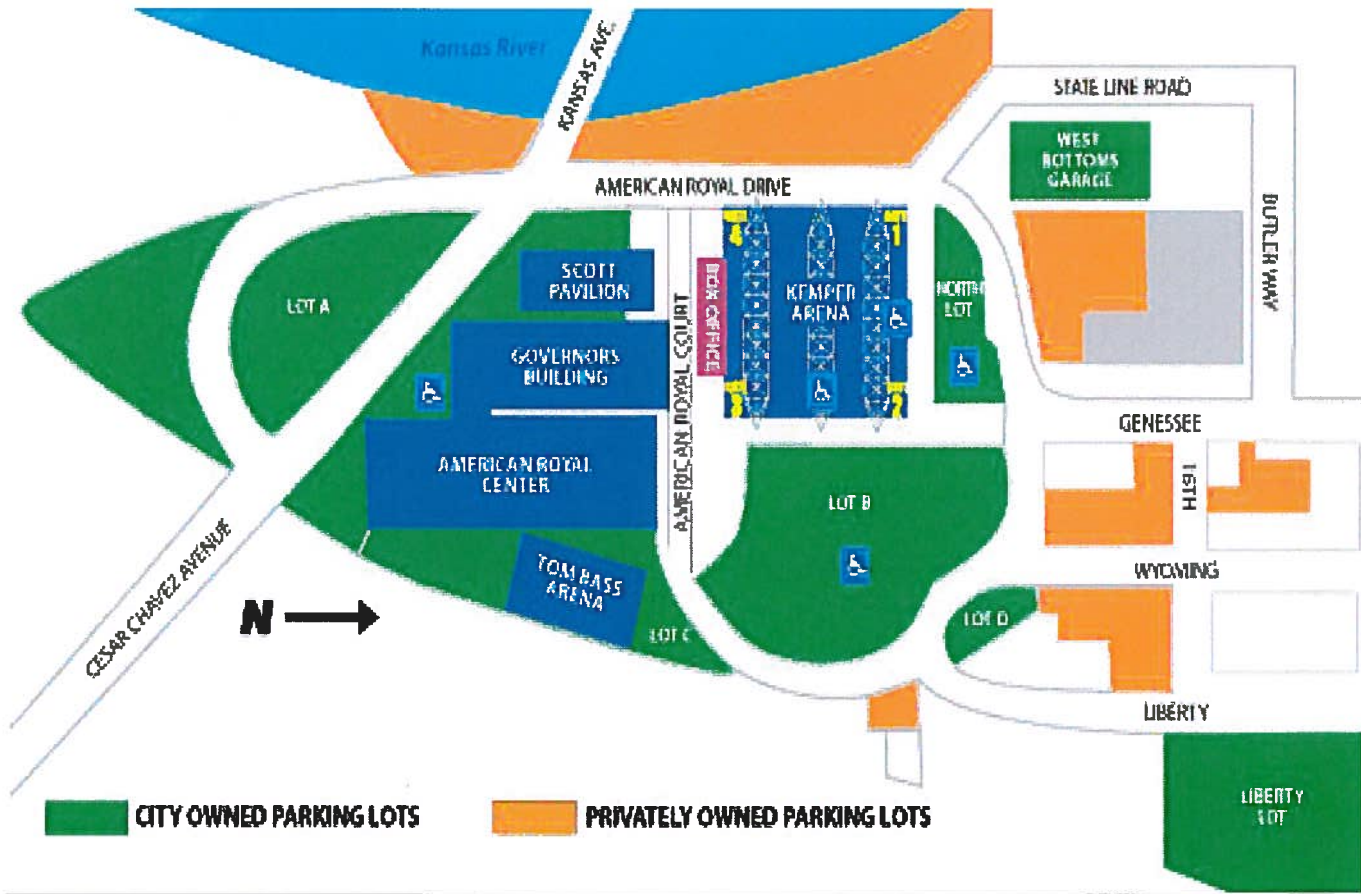
The age and technological obsolescence of the Kemper Arena was one reason the City decided to build the Sprint Center. Kemper Arena opened in 1974 and experienced a \$23 million expansion in 1997. Even with these improvements major musical acts weren't interested in paying Kemper Arena anymore which resulted in a significant decline in the overall use of the facility that runs a million-dollar deficit each year. With the opening of the Sprint Center the Kemper Arena was intended to become the preferred locale for livestock and other "dirt events" such as truck rallies, etc., but promoters of these events also preferred to stage their events at the Sprint Center.

In October 2011 the Association announced a proposal to raze and replace the Kemper Arena with a 5,000 seat coliseum and other new livestock facilities. Because of the public/private relationship of the venues, the City of Kansas City is being asked to contribute \$60 million to the proposal. In addition, the City of Kansas City is considering terminating the management agreement with Anschutz Entertainment Group (AEG) and instead self-manage Kemper Arena and the American Royal Complex. Currently AEG is responsible for managing both the Sprint Center and the Kemper Arena.

Funding for the City to maintain and manage the American Royal Complex comes from a combination of a portion of the Convention & Tourism Tax and Lodger's Tax. These taxes are reported in the City's General Fund and a significant portion is transferred to the Convention & Entertainment Centers Department. The Convention & Tourism Tax is comprised of a restaurant tax - a 2% tax on food,

beverage and liquor sales and a hotel tax - 7.5% on gross receipts of hotel and motel room sales. The restaurant tax receipts are restricted to capital expenditures, including debt service requirements for sports, convention, tourism and exhibition facilities. The hotel tax is allocated 40% for the Convention and Visitors Association, 10% for neighborhood tourism development and the remaining 50% for operation costs of the convention center.

### American Royal Complex, Kansas City, MO



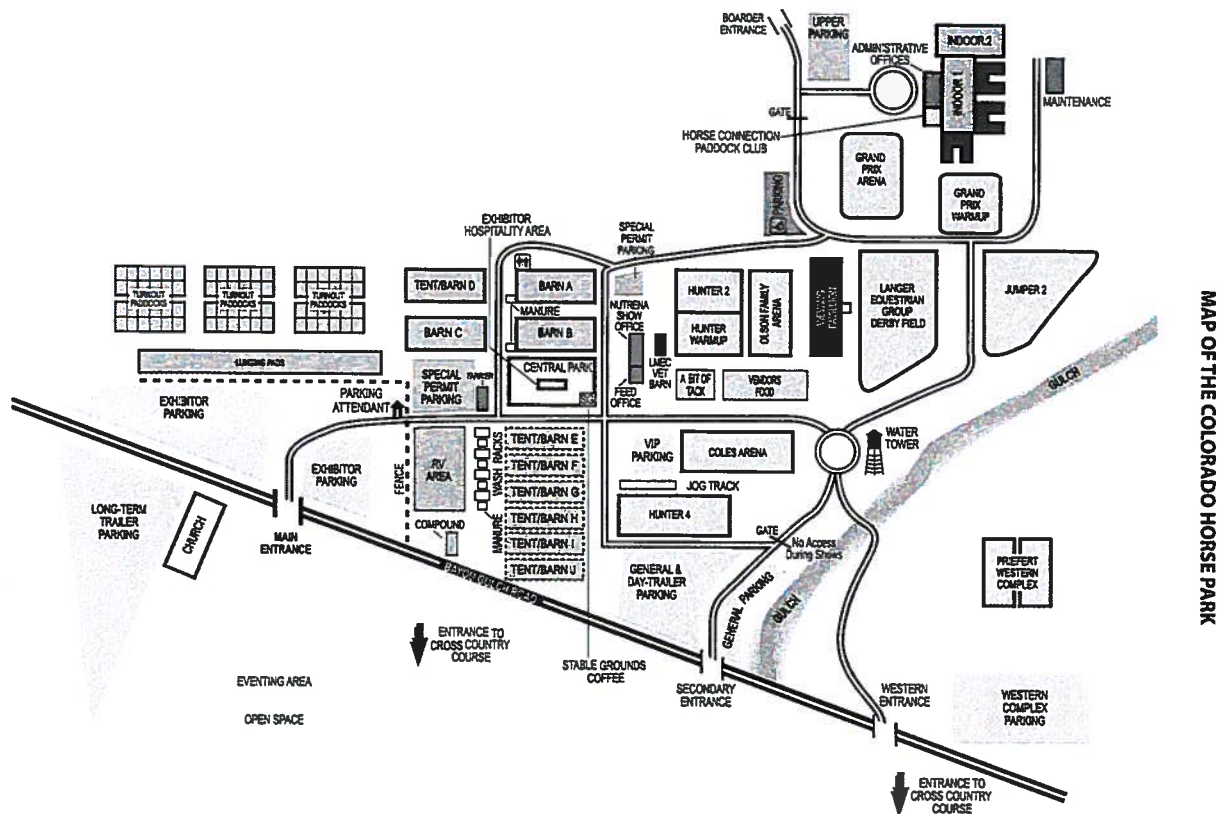


## Parker, Colorado

Similar to Kentucky, Colorado also has a separate facility for its Stock Show and Rodeo and for equestrian events. Located in Parker, Colorado, southeast of Denver, the Colorado Horse Park is owned and operated by a 501(c)(3) non-profit foundation. Facilities on this 500+ acre parcel of land include two indoor arenas (80'x175' and 90'x215'), ten outdoor arenas of varying sizes, including a Grand Prix arena, 300 permanent horse stalls, tenting for 700 temporary stalls, a cross country course and 72 RV sites.

The Colorado Horse Park hosts more than 30 horse shows each year, principally hunter/jumper, dressage and Grand Prix Show jumping. The primary difference between this venue and the National Western Complex is the number of outdoor arenas and the on-site RV spaces.

## Colorado Horse Park, Parker, CO



## Summary

Based on the above information, while the events produced each year are fairly consistent across the country, the venues in which they are produced are quite varied. To suggest that there is an “average” venue measurement, certainly in terms of total acreage and parking may not be an appropriate metric. While the seating at the main venues, particularly for rodeo performances, also varies there does appear to be a correlation between the number of seats and the rodeo revenue produced.

Because many of the facilities started as livestock/agricultural event venues and have been periodically expanded and upgraded, the type of events they host during the remainder of the year are very similar. The information from the other cities also suggests that the concerts and entertainment venues that are most effectively utilized are those that are newer and more technologically enhanced. Given Denver’s existing concert venue capacity careful consideration must be given to the events that would be hosted in a new facility. Again the information provided by the Association suggested the greatest number of concerts would be booked in the 3,500 seat venue.

Finally, all the comparable/competitive facilities are publically owned, either by the municipality, county or state. With the exception of Kentucky, all the stock shows are produced by a 501(c)(3) non-profit organization committed to the education and promotion of agricultural events. A significant difference between the National Western and the other events is the funding for the maintenance of the facilities. Each of the other cities evaluated have a dedicated revenue stream for the ongoing maintenance and/or expansion needs of the facilities. Frequently this takes the form of all or a portion of the hotel/lodger’s tax and short term auto rental tax. Denver is the only city in which the department responsible for the entertainment and cultural events has a revenue stream tied only to the event activity. Any capital needs in Denver are funded through the annual Capital Improvement Projects (CIP) funding. The chart on the following page summarizes this information.



**Comparable/Competitive Cities and Venues – Summary of Management, Maintenance & Funding Mechanisms**

Event	City, State	Venue	Stock Show Producer	Organizational Structure	Facility Owner	Management Responsibility	Maintenance Responsibility	Maintenance Funding
Fort Worth Stock Show and Rodeo	Fort Worth, TX	Will Rogers Memorial Center	Southwestern Exposition & Livestock Show	501(c)(3)	City of Fort Worth	City of Ft. Worth Public Events Dept. – Component of Culture & Tourism Fund	City of Ft. Worth Public Events Dept. – Component of Culture & Tourism Fund	Lodger's Tax, Short-term Auto Rental Tax, Events Revenue, Parking, Facility Rent
American Royal	Kansas City, MO	American Royal Complex	American Royal Association, Inc.	501(c)(3)	City of Kansas City	Convention & Entertainment Centers Dept., Kansas City Municipal Association Corp.	Convention & Entertainment Centers Dept., Kansas City Municipal Association Corp.	Convention & Tourism Tax, Lodger's Tax, Facility Rent,
San Antonio Stock Show and Rodeo	San Antonio, TX	AT&T Center and the Freeman Coliseum Grounds	San Antonio Livestock Exposition (SALE)	501(c)(3)	Bexar County, TX	AT&T Center – San Antonio Spurs, Freeman Coliseum – Coliseum Advisory Board, Livestock Barns – SALE	Coliseum Advisory Board	Hotel Occupancy Tax, Short-term Auto Rental Tax (Collectively "Visitor Tax"), Lease Payments,
North American International Livestock Exposition	Louisville, KY	Kentucky Exposition Center	Kentucky State Fair Board	State Agency	Kentucky State Fair Board – Arts & Heritage Cabinet	Kentucky State Fair Board	Kentucky State Fair Board	Event Revenue, Parking, Admissions, Concessions
Houston Livestock Show and Rodeo	Houston, TX	Reliant Park	Houston Livestock Show & Rodeo, Inc.	501(c)(3)	Harris County Sports & Convention Corporation	Harris County Sports & Convention Corporation and SMG World,	Harris County Sports & Convention Corporation	Event Revenue, Rent (NFL & Stock Show), Motor Vehicle Tax, Hotel Occupancy Tax
National Western Stock Horse, Rodeo & Horse Show	Denver, CO	National Western Complex, Denver Coliseum	Western Stock Show Association	501(c)(3)	City and County of Denver/Western Stock Show Association	Western Stock Show Association	Western Stock Show Association	Event Revenue, Parking, Facility Rental Concessions

#### **Section 4 – FINANCIAL IMPLICATIONS OF RELOCATION/EXPANSION ALTERNATIVES**

The purpose of this section is to evaluate the differences in the three approaches presented in the Business Plan in terms of profit to the Association and financing of the new venues. The Business Plan contained four alternatives but the proposal to relocate to Aurora with Gaylord Hotels is not being evaluated due to the limited viability of that alternative.

##### **Alternative 1 – Stay in Current Location with No Improvements**

This projection seeks to demonstrate the financial fragility of remaining in the current location and making deferred capital improvements from projected operating revenue without a major infusion of redevelopment capital. The Business Plan states that under this alternative the Association becomes economically unviable over the next 7 years.

This alternative has very substantial negative assumptions regarding revenue growth. Ticket Sales are projected to grow at 3% annually. Sponsorship Sales, Commercial Exhibitors are projected to grow at 2% annually and concession revenue grows at 1%. Complex Show revenue is projected to *decrease* 2% annually while Parking and Entry Fees are projected to *decrease* 10% each year. All other revenue sources show no growth from budgeted 2012 activity. These projections in combination yield virtually no revenue growth over the next seven years.

Expenses during the same period are projected to grow at 3% or 5% for most expense categories which is consistent with increases realized in previous years. Any organization facing 3%-5% expense growth while seeing no growth in revenues would be in financial difficulty very quickly.

While citing concern over the land to be acquired by RTD for future commuter rail construction at the Complex, the assumption of a 10% year over year decrease in parking and entry fee revenue is not substantiated in any other reports. Per the PB parking study, approximately 896 parking spaces are currently provided in Lot G which will be most severely impacted by the commuter rail station. Of these 896 spaces, 200 are for event sponsors, 425 are for employee parking and 271 are for patrons. Assuming the Association does not charge either employees or sponsors for parking, the impact of paid patron parking is approximately 3% of all available patron parking. A one-time 3% decrease in 2013 has been included in the revised projection. Adjusting this assumption to a 0% increase in future periods brings the Operating Income to a more reasonable variance.

Alternatives #2 and #3 assume additional revenue for the Association as a result of renegotiating the current ticket sale contract. This assumption should also be included in Alternative #1. Additionally, in the event the Association was to recognize a decrease in annual revenue, they would clearly need to make adjustments to the expenses related to the organization, in particular those expenses that are variable depending on the operational activities including contractual services, event labor, other event expenses and administrative and general expenses.

Finally, the Association purports to address the deferred maintenance issue by spending \$1.5 million beginning in 2013 and increasing this amount 15% annually. Clearly the operational activities of the Association cannot bear this burden. A reasonable expectation would be a request of the City and County of Denver to issue bonds to defray these costs, as was done in 1990. This infusion of outside capital would allow the Association to maintain its current financial performance.

**Alternative #1 - Stay at Current Location with Limited Capital Investment**

**As Originally Presented**

	Actual Year Ended 3/31/2009	Actual Year Ended 3/31/2010	Actual Year Ended 3/31/2011	Projected Year Ended 3/31/2012	Projected Year Ended 3/31/2013	Projected Year Ended 3/31/2014	Projected Year Ended 3/31/2015	Projected Year Ended 3/31/2016	Projected Year Ended 3/31/2017	Total
<b>Net Cash Flow From Operations:</b>										
Operating Revenue	\$ 14,510,454	\$ 15,267,353	\$ 15,657,807	\$ 17,091,476	\$ 16,866,587	\$ 16,846,098	\$ 16,852,397	\$ 16,883,484	\$ 16,937,571	\$ 146,913,227
Operating Expenses	(14,898,289)	(15,325,255)	(15,580,430)	(16,465,352)	(17,085,403)	(17,744,041)	(18,436,650)	(19,165,865)	(19,934,619)	(154,635,904)
Other Revenue/(Expenses)	(267,234)	(463,166)	(557,664)	(555,422)	(156,199)	(156,980)	(157,765)	(158,554)	(159,347)	(2,632,331)
<b>NOI</b>	(655,069)	(521,068)	(480,287)	70,702	(375,015)	(1,054,923)	(1,742,018)	(2,440,935)	(3,156,395)	(10,355,008)
Add Back: - Depreciation & Amortization	1,369,344	1,287,671	1,247,184	1,281,955	1,320,414	1,360,026	1,400,827	1,442,852	1,486,137	12,196,410
<b>Total Net Cash Flow from Operations</b>	714,275	766,603	766,897	1,352,657	945,399	305,103	(341,191)	(998,083)	(1,670,258)	1,841,402
<b>Net Cash Flow from Investing</b>										
Capital Improvements	-	(558,277)	(514,962)	(466,007)	(498,627)	(533,531)	(570,879)	(610,840)	(653,599)	(4,406,722)
Capital Budget Deferred Maintenance	-	-	-	-	(1,500,000)	(1,725,000)	(1,983,750)	(2,281,313)	(2,623,509)	(10,113,572)
<b>Total Net Cash Flow From Investing</b>	-	(558,277)	(514,962)	(466,007)	(1,998,627)	(2,258,531)	(2,554,629)	(2,892,153)	(3,277,108)	(14,520,294)
<b>Total Net Cash Flow</b>	\$ 714,275	\$ 208,326	\$ 251,935	\$ 886,650	\$ 1,053,228	\$ 1,953,428	\$ 2,895,820	\$ 3,890,236	\$ 4,947,366	\$ 12,678,892
<b>Cash Balance</b>	\$ 714,275	\$ 922,601	\$ 1,174,536	\$ 2,061,186	\$ 1,007,958	\$ 945,470	\$ 3,841,290	\$ 7,731,526	\$ 12,678,892	

**As Adjusted**

	Actual Year Ended 3/31/2009	Actual Year Ended 3/31/2010	Actual Year Ended 3/31/2011	Projected Year Ended 3/31/2012	Projected Year Ended 3/31/2013	Projected Year Ended 3/31/2014	Projected Year Ended 3/31/2015	Projected Year Ended 3/31/2016	Projected Year Ended 3/31/2017	Total
<b>Net Cash Flow From Operations:</b>										
Operating Revenue	\$ 14,510,454	\$ 15,267,353	\$ 15,657,807	\$ 17,241,476	\$ 17,521,083	\$ 17,807,584	\$ 18,100,597	\$ 19,200,079	\$ 19,530,601	\$ 154,837,034
Operating Expenses	(14,898,289)	(15,325,255)	(15,580,430)	(16,465,352)	(17,083,567)	(17,740,185)	(18,430,577)	(19,157,364)	(19,923,453)	(154,604,472)
Other Revenue/(Expenses)	(267,234)	(463,166)	(557,664)	(555,422)	(156,199)	(156,980)	(157,765)	(158,554)	(159,347)	(2,632,331)
<b>NOI</b>	(655,069)	(521,068)	(480,287)	220,702	281,317	(89,581)	(487,745)	(115,839)	(552,199)	(2,399,769)
Add Back: - Depreciation & Amortization	1,369,344	1,287,671	1,247,184	1,281,955	1,320,414	1,360,026	1,400,827	1,442,852	1,486,137	12,196,410
<b>Total Net Cash Flow from Operations</b>	714,275	766,603	766,897	1,502,657	1,601,731	1,270,445	913,082	1,327,013	933,938	9,796,641
<b>Net Cash Flow from Investing</b>										
Capital Improvements	-	(558,277)	(514,962)	(466,007)	(498,627)	(533,531)	(570,879)	(610,840)	(653,599)	(4,406,722)
Capital Budget Deferred Maintenance	-	-	-	-	(1,500,000)	(1,500,000)	(750,000)	(750,000)	(750,000)	(5,250,000)
<b>Total Net Cash Flow From Investing</b>	-	(558,277)	(514,962)	(466,007)	(1,998,627)	(2,033,531)	(1,320,879)	(1,360,840)	(1,403,599)	(9,656,722)
<b>Total Net Cash Flow</b>	\$ 714,275	\$ 208,326	\$ 251,935	\$ 1,036,650	\$ 396,896	\$ 763,086	\$ 407,797	\$ 33,827	\$ 469,661	\$ 139,919
Beginning Cash Balance	\$ 3,399,329									\$ 3,399,329
<b>Cash Balance</b>	\$ 4,113,604	\$ 4,321,930	\$ 4,573,865	\$ 5,610,515	\$ 5,213,619	\$ 4,450,533	\$ 4,042,736	\$ 4,008,909	\$ 3,539,248	\$ 3,539,248

### **Alternative #2 – Stay at Current Location with Expansion and Renewal**

This alternative proposes the Association rebuild nearly all of the existing facilities, including the Denver Coliseum, as part of their new Complex. The construction is expected to be phased over 10 years on land acquired generally south of the existing site. This alternative reflects the proposed operational structure of a new facility where the Association would have all management and operational responsibility as well as the ability to retain all revenue generated from ticket sales, parking and concessions.

The City and County of Denver is the assumed owner of the newly constructed facilities and the Association introduces the concept of an annual rental payment of \$1 million to help defray the long-term maintenance costs of the Complex.

This alternative also shows very negative revenue results in the first five years of construction with 10% annual decreases in all categories. Once construction is completed in 2017 all revenues are projected to increase at 10% year over year. Even though the proforma indicates the venues that drive the most revenue (Stadium, Events Center and Exhibition Hall) would be completed by year 4, the full revenue impact is not realized until full build out in year 10. During this same period expenses are projected to grow at 3%-5% annually. This clearly is not sustainable nor is it reflective of organizational management that would reduce variable costs in the early years to be more consistent with the actual revenue expectations.

As with Alternative #1, the magnitude of annual revenue decreases during construction, as well as the aggressive annual increases following construction, is not supported in any other report. There is also an expectation of \$30 million in revenue bonds being issued by the Association to contribute to construction costs. The projected net operating income as presented would not be sufficient to service this amount of debt. If the revenue projections are modified to reflect a more moderate annual decrease during construction as well as a more reasonable annual increase after construction this amount of debt could be supported provided debt service was tied to opening of the key facilities, i.e. interest only during construction and full amortization beginning in year 5.

This alternative continues to assume an assemblage of approximately 300 acres, in large part to accommodate the projected parking need. This assumption must be evaluated in light of the existing owned, leased and private parking currently available to the Association (see p. 18). Assuming the quality of the new facilities at the current location would be consistent with those at a new alternative location, the assumption regarding "Branding Rights" has been included in Alternative #2 as it is in Alternative #3.

Even with these potential modifications to the assumptions, this alternative would still require significant financial assistance from the City and County of Denver to finance the construction of the new facilities.



**Alternative #2 - Stay and Redevelop at Current Location**

**As Presented**

				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10							
				Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual						
				Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended						
				3/31/2009	3/31/2010	3/31/2011	3/31/2012	3/31/2013	3/31/2014	3/31/2015	3/31/2016	3/31/2017	3/31/2018	3/31/2019	3/31/2020	3/31/2021	3/31/2022	3/31/2023	Total	
<b>Net Cash Flow from Operations:</b>																				
Operating Revenue	\$ 14,510,454	\$ 15,267,353	\$ 15,657,807	\$ 17,091,476	\$ 15,397,328	\$ 13,872,585	\$ 12,500,336	\$ 13,702,802	\$ 13,062,356	\$ 15,444,592	\$ 16,989,051	\$ 18,687,956	\$ 20,556,752	\$ 22,612,427	\$ 26,283,620	\$ 251,636,895				
Operating Expenses	(14,898,289)	(15,325,255)	(15,580,430)	(16,465,352)	(18,585,403)	(19,542,878)	(20,715,167)	(24,046,992)	(25,443,157)	(26,941,475)	(28,551,010)	(30,281,779)	(32,144,822)	(34,152,336)	(36,317,798)	(358,992,143)				
Other Revenue/(Expenses)	(267,234)	(463,166)	(557,664)	(555,422)	(156,199)	(156,980)	(157,765)	(158,554)	(159,347)	(158,554)	(158,554)	(160,144)	(160,944)	(161,749)	(164,188)	(3,605,285)				
NOI	(655,069)	(521,068)	(480,287)	70,702	(3,344,274)	(5,827,273)	(8,372,596)	(10,502,744)	(12,540,148)	(11,657,027)	(11,722,903)	(11,755,572)	(11,750,628)	(11,703,280)	(10,198,366)	(110,960,533)				
Add Back: - Depreciation & Amortization	1,369,344	1,287,671	1,247,184	1,281,955	2,820,414	3,158,864	3,537,927	3,962,479	4,437,976	4,970,533	5,566,997	6,235,337	6,983,241	7,821,230	8,759,778	57,829,130				
Total Net Cash Flow from Operations	714,275	766,603	766,897	1,352,657	(523,860)	(2,668,409)	(4,834,669)	(6,540,265)	(8,102,172)	(6,686,494)	(6,155,906)	(11,132,035)	(4,767,387)	(3,882,050)	(1,438,588)	(53,131,403)				
<b>Net Cash Flow from Investing</b>																				
Capital Improvements	-	(558,277)	(514,962)	(466,007)	(498,627)	(533,531)	(570,879)	(610,840)	(653,599)	(699,351)	(748,305)	(800,687)	(856,735)	(916,706)	(980,876)	(450,000)				
Capital Budget/Deferred Maintenance	-	-	-	-	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)				
Total Net Cash Flow from Investing	-	(558,277)	(514,962)	(466,007)	(648,627)	(683,531)	(720,879)	(610,840)	(653,599)	(699,351)	(748,305)	(800,687)	(856,735)	(916,706)	(980,876)	(9,859,383)				
<b>Total Net Cash Flow</b>																				
Beginning Cash	\$ 3,399,329	\$ 208,326	\$ 251,935	\$ 886,650	\$ 859,107	\$ 553,662	\$ (7,027)	\$ (485,711)	\$ (68,909)	\$ 781,861	\$ 456,181	\$ 93,026	\$ (311,572)	\$ (762,053)	\$ (1,263,407)	\$ 3,399,329				
Cash Balance	\$ 4,113,604	\$ 4,321,930	\$ 4,573,865	\$ 5,460,515	\$ 4,288,028	\$ 936,088	\$ (4,619,460)	\$ (11,770,565)	\$ (20,526,336)	\$ (27,912,181)	\$ (34,816,393)	\$ (46,749,115)	\$ (52,373,237)	\$ (57,171,993)	\$ (59,591,456)	\$ (291,836,704)				

Assumed Financing Structure  
Total Cost \$500 million

NWSS Cash Funded	50,000,000																		
Private Donations	30,000,000																		
NWSS Debt	5,000,000																		
Sales Tax Increment Financing	5,000,000																		
PIF Financing	70,000,000																		
Public Financing	160,000,000																		
Total	288,000,000																		
	539,399,454																		

**As Adjusted**

<b>Net Cash Flow from Operations:</b>				Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
				Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	
				3/31/2009	3/31/2010	3/31/2011	3/31/2012	3/31/2013	3/31/2014	3/31/2015	3/31/2016	3/31/2017	3/31/2018	3/31/2019	3/31/2020	3/31/2021	3/31/2022	3/31/2023	Total		
Operating Revenue	\$ 14,510,454	\$ 15,267,353	\$ 15,657,807	\$ 17,091,476	\$ 17,410,333	\$ 17,736,361	\$ 18,069,732	\$ 20,462,250	\$ 21,928,482	\$ 23,890,583	\$ 24,742,620	\$ 25,628,484	\$ 26,549,603	\$ 27,507,470	\$ 28,503,640	\$ 314,956,648					
Operating Expenses	(14,998,289)	(15,325,255)	(15,580,430)	(16,465,352)	(18,566,834)	(19,501,052)	(20,736,042)	(24,141,046)	(25,622,421)	(27,219,760)	(28,944,186)	(30,808,059)	(32,825,123)	(35,010,676)	(37,381,762)	(363,026,267)					
Other Revenue/(Expenses)	(267,234)	(463,166)	(557,664)	(555,422)	(156,199)	(156,980)	(157,765)	(158,554)	(159,347)	(158,554)	(158,554)	(160,144)	(160,944)	(161,749)	(164,188)	(163,371)	(164,188)	(3,605,285)			
NOI	(655,069)	(521,068)	(480,287)	70,702	(1,312,680)	(1,921,671)	(2,824,075)	(3,837,350)	(3,853,286)	(3,489,321)	(4,362,510)	(5,341,324)	(6,438,078)	(7,666,577)	(9,042,310)	(51,674,904)					
Add Back: - Depreciation & Amortization	1,369,344	1,287,671	1,247,184	1,281,955	2,820,414	3,158,864	3,537,927	3,962,479	4,437,976	4,970,533	5,566,997	6,235,037	6,983,241	7,821,230	8,759,778	63,440,630					
Total Net Cash Flow from Operations	714,275	766,603	766,897	1,352,657	1,507,734	1,237,193	713,852	125,129	584,690	1,481,212	1,204,487	893,713	545,163	154,653	(282,532)	11,765,726					
<b>Net Cash Flow from Investing</b>																					
Capital Improvements	-	(558,277)	(514,962)	(466,007)	(498,627)	(533,531)	(570,879)	(610,840)	(653,599)	(699,351)	(748,305)	(800,687)	(856,735)	(916,706)	(980,876)	(9,409,383)					
Capital Budget/Deferred Maintenance	-	-	-	-	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)					
Total Net Cash Flow from Investing	-	(558,277)	(514,962)	(466,007)	(648,627)	(683,531)	(720,879)	(610,840)	(653,599)	(699,351)	(748,305)	(800,687)	(856,735)	(916,706)	(980,876)	(9,859,383)					
<b>Total Net Cash Flow</b>																					
Beginning Cash	\$ 3,399,329	\$ 208,326	\$ 251,935	\$ 886,650	\$ 859,107	\$ 553,662	\$ (7,027)	\$ (485,711)	\$ (68,909)	\$ 781,861	\$ 456,181	\$ 93,026	\$ (311,572)	\$ (762,053)	\$ (1,263,407)	\$ 1,906,344					
Cash Balance	\$ 4,113,604	\$ 4,321,930	\$ 4,573,865	\$ 5,460,515	\$ 6,319,622	\$ 6,873,284	\$ 6,866,257	\$ 6,380,546	\$ 6,311,637	\$ 7,093,498	\$ 7,549,679	\$ 7,642,705	\$ 7,331,133	\$ 6,569,080	\$ 5,305,673	\$ 3,399,329					

Assumed Financing Structure  
Total Cost \$500 million

NWSS Cash Funded	50,000,000																		
Private Donations	5,000,000																		
NWSS Debt	5,000,000																		
Sales Tax Increment Financing	100,000,000																		
PIF Financing	160,000,000																		
Public Financing	51,650,000																		
Total	339,399,454																		

**Alternative #3 – Move to a new greenfield location within the City and County of Denver without an alliance partner**

This alternative assumes the City and County of Denver owns the new complex situated on 300 acres. The site would utilize approximately 150 acres for the structures that make up the 23-point vision plan and the remaining 150 acres would be used for parking.

This alternative also assumes an annual rent payment to the City of \$1 million and adds an annual “Branding Rights” payment to total revenue. As the operations of the Association would continue in the current location during construction of new facilities, the impact on operating income would be consistent with that presented in Alternative #1. However, upon movement to new facilities the revenue would meet the projections expected in the various consultant reports assuming significant new business in addition to the annual Stock Show. With this new level of revenue (a 43% increase between 2015 and 2016) future annual increases are more realistically assumed at 5% annually. If the Association was able to meet these revenue projections, they would be able to make a greater investment in the project and pay debt service on an approximately \$48 million revenue bond. However the project would still require significant capital investment from the City and County of Denver for the construction of the facilities.

The revenue projections in both Alternative #2 and Alternative #3 are increased due to the full retention of revenues realized from the new Stadium which replaces the Denver Coliseum. These revenues are currently being captured by the City’s Arts and Venues department. The financing schemes for these alternatives also assume some level of investment through the use of tax increment financing (sales tax increment) and public improvement fees (PIF). While the magnitude of these sources was not validated, they both could be considered viable public investment tools. PIF, which acts like an additional sales tax to pay for public improvements, would probably not be a deterrent for consumers to purchase goods and concessions at the Stock Show given its uniqueness and lack of local competition.



Alternative #3 - Move to New Location without Alliance Partner

As Presented

	Actual		Actual		Projected		Year 1 Construction		Year 2 Construction		Year 3 Construction		Year 4 Construction		Total
	Year Ended 3/31/2009	Year Ended 3/31/2010	Year Ended 3/31/2011	Year Ended 3/31/2012	Year Ended 3/31/2013	Year Ended 3/31/2014	Year Ended 3/31/2015	Year Ended 3/31/2016	Year Ended 3/31/2017	Year Ended 3/31/2018	Year Ended 3/31/2019	Year Ended 3/31/2020	Year Ended 3/31/2021	Year Ended 3/31/2022	
<b>Net Cash Flow from Operations:</b>															
Operating Revenue	\$ 14,510,454	\$ 15,267,353	\$ 15,657,807	\$ 17,091,476	\$ 16,866,587	\$ 16,846,097	\$ 16,852,397	\$ 24,461,339	\$ 25,754,406	\$ 27,120,526	\$ 28,563,940	\$ 30,089,142	\$ 249,081,524		
Operating Expenses	(14,998,289)	(15,325,255)	(15,580,430)	(16,465,352)	(17,008,403)	(17,744,041)	(18,436,650)	(28,366,931)	(29,402,836)	(30,489,402)	(31,629,414)	(32,825,826)	(268,249,829)		
Other Revenue/(Expenses)	(267,234)	(463,166)	(557,654)	(555,422)	(156,199)	(156,980)	(157,765)	(158,554)	(159,347)	(160,144)	(160,944)	(161,749)	(3,115,168)		
NOI	(655,069)	(521,068)	(480,287)	70,702	(375,015)	(1,054,924)	(1,742,018)	(4,064,146)	(3,807,777)	(3,529,020)	(3,226,418)	(2,898,433)	(22,283,473)		
Add Back: - Depreciation & Amortization	1,369,344	1,287,671	1,247,184	1,281,955	1,320,414	1,360,026	1,400,827	8,315,000	8,400,750	8,487,488	8,575,229	8,663,991	51,709,879		
Total Net Cash Flow from Operations	714,275	766,603	766,897	1,352,657	945,399	305,102	(341,191)	4,250,854	4,592,973	4,958,468	5,348,811	5,765,558	29,426,406		
<b>Net Cash Flow from Investing</b>															
Capital Improvements	-	(558,277)	(514,962)	(466,007)	(498,627)	(533,531)	(570,879)	(610,840)	(653,599)	(699,351)	(748,305)	(800,687)	(6,655,065)		
Debt Service \$30 million NWSS Debt	-	-	-	-	(1,520,000)	(1,537,600)	(1,535,238)	(1,542,914)	(1,550,629)	(1,558,382)	(1,566,174)	(1,574,005)	(12,374,941)		
Capital Budget Deferred Maintenance	-	-	-	-	(150,000)	(150,000)	(150,000)	-	-	-	-	-	(450,000)		
Total Net Cash Flow from Investing	-	(558,277)	(514,962)	(466,007)	(498,627)	(533,531)	(570,879)	(610,840)	(653,599)	(699,351)	(748,305)	(800,687)	(6,655,065)		
Total Net Cash Flow	\$ 714,275	\$ 208,326	\$ 251,935	\$ 886,650	\$ 1,223,228	\$ 1,906,029	\$ 1,259,730	\$ 2,097,100	\$ 2,388,745	\$ 2,700,735	\$ 3,034,331	\$ 3,390,866	9,946,399		
Beginning Cash	\$ 3,399,329														
Cash Balance	\$ 4,113,604	\$ 4,321,930	\$ 4,573,865	\$ 5,460,515	\$ 4,237,287	\$ 2,331,258	\$ (266,050)	\$ 1,831,050	\$ 4,219,795	\$ 6,920,530	\$ 9,954,862	\$ 13,345,728	13,345,728		

Assumed Financing Structure  
Total Cost \$400 million

NWSS Cash Funded	22,000,000
Private Donations	50,000,000
NWSS Debt	30,000,000
Sales Tax Increment Financing	5,000,000
PIF Financing	5,000,000
Public Financing	288,000,000
	400,000,000

As Adjusted - Fund Replacement Reserve

	Actual		Actual		Projected		Year 1 Construction		Year 2 Construction		Year 3 Construction		Year 4 Construction		Total
	Year Ended 3/31/2009	Year Ended 3/31/2010	Year Ended 3/31/2011	Year Ended 3/31/2012	Year Ended 3/31/2013	Year Ended 3/31/2014	Year Ended 3/31/2015	Year Ended 3/31/2016	Year Ended 3/31/2017	Year Ended 3/31/2018	Year Ended 3/31/2019	Year Ended 3/31/2020	Year Ended 3/31/2021		
<b>Net Cash Flow from Operations:</b>															
Operating Revenue	\$ 14,510,454	\$ 15,267,353	\$ 15,657,807	\$ 17,091,476	\$ 17,114,346	\$ 17,346,819	\$ 17,584,697	\$ 25,227,767	\$ 26,439,155	\$ 27,711,113	\$ 29,046,668	\$ 30,449,002	\$ 253,446,657		
Operating Expenses	(14,998,289)	(15,325,255)	(15,580,430)	(16,465,352)	(17,008,403)	(17,744,041)	(18,436,651)	(28,366,931)	(29,402,836)	(30,489,403)	(31,629,415)	(32,825,826)	(268,249,832)		
Other Revenue/(Expenses)	(267,234)	(463,166)	(557,654)	(555,422)	(156,199)	(156,980)	(157,765)	(158,554)	(159,347)	(160,144)	(160,944)	(161,749)	(3,115,168)		
NOI	(655,069)	(521,068)	(480,287)	70,702	(127,256)	(554,202)	(1,009,719)	(3,297,718)	(3,123,028)	(2,938,434)	(2,743,691)	(2,538,573)	(17,918,343)		
Add Back: - Depreciation & Amortization	1,369,344	1,287,671	1,247,184	1,281,955	1,320,414	1,360,026	1,400,827	8,315,000	8,400,750	8,487,488	8,575,229	8,663,991	51,709,879		
Total Net Cash Flow from Operations	714,275	766,603	766,897	1,352,657	1,193,158	805,824	391,108	5,017,282	5,277,722	5,549,054	5,831,538	6,125,418	33,791,536		
<b>Net Cash Flow from Investing</b>															
Capital Improvements	-	(558,277)	(514,962)	(466,007)	(498,627)	(533,531)	(570,879)	(610,840)	(653,599)	(699,351)	(748,305)	(800,687)	(6,655,065)		
Debt Service \$30 million NWSS Debt	-	-	-	-	(1,520,000)	(1,537,600)	(1,535,238)	(1,542,914)	(1,550,629)	(1,558,382)	(1,566,174)	(1,574,005)	(12,374,941)		
Capital Budget Deferred Maintenance	-	-	-	-	(150,000)	(150,000)	(150,000)	-	-	-	-	-	(450,000)		
Total Net Cash Flow from Investing	-	(558,277)	(514,962)	(466,007)	(498,627)	(533,531)	(570,879)	(610,840)	(653,599)	(699,351)	(748,305)	(800,687)	(6,655,065)		
Reserve for Replacement (4% total Revenue)															
Total Net Cash Flow	\$ 714,275	\$ 208,326	\$ 251,935	\$ 886,650	\$ (1,660,043)	\$ (2,089,180)	\$ (2,568,937)	\$ 1,854,417	\$ 2,015,928	\$ 2,182,877	\$ 2,355,192	\$ 2,532,766	6,674,746		
Beginning Cash	\$ 3,399,329														
Cash Balance	\$ 4,113,604	\$ 4,321,930	\$ 4,573,865	\$ 5,460,515	\$ 3,800,472	\$ 1,701,292	\$ (867,104)	\$ 987,313	\$ 3,003,241	\$ 5,186,118	\$ 7,541,309	\$ 10,074,075	10,074,075		

Assumed Financing Structure  
Total Cost \$400 million

NWSS Cash Funded	50,000,000
Private Donations	30,000,000
NWSS Debt	5,000,000
Sales Tax Increment Financing	5,000,000
PIF Financing	310,000,000
Public Financing	400,000,000

The actual financial implications of any of the three alternatives presented can continue to be debated. What the projections do appropriately convey is the inability of the Association to ever produce income from operations to adequately finance the reconstruction as well as the continuing periodic improvements to the Complex. Again, the same is true for the Denver Coliseum. This is why both venues have had to seek assistance from the City in the form of bonds in the past. They also continue to show the interdependency between the Coliseum and the Association for both the production of the annual Stock Show as well as the greatest revenue growth potential in other events. But in order to maximize the revenue for the Association the City would be asked to forego the event, parking and concession revenue they are currently receiving from the Coliseum.

This should not be viewed as a failing of the effort but instead a recognition of the type of continuing cooperation and collaboration that must exist between the Association and the City. For either to try to go their separate ways without recognition of the respective benefits they each bring to the effort would be a mistake. Instead they should seek to maximize the strengths of each other in regards to venue utilization and revenue recognition to support their respective missions and objectives. As City owned facilities they must be available to all types of organizations and events, including those that cannot afford the use of other non-public venues. Some of the facilities contemplated by the Association's 23 point plan are unique to the agricultural events they are trying to attract and thereby limit the number and type of other events that may use the space. Other facilities, in particular a new Coliseum, Events Center and Expo Hall, are not as unique but still would compete with other venues in the market.

A significant growth opportunity called out in the various feasibility studies are trade and consumer shows and meetings. Certainly improved space that is designed to accommodate groups and events in addition to the Stock Show will be more readily marketable than the existing deteriorating facilities. However, competition from existing hotel banquet facilities and meeting rooms, as well as the Colorado Convention Center, will remain. Many of the types of events that a new complex could attract per the feasibility study are already finding venues for their needs in the current market. This is not to suggest there is not additional market share for a new complex. Instead it suggests the need to coordinate more closely with VISIT Denver and other meeting planners to identify the types of groups that are not currently being accommodated in the Denver area and what is necessary to attract them. This should be undertaken with the appropriate view of revenue potential recognizing that many of these events need a venue that is a reasonable cost alternative to the existing venues. The pricing of a new complex must also be careful to not price out those events that are already utilizing the Coliseum and the National Western Complex.

## **Section 5 – Guiding Principles**

In undertaking the evaluation of the Business Plan the City was asked to provide their “Guiding Principles” to better understand the City’s considerations and concerns related to the potential relocation and/or reconstruction of the National Western Complex. These Guiding Principles are noted below:

- The City’s greatest priority relative to the National Western Stock Show (NWSS) is preserving the historic January event with a business model that is economically viable and financially sustainable.
- Any plans regarding the current NWSS site and facilities must serve to enhance the new vision for the Brighton corridor and the adjacent section of the Platte River to foster investment and redevelopment in that area, and to improve that entryway to downtown.
- Any new development must comply with the letter and spirit of the City’s new zoning code and the general principles of new urbanism, sustainability and transit oriented development.
- Any potential new site for the NWSS must be located within the City and County of Denver. If necessary, this could be accommodated through a boundary adjustment.
- Any proposed City expenditure on future NWSS improvements must be cost neutral to the City’s treasury and must provide an economic benefit equal to, or better than, the City’s other investments.
- City support for proposed new facilities first requires measured evaluation of impact on the Denver Coliseum, Denver Performing Arts Center, and the Colorado Convention Center.
- Any expansion at, or vacation of, the current site should minimize impacts on – and maximize potential benefits for – the existing adjacent neighborhoods.
- Any new development must comply with all of the City’s ordinances and regulations.
- Whenever possible, new plans for the facilities and programs of the NWSS should complement and support the City’s commitment to education, children, economic development and job growth.

It is clear from these principles that the City values the historic, cultural and economic benefit the National Western Stock Show brings to the City and is very supportive of finding a viable solution for the City and the Association. Each of these principles will be evaluated against the current Business Plan.

### **1. The City’s greatest priority relative to the National Western Stock Show (NWSS) is preserving the historic January event with a business model that is economically viable and financially sustainable.**

The current operations of the Association provide a level of financial feasibility that can be maintained with some appropriate modifications. The age and functionality of the existing venues, including the Denver Coliseum, have the potential of negatively impacting this feasibility. The best way to achieve the City’s objective is to allow the Association to produce the annual Stock Show and produce and promote other agricultural based activities consistent with their stated mission and relieve them of the continuing maintenance and facilities upgrade requirements beyond those of their specific equipment and building needs (i.e. stock yards). This may be more feasible for all parties if the facilities are owned by the City and some sort of rental arrangement is agreed to.

**2. Any plans regarding the current NWSS site and facilities must serve to enhance the new vision for the Brighton corridor and the adjacent section of the Platte River to foster investment and redevelopment in that area, and to improve that entryway to downtown.**

Mayor Hancock has clearly indicated the revitalization of the Brighton corridor as a priority for his administration. This principle should not be viewed as a directive to the Association that they must stay in their current location, but that any plans should maximize the economic development and revitalization objectives of the Mayor.

One of the design components of a new Livestock and Trade Show facility is office space to be leased to agricultural business association leaders. The Association noted they have had meetings with various leaders in the field of agricultural business who have expressed interest in structuring their current leases to expire at the time the new Complex would be completed. The Business Plan contemplates approximately 60,000 square feet for this purpose.

In order to fully embrace the intent of the Mayor's vision, this type of agricultural business campus should be much more boldly imagined. Instead of thinking of 60,000 square feet the prospect of new business location to the Brighton corridor should be thought of terms of innovative agricultural business development and the revitalization opportunities it would present for the area.

Most reports presented by the Association viewed the presence of the Platte River as a barrier to redevelopment. Meanwhile, virtually every city across the country is working to reclaim their rivers and maximize their value in terms of public amenities and economic development. The work of the Greenway Foundation and others has begun to demonstrate this same prospective with the Platte River as evidenced by the successful revitalization of the Commons Park section of the river. Any consideration of redevelopment of the area should embrace this natural resource and seek to maximize its potential.

**3. Any new development must comply with the letter and spirit of the City's new zoning code and the general principles of new urbanism, sustainability and transit oriented development.**

Key to this principle is the importance of embracing the benefits of the City's new light rail and commuter rail systems. Many cities, including those with a history and tie to the impact of rail on their western heritage, are embracing the environmental and convenience benefits of mass transit. While the current site will be impacted from a land assemblage standpoint when RTD takes a portion for the National Western station stop, the benefit of this stop to the Stock Show patrons, particularly those from the Denver metropolitan area, cannot be underestimated or undervalued.

The companion message in this principle is the value of land and the expected use to its maximum potential. Denver has unique land use considerations given that it is completely surrounded by other municipalities and counties and the opportunity for expansion is severely limited. Therefore developable land is at a premium and the prospect of using upwards of 150

acres for surface parking for a very limited time of the year is not an optimal use of this precious resource. While it appears that the current site is somewhat under-parked, the existing use of Association owned, leased and private parking alternatives seems to more fully embrace the principle of sustainability.

The City's Planning Department is preparing a station area plan for the National Western commuter rail stop and has two alternatives; one if the National Western stays and another if they relocate. Neither of these plans has been finalized and a final product should be presented only upon the conclusion of any additional planning activities suggested by this report.

- 4. Any potential new site for the NWSS must be located within the City and County of Denver. If necessary, this could be accommodated through a boundary adjustment.**

A clear observation of this report is the need for continued cooperation and coordination between the Association and the City and County of Denver both in terms of financial assistance for rehabilitation and/or construction of a new facility and as well as maximizing the venue usage by drawing upon the expertise of the staff of the Arts and Venues department and VISIT Denver. This cooperation and coordination can only occur if the venues are located in the City and County of Denver.

- 5. Any proposed City expenditure on future NWSS improvements must be cost neutral to the City's treasury and must provide an economic benefit equal to, or better than, the City's other investments.**

As currently presented, the Business Plan fails to meet this principle. Key to the revenue increases presented in the Business Plan is the ability to capture the revenue related to events, parking and concessions from a new stadium that would replace the existing Denver Coliseum as the venue for rodeos, concerts and other entertainment and family events. With the Business Plan's assumption that the Denver Coliseum would be replaced, the impact of losing the revenue currently being collected by the City would be contrary to this principle. While the City would still be able to collect the FDA (seat tax) generated at a new complex managed by the Association, it would still lose the Coliseum revenue.

An alternative approach that would meet this principle could be a coordinated usage arrangement of a new Coliseum building. Both the City and the Association would greatly benefit from a new facility that could meet the current requirements of the Association, in particular the ability to present a higher quality rodeo experience, as well as a venue that the Arts and Venue department could more readily promote for a variety of uses in addition to those already using the facility.

- 6. City support for proposed new facilities first requires measured evaluation of impact on the Denver Coliseum, Denver Performing Arts Center, and the Colorado Convention Center.**

This principle is somewhat associated with the previous one, recognizing the importance of not creating undue competition among other City supported venues as a result of assisting the vision of the Association. The potential impact on the Denver Coliseum has already been noted



as being significant. The impact on the Denver Performing Arts Center and the Colorado Convention Center does not seem to be of particular concern, primarily as a result of the somewhat unique characteristics of a venue necessary to support the Stock Show and other “dirt events”. But instead of looking at the potential negative impact on these other City venues, a more important evaluation may be on the potential positive impact a more coordinated approach may have on all venues. Given that a significant growth opportunity for a new Complex includes more trade and consumer shows, coordination between the Association and VISIT Denver could serve to benefit both entities. Improved exhibition space at a new Complex may allow VISIT Denver to better promote events at either the Colorado Convention Center and/or the new complex. This potential opportunity for “auxiliary” convention space can only be realized through greater cooperation and collaboration between VISIT Denver and the Association.

**7. Any expansion at, or vacation of, the current site should minimize impacts on – and maximize potential benefits for – the existing adjacent neighborhoods.**

Consistent with the Mayor’s vision for a revitalized Brighton corridor is the opportunity to maximize the benefits for the existing adjacent neighborhoods of Elyria-Swansea and Globeville. If the Association is to expand in their current location, the opportunity for expansion must be balanced with the potential impact on the surrounding neighborhoods. This is particularly important to the extent the area is more actively utilized during the year beyond the January event. Another important consideration in the event of expansion in place is the potential for employment opportunities at either the expanded facility or at any new businesses which might locate to the area.

If the Association were to relocate to another area in Denver, the community’s participation in any future planning activities for the site will be very important for many of the same reasons noted above.

**8. Any new development must comply with all of the City’s ordinances and regulations.**

While seemingly straightforward, this is an important consideration as the Association pursues any new development activity. The adherence to stated ordinances and regulations is expected of any organization regardless of the potential affiliation and/or relationship to the City.

**9. Whenever possible, new plans for the facilities and programs of the NWSS should complement and support the City’s commitment to education, children, economic development and job growth.**

As presented by the Association’s executive committee, their 23 point programmatic strategy embodies many of the City’s commitments noted above. Their primary focus is on education and the opportunities to advance the understanding and appreciation of the agricultural industry. The potential for economic development and job growth through an expanded facility also provides opportunity of furthering the City’s objectives. This potential is greatly enhanced when the prospect of coordination with the City’s department of Arts and Venues as well as

with VISIT Denver is brought to the objective of maximizing the use of any new venue. Further, if the potential for economic development along the Brighton corridor can be achieved it would serve to meet all of the Mayor's goals and present the greatest outcome for all of Denver and its residents.

## **Section 6 - FINAL CONSIDERATIONS**

The structural and technological deficiencies of the current National Western Complex and the Denver Coliseum present a real challenge for their continued operational futures. While the periodic infusion of capital via a citizen approved bond issuance has managed these issues in the past, the risks associated with a general revenue bond in the current economic environment is particularly challenging.

The desire of the Western Stock Show Association to find a strategy and structure that provides additional operating revenue for the Association while placing the maintenance requirement with the owner is not an extreme approach. In fact, this has been the structure for the past 45 years with the Association looking to increase the use of the facilities beyond the annual 16 day event and looking to the City to provide periodic funding for facilities improvements. What makes the current business plan problematic is the desire to pursue this strategy without adequately substantiating the “net new” activity at an improved facility, nor acknowledging the negative impact it will have on the current City revenue while still looking to the City to provide up to 73% of the total cost to construct. This request is particularly bold when the proposal to move the complex from its current location, and potentially out of the City and County of Denver, is considered.

The leadership of the Association has spent a significant amount of time defining the programmatic future of the organization. The future described in the Long-Term Strategy Statement and put into a physical context through the 23-point programmatic requirements was clearly focused on the National Western’s vision to aspire to be the world’s premier center for America’s western heritage. This vision is to be realized through the strategy to educate the urban and rural public regarding agriculture and related activities and promote youth education and their involvement in the agriculture and livestock industry. This mission is best achieved through the effective production of the annual stock show and rodeo, and maximizing the use of the venues for other related events such as horse shows and other “dirt events”. Unfortunately, the programmatic outcomes in the Business Plan, as supported by the various consultants’ studies, do not place the same emphasis on the use of the facilities as the Association’s vision. Instead, it seeks to maximize the use of the venues for trade and consumer shows and other entertainment options that do not include an agricultural or western heritage focus. At times the reports even encourage the Association to not pursue events that support the vision due to their limited financial impact, in particular pursuit of regional and national horse shows.

The baseline challenge presented in the Business Plan is the inability to generate more revenue by growing the event mix due to the physical and technological obsolescence of the current facilities (including the Denver Coliseum) and the site constraints which potentially limit the ability to improve and/or expand these facilities. The Plan maintains that a newly constructed site with all parking immediately adjacent to the venues will provide the Association with the net income necessary to secure their financial stability. A key to this financial stability is the ability to retain all the revenue related to the operations of the facility, including from those events that are currently being hosted in the Coliseum, thereby transferring those event, parking and concession revenues away from the City. In the event the new Complex was constructed at a new site, the City would be further challenged in attracting events to the older, much less desirable Coliseum.

The real challenge the evaluation of the Business Plan identifies is the continuing dilemma of effectively utilizing the somewhat unique facilities necessary to produce the culturally important annual Stock Show and Rodeo to generate net income sufficient to adequately maintain the property. This dilemma is particularly true given the deteriorating facilities of the Complex and the Coliseum but is not answered through the construction of new facilities. While the various proformas presented in the Business Plan

are able to reflect additional operational income for the Association, they are not expected to be used for the long-term maintenance needs of the facility. The Association, through payment of a fixed rent payment of \$1 million per year to the City, has effectively put the maintenance burden on the City. While this payment seems substantial, it is not what the industry standard of 4% of annual operating revenue would require. There is also no guaranty that this payment would be made in the event revenue fell short of projections. The City, as stated owner of the facilities, would bear all maintenance responsibility.

As noted in the discussion regarding the current operational and budget considerations of the City's Arts and Venues department, they are already strained to provide continuing maintenance for their own facilities let alone a newly constructed National Western Complex. This challenge is more pronounced when the new Complex would capture the revenue currently being generated at the Coliseum.

The Business Plan proposes new exhibition facilities to better enable the production of trade and consumer shows. The Plan notes the current construction limitations, i.e. ceiling height and column spacing, as deterrents to attracting more of this type of activity. The current Expo Hall, Stadium Hall and Events Center were constructed in the 1990's and were designed by the Association. If new facilities are to be constructed the real market demand for these events and the type of venue they require should be fully evaluated with input from VISIT Denver drawing upon their expertise in this area.

Finally, the proposal to "develop" approximately 245 acres of land for surface parking is extremely difficult to defend. Meanwhile, the relative importance of parking revenue to the total budget serves as a disincentive for the Association to limit the availability of Association controlled parking when approximately 21% of the increased revenue from a new facility comes from parking.

However, this additional revenue comes at an extraordinary cost to the City in the form of land acquisition costs. The convenience afforded the employees, exhibitors and patrons must be evaluated against the inefficient use of the land during all but the busiest one hour of the middle Saturday during the 16 day event in January. Instead, any location decision should look to maximize the opportunity to use other existing and available parking while still making the participant's experience as pleasant as possible. Additionally, a formal parking management plan should be undertaken as the site planning progresses.

In order to comply with the City's Guiding Principle related to new urbanism, sustainability and transit-oriented development, the adjacency to a new light or commuter rail stop must be embraced. The current plan anticipates all Association employees arriving by private vehicles, even when commuter rail is available. If 50% of the employees were encouraged to use mass transit the need for 500 spaces would be eliminated. These spaces, which do not result in revenue to the Association, could be used instead for additional paid patron parking.

The Association's Business Plan as currently presented does not produce a sustainable solution for the Complex, when the interests of all parties are taken into consideration. As noted in the section regarding competing and comparable venues, other Stock Show Associations and other cities have faced a similar dilemma. Those that are most successful have realized the mutual benefit that can be derived when the ownership, operation and maintenance responsibilities of the venues can be separated from, yet still coordinated with, the Stock Show production responsibilities.

In order to achieve this balance, the limited revenue potential from publically owned facilities must be acknowledged. This is particularly true when the venues are specifically constructed to host unique, limited run, limited attendance events like those hosted at the Denver Coliseum and the National

Western Complex. But these venues could enjoy greater utilization, and therefore greater revenue potential, if they are managed in a cooperative manner, drawing upon the industry specific expertise of those involved in the management.

No one knows the Stock Show and Rodeo industry like the Association. In addition, their expertise in the production of horse shows and other agriculturally based events is unparalleled in the region. The current management of the Stock Show has also demonstrated their expertise in creating and marketing new entertainment events. This effort could be enhanced by coordinating with the staff of the City's Arts and Venues department who is uniquely positioned to maximize the entertainment programming potential of a potentially newly constructed Coliseum as well as the Complex's unique smaller venues such as a new Stadium Arena and Events Center. Finally, the ability to capture the maximum market share of consumer and trade show activity requires the coordination with VISIT Denver and their understanding of the market and the strategies required to compete for these events. The preferred alternative put forward by the Association was to co-locate with an alliance partner. While the Gaylord alternative no longer appears viable, the concept of an alliance partner should not be dismissed. The potential impact of a formal alliance, both structurally and operationally, among the Association, VISIT Denver and the City's Arts and Venues department could present the greatest opportunity to tap new market potential as well as maximize venue utilization and revenue production.

But increased utilization of the venues may still not be enough to ensure the long-term maintenance needs of the facilities are being met. Again a look to other cities may hold the answer. As noted previously, every other Stock Show evaluated had a common ingredient for the maintenance needs of the facilities – a dedicated revenue stream for these improvements. In all but one instance, the owner of the facilities has the ability to utilize a portion of the hotel occupancy and/or short-term auto rental taxes to fund maintenance needs. The use of these specific taxes recognizes the nexus between the revenue generated from visitors and the reason they visit the area, primarily the use of these types of facilities. This sort of dedicated revenue stream could not only potentially play a role in the financing of a new facility; it could also provide a stable maintenance fund for other City facilities, including the Colorado Convention Center.

Finally, perhaps the greatest opportunity for a successful transformation of the National Western Complex and the Denver Coliseum lies in the development opportunities surrounding the current location. Many of the other cities which have an annual stock show and rodeo readily acknowledge that farming and ranching no longer play much of a part in their local economy, but the stock show and rodeo, and what they stand for, are still a major part of the local culture. While the same could arguably be said for the Denver metro area, agriculture remains a significant economic driver for the state of Colorado. Additionally, agricultural-based industry is much more than traditional farming and ranching.

A quick look at the College of Agricultural Sciences department at Colorado State University, an existing partner organization to the Western Stock Show Association, shows the diversity and emerging technology as students can pursue Agricultural and Resource Economics, Animal Sciences, Bio-agricultural Sciences and Pest Management, Horticulture and Landscape Architecture as well as Soil and Crop Sciences. Beyond the classroom, the industries involved in agricultural activities are many and varied.

A coordinated and strategic approach to bring ag-related businesses and industries to the Brighton Boulevard corridor could provide an economic development success for the area, the City and the region more broadly. The proximity to the Stock Show Complex and its focus on western heritage could make this an ideal location for these businesses. The existing and future transportation alternatives at the



Complex, including easy access to I-70 and I-25, commuter rail and traditional rail all combine to make the site attractive for this type of economic development. This also presents an opportunity for collaboration with others such as the Downtown Denver Partnership, the Metro Denver Chamber of Commerce, the Metro Denver Economic Development Corporation and the City’s Office of Economic Development.

Much has changed in the year since the Association presented their Business Plan to the Mayor – the Gaylord development is no longer being considered, the I-70 alignment has been determined, a leadership change has occurred within the Association and a new partnership has begun to emerge between the Association and other related stakeholders. The Hancock administration has demonstrated the willingness to seek bold solutions to the challenges put forward by the Association in their Business Plan. Likewise, the Association must embrace a willingness to participate with the City and other committed stakeholders, perhaps under a structure that is more participatory rather than autonomous, to ensure a long-term, well maintained home for their signature event while maximizing the opportunities for Denver and its residents.

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