

University of Central Florida

STARS

Harrison "Buzz" Price Papers

Digital Collections

4-1-1985

Concept and Market Analysis for Proposed Hennepin Avenue Entertainment Center in Minneapolis, Minnesota

Harrison Price Company



Part of the [Tourism and Travel Commons](#)

Find similar works at: <https://stars.library.ucf.edu/buzzprice>

University of Central Florida Libraries <http://library.ucf.edu>

This Report is brought to you for free and open access by the Digital Collections at STARS. It has been accepted for inclusion in Harrison "Buzz" Price Papers by an authorized administrator of STARS. For more information, please contact STARS@ucf.edu.

Recommended Citation

Harrison Price Company, "Concept and Market Analysis for Proposed Hennepin Avenue Entertainment Center in Minneapolis, Minnesota" (1985). *Harrison "Buzz" Price Papers*. 38.
<https://stars.library.ucf.edu/buzzprice/38>

CONCEPT AND MARKET ANALYSIS
FOR THE PROPOSED
HENNEPIN AVENUE ENTERTAINMENT CENTER
Minneapolis, Minnesota

Prepared for:

THE BAYMILLER STUDIO, INC.
June 1984

Addendum to Financial Analysis
Prepared: April 1985

Prepared by:

HARRISON PRICE COMPANY
876 South Bronson Avenue
Los Angeles, California 90005
(213) 937-3457

Table of Contents

Section	Page
1 INTRODUCTION.....	1-1
2 EXECUTIVE SUMMARY.....	2-1
SITE EVALUATION.....	2-1
MARKET SUPPORT ANALYSIS.....	2-2
CONCEPT AND FACILITY RECOMMENDATIONS.....	2-5
PROJECTED ATTENDANCE AND PHYSICAL PLANNING GUIDELINES.....	2-7
PRELIMINARY FINANCIAL ANALYSIS.....	2-9
Addendum to Financial Analysis (Prepared April 1985).....	2-9
3 SITE EVALUATION.....	3-1
LOCATIONAL ENVIRONMENT.....	3-1
The Regional Context.....	3-1
Site Characteristics.....	3-7
REGIONAL ATTRACTIONS INVENTORY.....	3-11
Recreation Attractions.....	3-11
Special Events.....	3-18
Performing Arts Facilities.....	3-19
Specialty Shopping Centers.....	3-21
Sports Facilities.....	3-25
Summary.....	3-25
4 MARKET SUPPORT ANALYSIS.....	4-1
AVAILABLE RESIDENT MARKET.....	4-1
Demographic Characteristics.....	4-1
Retail Sales Performance.....	4-8
SPECIAL SUBMARKETS.....	4-14
College Population.....	4-14
Downtown Employees.....	4-17
AVAILABLE VISITOR MARKET.....	4-20

**Table of Contents
(continued)**

Section	Page
ILLUSTRATIVE PHYSICAL CONFIGURATION.....	6-38
7 PRELIMINARY FINANCIAL ANALYSIS.....	7-1
Aquarium.....	7-1
Athletic Club/Health Spa.....	7-3
Exploratorium/Children's Play Center.....	7-5
Cineplex.....	7-5
Roller Skating Rink.....	7-5
Ice Skating Rink.....	7-9
Bowling/Billiard Center.....	7-9
Wine-Tasting Parlor.....	7-9
Beer Garden.....	7-13
Ballroom Dance Club.....	7-13
Teen Nightclub.....	7-13
Mini-Midway.....	7-17
Gourmet Grocery.....	7-17
Summary.....	7-17
ADDENDUM TO FINANCIAL ANALYSIS.....	7-22
Preliminary Development Budget.....	7-23
Projected Rental Income.....	7-23
Pro Forma Financial Performance.....	7-26

List of Tables

Table		Page
1	Weather Characteristics of the Twin Cities Area.....	3-6
2	Major Recreation Attractions in the Twin Cities Area.....	3-12
3	Monthly Distribution of Attendance at Twin Cities Recreation Attractions.....	3-14
4	Characteristics of Visitors to Selected Recreation Attractions in Minneapolis.....	3-17
5	Inventory of Major Performing Arts Facilities in the Twin Cities Area.....	3-20
6	Characteristics of Visitors to Selected Performing Arts Attractions in Minneapolis.....	3-22
7	Population Trends in the Twin Cities Metropolitan Area	4-2
8	Age Characteristics of the Twin Cities Metropolitan Area	4-4
9	Comparative Age Characteristics.....	4-5
10	Income Characteristics of the Twin Cities Metropolitan Area	4-6
11	Comparative Income Characteristics.....	4-7
12	Selected Demographic Characteristics of Downtown Minneapolis.....	4-9
13	Retail Sales Trends in Minnesota and the Twin Cities.....	4-10
14	Distribution of Retail Sales in Minnesota and the Twin Cities Area.....	4-12
15	Per Capita Retail Sales in Minnesota and the Twin Cities Area.....	4-13
16	Comparative Per Capita Retail Sales.....	4-15
17	College Population of the Twin Cities Area.....	4-16
18	Employment in Downtown Minneapolis.....	4-18
19	Office Space Inventory in Downtown Minneapolis.....	4-19

**List of Table
(continued)**

Table	Page
20	Estimated Visitation to the Twin Cities Area by Purpose of Trip.....4-21
21	Selected Characteristics of Visitors to the Twin Cities Area.....4-22
22	Distribution of Visitor Spending in the Twin Cities Area.....4-24
23	Convention Activity in Minneapolis.....4-25
24	Hotel/Motel Inventory in the Twin Cities Area.....4-27
25	Major Hotel Facilities in Downtown Minneapolis.....4-28
26	Derivation of the Twin Cities Primary Visitor Market4-30
27	Summary of Market Support Available.....4-31
28	Market Penetration Rates of Selected Major Aquarium Attractions.....6-2
29	Estimated Market Penetration and Attendance for a Major Aquarium Attraction.....6-4
30	Estimated Design Day Attendance for a Major Aquarium Attraction.....6-6
31	Illustrative Sizing Guidelines for a Major Aquarium Attraction.....6-8
32	Market Penetration Rates of Selected Downtown YMCA Facilities.....6-10
33	Estimated Attendance and Sizing for a YMCA Facility..6-11
34	Estimated Attendance and Sizing for an Exploratorium/Children's Play Center.....6-13
35	Estimated Attendance and Sizing for a Cineplex Facility.....6-15
36	Estimated Market Penetration and Attendance for a Roller Skating Rink.....6-17
37	Illustrative Sizing Guidelines for a Roller Skating Rink.....6-18

**List of Table
(continued)**

Table	Page
38 Estimated Market Penetration and Attendance for an Ice Skating Rink.....	6-20
39 Illustrative Sizing Guidelines for an Ice Skating Rink.....	6-22
40 Estimated Attendance and Sizing for a Bowling/ Billiard Center.....	6-23
41 Estimated Attendance and Sizing for a Wine-Tasting Parlor	6-25
42 Estimated Attendance and Sizing for a Beer Garden....	6-26
43 Estimated Attendance and Sizing for a Ballroom Dance Club.....	6-28
44 Estimated Attendance and Sizing for a Teen Nightclub.....	6-30
45 Estimated Attendance and Sizing for a Mini-Midway....	6-31
46 Estimated Attendance and Sizing for a Gourmet Grocery	6-33
47 Summary of Estimated Attendance for the Hennepin Avenue Entertainment Center.....	6-35
48 Summary of Physical Capacity Requirements for the Hennepin Avenue Entertainment Center.....	6-37
49 Summary of Land Area Requirements for the Hennepin Avenue Entertainment Center.....	6-39
50 Estimated Financial Performance of a Major Aquarium Attraction.....	7-2
51 Estimated Financial Performance of a YMCA Facility....	7-4
52 Estimated Financial Performance of an Exploratorium/ Children's Play Center.....	7-6
53 Estimated Financial Performance of a Cineplex Facility.....	7-7
54 Estimated Financial Performance of a Roller Skating Rink.....	7-8
55 Estimated Financial Performance of an Ice Skating Rink.....	7-10

**List of Table
(continued)**

Table		Page
56	Estimated Financial Performance of a Bowling/ Billiard Center.....	7-11
57	Estimated Financial Performance of a Wine-Tasting Parlor	7-12
58	Estimated Financial Performance of a Beer Garden.....	7-14
59	Estimated Financial Performance of a Ballroom Dance Club.....	7-15
60	Estimated Financial Performance of a Teen Nightclub..	7-16
61	Estimated Financial Performance of a Mini-Midway.....	7-18
62	Estimated Financial Performance of a Gourmet Grocery	7-19
63	Summary of Gross Revenue Generated by the Hennepin Avenue Entertainment Center.....	7-20
A-1	Estimated Development Budget for the Hennepin Avenue Entertainment Center.....	7-24
A-2	Projected Rental Income Generated by the Hennepin Avenue Entertainment Center.....	7-25

List of Figures

Figure		Page
1	Regional Orientation Map.....	3-3
2	Downtown Minneapolis Skyway System.....	3-4
3	Major Facilities in Downtown Minneapolis.....	3-8
4	Subject Site.....	3-10
5	Affinity Matrix for Recommended Recreation/Enter- tainment Facilities.....	5-4

Section 1

INTRODUCTION

The Metro Center Plan for the city of Minneapolis, Minnesota, encompasses the development of a major recreation/entertainment district along Hennepin Avenue in the downtown core. Once the heart of downtown, the Hennepin Avenue area has gradually declined over the years as development activity shifted to the east and is now largely comprised of defunct warehouses and industrial buildings, poor-quality commercial facilities, and other marginal land uses, with attendant vice, vandalism, and other crime problems. While the past few years have brought a resurgence of development in this district--centered around the rehabilitation of architecturally and/or historically significant buildings--these efforts have been for the most part of modest scale and have had limited impact on the overall character of the neighborhood. The regeneration of Hennepin Avenue into economically productive usage that would complement newer development elsewhere in downtown and contribute to the vitality of the city as a whole appears dependent on a major catalyst--a development project which in terms of scale and impact would transform a large section of the district and in so doing accelerate the revitalization process already under way.

In tandem with the need to improve Hennepin Avenue is the city's desire to enhance recreation and entertainment opportunities available in the downtown area at large. Like major cities throughout the country, downtown Minneapolis is virtually deserted after dark and on weekends and, aside from certain cultural facilities and the isolated restaurant or nightclub, has no diverse recreational "draw" that would encourage the sizable downtown workforce, tourists, and local families to visit the civic center regularly for leisure-related activities. With these two objectives in mind, the city designated Hennepin Avenue as an Urban Entertainment District in June 1981, thus providing the foundation for future development of the desired nature.

Subsequent to this action, the Baymiller Studio, Inc., a local design and architectural firm, proposed a major recreation/entertainment project that would absorb a two- to three-block portion of Hennepin Avenue. Wishing assistance in identifying appropriate component facilities and in evaluating their market and revenue potential, the Baymiller Studio in turn retained Harrison Price Company to conduct a conceptual planning and market support analysis, the findings of which are presented in this report.

Following this introduction, **Section 2** contains a summary of major findings, conclusions, and recommendations. **Section 3** is devoted to an evaluation of the subject site environment, while market support available to the project is the subject of **Section 4**. **Section 5** develops an overall conceptual framework for the project, including the recommendation of specific component facilities that would be logical and desirable elements for the complex. Attendance potential and physical planning guidelines are addressed in **Section 6**, and the report concludes with an illustrative analysis of financial performance in **Section 7**.

This study was conducted under the management of Harrison A. Price and Nicholas S. Winslow, President and Executive Vice President, respectively, of Harrison Price Company. Sharon J. Dalrymple, Vice President, had project leadership responsibility. Harrison Price Company wishes to express its appreciation for the assistance of John and Rae Baymiller, representative of The Wall Companies, and the many other individuals in various public and private organizations in Minneapolis who provided information needed during the course of the study.

Section 2

EXECUTIVE SUMMARY

This section of the report briefly highlights some of the major findings and recommendations pertaining to entertainment center development on Hennepin Avenue in Minneapolis. No attempt is made here to present detailed findings or describe methodology, which are fully discussed in the main body of the report.

SITE EVALUATION

The research program was initiated with a review of the locational environment. Key findings include the following:

- The Minneapolis-St. Paul metropolitan area enjoys a diverse economic base and is a major regional center of commercial and industrial activity.
- The subject site is located in the downtown business district of Minneapolis, an attractive and vibrant urban center that has managed to escape some of the problems endemic to large cities.
- Weather conditions in the area indicate that component activities of the proposed entertainment center should be those which can be enjoyed in an indoor or otherwise protected environment, but with design flexibilities so that selected activities can move outdoors on pleasant days.
- Access conditions are generally very good and are considerably enhanced by the pedestrian skyway system covering most of the downtown area, to which the proposed development will be directly linked.

- Land uses surrounding the subject site, referred to as Blocks D and E, are for the most part compatible. Although the amount of substandard development on the immediate periphery is considerable, land use patterns are gradually improving. The proposed complex will itself be a major catalyst to the overall Hennepin Avenue revitalization program.
- One of the site's greatest assets is its proximity to key sources of market support, including a downtown workforce of some 110,000 persons, the growing downtown residential population now amounting to 19,000 persons, the visitor population housed in the downtown area's 5,200 hotel rooms, and the 53,000 students and faculty of the University of Minnesota.
- A diversity of recreation and entertainment opportunities can be found in the Twin Cities, including a major theme park, an outstanding zoo, a number of important special events and festivals, a state fair, a considerable inventory of cultural facilities, many themed specialty retail developments, several large sports venues, and a host of minor attractions. There are certain gaps, however, which together with an apparent undersupply of key recreational amenities in the downtown business district, suggest considerable potential for the proposed entertainment center.

MARKET SUPPORT ANALYSIS

Equal in importance to the site environment is the quantity and quality of available market support. Key socioeconomic characteristics of the resident and tourist markets are summarized below:

- From a level of 1.9 million people in 1970, the Twin Cities region grew to almost 2.1 million in 1980. Forecasts call for a total population of 2.25 million by 1990 and 2.4 million by the end of the century.

- The area has a comparatively young age profile, with an overall median of 29.9 years.
- Median household income amounts to more than \$27,000 annually, indicating a fairly affluent resident market.
- A special tabulation was made of the immediate market in downtown Minneapolis (within three miles of the subject site). The analysis reveals that this area is characterized by a large college-age population as well as younger working people, together with a sizable number of retirees. Median age is considerably higher than in the metropolitan area at large (there are very few children living within this radius), while median income is much lower. Since this nearby downtown market is a prime one for entertainment facilities at the subject site, these findings have important implications on the type of activities to be offered on Hennepin Avenue.
- The Twin Cities metropolitan area has steadily increased its share of retail sales in the state of Minnesota, growing from 55 percent in 1978 to 59 percent at the present time. There has been a trend, however, toward decentralization of retail activity away from central Minneapolis, with the city's share of the metropolitan total dropping from 21 percent in 1978 to 13 percent currently.
- The above and other findings suggest that while the metropolitan area at large constitutes a healthy, affluent retail market, much of its trade activity is following population out of the central urban core into the suburbs. Restaurant sales have remained strong in the central area, however, demonstrating that support from downtown employees, hotel guests, and other visitors to the central business district can sustain successful enterprises oriented to the needs and preferences of these groups.

- Destination visitor traffic to the Twin Cities region is currently estimated at some 20 million person-trips. By extrapolation from hotel capacity, it is estimated that roughly 4 million of these tourists spend all or part of their stay in the downtown area.
- The leading motivation for travel to the area is visits to friends and relatives, and most visitors arrive via auto. Nearly 70 percent of all visitors originate in other parts of Minnesota or in neighboring Wisconsin. Average visitor length of stay is about two days.
- Retail purchases comprise by far the leading category of tourist expenditure, accounting for 55 percent of the visitor dollar; expenditures on food and beverages represent 17 percent of total spending.
- An important subcategory in the tourist market is convention activity, convention delegates being a prime market for restaurant dining and nighttime entertainment. Minneapolis currently hosts some 414,000 convention visitors per year in about 375 separate events.
- The aggregate market available to the proposed complex, including both residents and tourists, totals slightly more than 6 million persons at the present time and will rise to nearly 7 million within 10 years, as summarized in the following text table:

	Market Size (thousands)		
	<u>1984</u>	<u>1988</u>	<u>1993</u>
Resident Market	2,143	2,216	2,289
Visitor Market	<u>3,900</u>	<u>4,200</u>	<u>4,700</u>
Total	6,043	6,416	6,989

- Since the resident component of this market will remain essentially constant while the tourist component continues to grow (at a conservatively assumed 2 percent average annual rate over the indicated period), tourists will account for an increasingly larger share of the total--65 percent currently and 67 percent by 1993.

CONCEPT AND FACILITY RECOMMENDATIONS

One of the major purposes of this research assignment was to define an appropriate content and scope for the proposed entertainment center. Principal findings and recommendations in this regard encompass the following:

- Development criteria identified, which apply to the project as a whole and/or to individual facility and activity components include sufficient "critical mass" to ensure a market response commensurate with the investment level, compatibility with a downtown core environment, ability to satisfy gaps in the regional recreation attractions inventory, basically indoor-orientation to enable year-round operation, ability to generate substantial repeat visitation, appeal as a nighttime entertainment option, and family character, with a mix of active and passive entertainment programs that will encourage broad popular support.
- A large number of potential project components, major and minor, were examined during the course of the study. Following elimination of candidate facilities that failed to meet the above criteria, a development program suitable for a multiple-activity family entertainment center emerged. In the aggregate, this program is intended to create a festive, wholesome environment for social gathering, active recreation, casual browsing, and evening entertainment.
- A total of 12 attractions were ultimately selected as desirable and appropriate components of the entertainment center.

Certain of these facilities presume the participation of independent organizations in the Minneapolis area; it should therefore be noted that no discussions have yet been held with any of these organizations relative to interest in participation. The recommendations are:

- * A **major aquarium**, patterned on such outstanding comparable attractions as the National Aquarium in Baltimore or the New England Aquarium in Boston.
- * An **athletic club/health spa** catering mainly to downtown employees. HPC understands that the downtown Minneapolis YMCA is currently studying the development of a new facility, and this would be the ideal candidate for the subject complex.
- * An **Exploratorium/children's play center** modeled on similar attractions in San Francisco and Toronto, whereby youngsters are simultaneously entertained and informed through a variety of imaginative display and play apparatus.
- * A **Cineplex facility**, comprised of as many as 20 small movie theaters featuring "specialty" films--retrospective, foreign language, classic, children's, and so on.
- * A high-quality **roller skating rink**.
- * A year-round, enclosed **ice skating rink**, designed for recreational skaters, in the mold of the famous Rockefeller Center rink in New York.
- * A **bowling/billiard center** catering to league play generated by downtown employees.

- * A **wine-tasting parlor**, which would include an intimate cafe offering light meals as well as a tasting bar and wine sales operation.
 - * A **beer garden** designed in an indoor-outdoor configuration and featuring live entertainment.
 - * A **ballroom dance club** that would offer a respectable environment in which single adults and couples can meet and dance to live music.
 - * A **teen nightclub**, preferably with a live music format as opposed to disco. Food service would encompass sandwiches, snacks, and soft drinks.
 - * A **mini-midway** including a selection of modern electronic games, skee ball, shooting gallery, and pitch games.
 - * A **gourmet grocery** featuring high-quality meats, seafood, produce, and gourmet packaged foods.
- Collectively, these 12 facilities can play a role in community life not unlike that of Tivoli Gardens in Copenhagen. The complex will make maximum use of music and sound systems, night-lighting, color, and landscaping. All facilities will be complementary to one another and thematically integrated.

PROJECTED ATTENDANCE AND PHYSICAL PLANNING GUIDELINES

The concept recommendations described above have the aim of creating enough "critical mass" and synergism among facilities that the Hennepin Avenue project can have a substantial impact on the available market. Estimates of attendance generated by component attractions, together with associated sizing guidelines, are summarized in the following paragraphs:

- The earliest date that the proposed complex could open will probably be 1988. Stabilization of operations usually occurs in about the third year, or 1990. Given this approximate schedule, the text table below presents the combined attendance volume projected for the Hennepin Avenue entertainment complex over the first 10 years of operation:

	<u>Estimated Attendance (thousands)</u>
1988	1,927
1990	2,893
1997	3,325

- The above estimates represent the composite volume of all attractions, less 20 percent to reflect the probable incidence of shared visitation.
- The largest single attendance generator will be the aquarium, with a stabilized volume of some 1.2 million, followed by the Cineplex facility with 473,000 and the athletic club at 349,000. Each of the other components are expected to attract between 100,000 and 300,000 visitors.
- Sizing parameters commonly associated with the different types of operations indicate a need for roughly 305,000 square feet of net floor area and about 1,600 parking spaces.
- Some of the project components (such as the aquarium, athletic club, and Cineplex) lend themselves to multi-story construction, while those which do not (such as the bowling center and skating rinks) can be stacked, thus achieving the same result. Assuming for illustration purposes a combination of two- and three-story or stacked configuration, total building "footprint" area is estimated at 125,000 square feet. Adding allowances for circulation, landscaping, and open space, overall land requirements come to roughly 3.7 acres; however, building area and land absorption estimates are subject to refinement under specific design schemes.

PRELIMINARY FINANCIAL ANALYSIS

The potential financial performance of the Hennepin Avenue entertainment complex, including estimated operating revenues and expenses for all component facilities coupled with development cost and rental income projections supplied by the client organization, are summarized as follows:

- The text table below presents the aggregate gross sales volume (in constant 1984 dollars) generated by the proposed complex:

	<u>Total Gross Sales (thousands)</u>
1998	\$19,259
1990	28,862
1990	33,050

- The aquarium and gourmet market each account for slightly more than 20 percent of total revenue as shown above, with other major revenue-generators including the athletic club and Cineplex.

* * * *

NOTE: The foregoing analysis represents work completed through June 1984, at which time work was suspended to allow for internal deliberations by the client group, including the preparation of illustrative design concepts.

Addendum to Financial Analysis (Prepared April 1985)

Subsequent to completion of HPC's report on the proposed entertainment complex in June 1984, the Baymiller Studio and The Wall Companies explored alternative design concepts taking into account the recommendations discussed earlier. The project went

through several iterations, leading ultimately to a preliminary master plan for Blocks D and E of the subject site. The Wall Companies then prepared in-house estimates of probable development costs, rental income, and pre-tax cash flow generated by the project, focusing only on Block D (Block E would contain the aquarium, athletic club, and other components that would be independently developed and operated), which are highlighted below (all amounts are expressed in constant 1985 dollars):

- As currently envisioned, the design concept for Block D calls for a five-level structure (two subterranean levels and three above-grade levels) containing some 337,000 square feet of gross building area in the aggregate. It should be noted that certain components--including retail and restaurant space, a carousel, and a coffeehouse--have been added to the facility inventory, while other facilities, including the roller rink, teen nightclub, and Exploratorium/children's play center, have been deleted.
- According to the client group, the estimated cost of developing the building shell for all Block D facilities (a bowling alley, various food and beverage operations, retail shops, a carousel, mini-midway, theme restaurant/club, beer garden, wine-tasting parlor, gourmet grocery, coffeehouse, and a Cineplex, plus associated common and public areas) is \$17.6 million, plus another \$3.4 million in financing fees and engineering services, for an overall development budget of \$21 million. The latter is equivalent to a weighted average cost of \$59 per square foot.
- Rental income projected by the client group, on a triple net basis and assuming 100 percent occupancy, is roughly \$2.3 million. Various retail operations, the gourmet grocery, and the bowling alley are expected to be the major generators.

- With the land as equity for the loan, the development budget of \$21 million is assumed to be 100 percent financed. Assuming low-cost financing via tax-exempt bonds and/or Urban Development Action Grants, the annual debt service requirement is estimated at about \$2.1 million.
- Deduction of debt service from projected rental income yields a net pre-tax cash flow of \$154,000 annually, indicating that the entertainment center in the abstract is a breakeven proposition.
- The client organization, however, envisions development of other, more conventional income-producing uses--such as office space, a hotel, residences, and additional retail space--in a high-rise configuration above the entertainment center complex. Given favorable market conditions, development of this nature would capitalize on the synergistic benefits of the entertainment center and in effect underwrite the cost of developing the entertainment facilities.

Section 3

SITE EVALUATION

A necessary prerequisite in determining the outlook for the proposed entertainment complex is a review of the site environment relative to key locational factors and the inventory of complementary facilities. This section of the report is accordingly devoted to this basic consideration.

LOCATIONAL ENVIRONMENT

The following paragraphs describe the locational environment and physical characteristics of the subject site, including access patterns, surrounding land uses, exposure to sources of market support, and weather conditions.

The Regional Context

The Twin Cities of Minneapolis and St. Paul comprise one of the largest metropolitan areas in the Upper Midwest. They began in the mid-1800s as outpost river towns on what was then America's "Northwest Frontier," and gradually evolved into an important regional center for the milling of flour and lumber. Today, the metropolitan area enjoys a diverse economic base reflected in the presence of corporate headquarters for such major companies as 3M, Honeywell, Control Data, Dayton Hudson, Northwest Airlines, Burlington Northern Railroad, Pillsbury, General Mills, and American Hoist & Derrick. Several other prominent firms, including Sears Roebuck and Sperry Univac, maintain regional operations centers in the Twin Cities. The area is also the site of the main campus of the University of Minnesota, eight other colleges or universities, and six state community colleges.

The state of Minnesota defines the Twin Cities planning region as encompassing seven counties--Anoka, Carter, Dakota, Hennepin, Ramsey, Scott, and Washington--which together embrace a

territory of approximately 60 miles in radius. The federal government adds two other counties in Minnesota (Chisago and Wright), plus one in Wisconsin (St. Croix), to form the Standard Metropolitan Statistical Area. Ramsey County contains the city of St. Paul, while Hennepin County contains the city of Minneapolis; **Figure 1** depicts the relationship of these two cities to the broader metropolitan region. The subject site is located in the downtown business district of Minneapolis, an attractive and vibrant urban center that has managed to escape some of the problems endemic to large cities. An aggressive development campaign has effectively stemmed the flow of office tenants to the suburbs, and a well-maintained network of parks and lakes gives Minneapolis a physical aesthetic few large cities can equal. Another indication of the strength of downtown Minneapolis is the growing interest in downtown housing. The downtown area is currently estimated to have some 19,000 residents, mostly retirees and young professionals working in the central business district. Since 1977, more than 1,800 new downtown housing units have become available and nearly 1,500 more are presently under construction.

One of the city's most distinctive features, also found in St. Paul, is the skyway system, an extensive network of enclosed pedestrian corridors and bridges connecting major downtown buildings at the second-story level. As depicted in **Figure 2**, the current system extends for 11 blocks from north to south and for three to four blocks from east to west; the overall length of the system will more than double over the next decade if all planned additions are implemented, thus furnishing nearly complete coverage of the downtown area. Within the skyway corridors, a wide variety of retail and service establishments can be found which, together with downtown department stores and other businesses linked to the system, allow users a climate-controlled environment for shopping and personal errands.

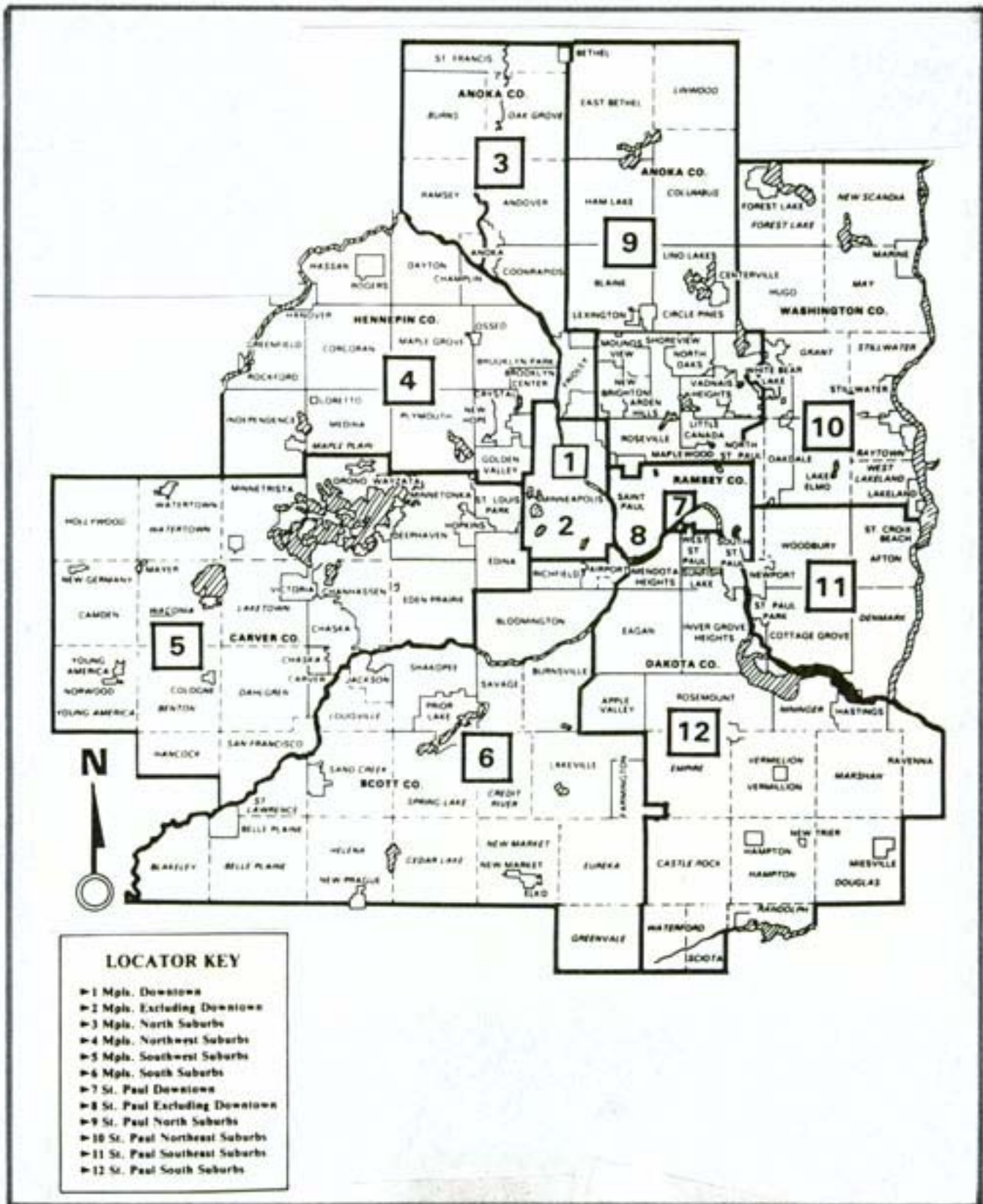


Figure 1
REGIONAL ORIENTATION MAP

INSERT

Page 3-4

FIGURE 2

Development of the skyway system was prompted by the leading topic of conversation in the Twin Cities: the weather. The area's extremes of temperature, abrupt weather changes, and susceptibility to thundershowers, hail, and tornadoes gave rise to what natives call the "theater of seasons." Table 1 contains a summary of principal weather characteristics, and it can be seen that winters are typically cold and snowy and summers are typically warm and humid. Nighttime (minimum) temperatures are comparatively low throughout the year, providing relief from summer heat but considerable discomfort during winter. The area receives some 26 inches of rain and 46 inches of snow annually, with rainfall heavily concentrated in the May-September period (65 percent of the annual total). The three summer months alone account for some 11 inches, or 40 percent of the annual average, although at this time of the year, rain is a nighttime occurrence about two-thirds of the time. March and April are particularly stormy months, with alternating hot and cold days, sudden thunderstorms, and an occasional tornado. Fortunately, when tornadoes do occur, they generally touch down in outlying sections of the metropolitan area, skirting the heavily populated urban centers.

In view of these weather patterns, several planning considerations are evident for the proposed entertainment center. Generally speaking, component activities should be those which can be enjoyed in an indoor or otherwise protected environment. Weather-protection measures, however, should incorporate certain design flexibilities and imagination, so that selected activities can move outdoors on pleasant days. Also, pedestrian circulation corridors within the complex should afford protection from wet and cold, while the project's envisioned exterior links with the skyway system are also considered necessary to ensure visitor comfort and stimulate regular repeat visitation.

Table 1

WEATHER CHARACTERISTICS OF THE
TWIN CITIES AREA¹

Month	Mean Maximum Temperature (°F)	Mean Minimum Temperature (°F)	Precipitation (inches)		Relative Humidity		Average Wind Speed (MPH)
			Rain	Snow	Morning	Afternoon	
January	21.2	3.2	0.73	9.1	73%	67%	10.4
February	25.9	7.1	0.84	8.5	74	65	10.6
March	36.9	19.6	1.68	10.6	77	64	11.3
April	55.5	34.7	2.04	2.5	76	55	12.3
May	67.9	46.3	3.37	0.2	76	53	11.4
June	77.1	56.7	3.94	--	79	54	10.5
July	82.4	61.4	3.69	--	81	54	9.3
August	80.8	59.6	3.05	--	84	55	9.1
September	70.7	49.3	2.73	T	86	59	9.8
October	60.7	39.2	1.78	0.4	82	58	10.4
November	40.6	24.2	1.20	5.7	80	66	11.0
December	<u>26.6</u>	<u>10.6</u>	<u>0.89</u>	<u>8.9</u>	<u>78</u>	<u>70</u>	<u>10.3</u>
Annual	53.8	34.3	25.94	45.9	79%	60%	10.5

T means trace.

¹ Based on normals for the period 1940-1970.

Source: National Oceanic and Atmospheric Administration.

Site Characteristics

Hennepin Avenue is a major north-south thoroughfare in the Minneapolis city core, as depicted in **Figure 3**. It is situated on the western edge of downtown in proximity to major centers of employment, hotels, retail businesses, government offices, and various sports and cultural facilities. Principal access to downtown from outlying suburbs is via Interstates 94 and 35W, which empty into downtown on the west and south, respectively. These two freeways in turn link up with Interstate 35E through St. Paul to provide a loop system for the greater metropolitan area. Major surface streets in the Minneapolis central business district are organized into a one-way pair system which provides for the orderly flow of traffic at most times. Hennepin Avenue is currently a two-way street, but city planners expect that it will be paired with First Avenue North in a one-way arrangement once development in this part of downtown begins to generate substantially more traffic.

Access conditions are thus generally very good and are considerably enhanced by the pedestrian skyway system described earlier. At present, the skyway extends as far west as the City Center project between Sixth and Seventh Streets South; plans call for its extension westward across Hennepin Avenue through to Second Avenue North, with branches to the north and south (refer to **Figure 2**). This will enable connection of the skyway with large parking ramps planned along Second Avenue North at Fourth Street North (900 spaces), Fifth Street North (1,500 spaces), and Seventh Street North (3,000 spaces). These ramps, to be constructed over the next three years, will have immediate access from the freeway system and should help to reduce the volume of auto traffic coming into the downtown core proper. They will also create a regular flow of pedestrian traffic through the Hennepin Avenue district.

INSERT
Page 3-8

FIGURE 3

The specific site under study in this analysis is comprised of the two square blocks bounded by Fifth Street North, First Avenue North, Seventh Street North, and Hennepin Avenue, referred to by the City Planning Department as Blocks D and E. A third block (Block F) to the south of the other two may also be available if required. These and adjacent blocks are shown in **Figure 4**. Each block is roughly 330 feet square, for a total of 327,000 square feet of land area, or 7.5 acres, in the three blocks combined.

Existing buildings on Block D include the Hennepin Center for the Arts and the Gluek Building. Hennepin Center is a seven-story renovated warehouse now housing two small auditoriums (The Cricket Theater with 384 seats and the Little Theater with 145 seats), a dance studio, and offices of various nonprofit arts organizations, while the Gluek Building, once a brewery, now houses a restaurant. Block E contains a number of vacant buildings and substandard commercial operations, while Block F has three major existing buildings: the renovated bus depot now housing a rock nightclub and disco known as the First Avenue Club, the ornate and now-closed Mann Theater movie palace, and a recently renovated 60,000-square-foot office building known as City Place. Existing, recycled buildings on the site would remain and be incorporated into any new development, but most other structures would be razed.

Land uses immediately surrounding the three subject blocks include the new City Center office/hotel/retail project across Hennepin Avenue to the east, along with various older commercial buildings, a few of which have been recently renovated. A mixed commercial and industrial area of generally low quality can be found on the remaining sides of the site, many of these structures housing so-called "adult entertainment" operations that contribute to the poor image of this part of the downtown area. Although the amount of substandard development on the immediate periphery of the site is considerable, land use patterns are

INSERT
Page 3-10

FIGURE 4

gradually improving, with several good-quality restaurants and small-scale office projects having been established in rehabilitated buildings. A case in point is the Butler Square office and specialty retail project located across First Avenue North from Block D. Once a warehouse, this handsome Romanesque building (a registered National Landmark) now contains two levels of restaurants and boutiques and seven levels of office space, totaling 250,000 gross square feet, all fronting on an interior skylight atrium.

One of the site's greatest assets is its proximity to key sources of market support. These sources include the downtown workforce, estimated at approximately 110,000 persons, the growing downtown residential population now amounting to 19,000 persons, the visitor population housed in the downtown area's 5,200 hotel rooms, and the 53,000 students and faculty of the University of Minnesota. Additionally, there is the large volume of people from the suburbs and outlying regions of the state who come into the downtown area each day to conduct personal business, shop, attend cultural events, and so on. These various populations represent latent support for a wide variety of recreation activities and ancillary services, provided that the facilities developed are responsive to differing needs and preferences and offer an exciting alternative to recreation options already available either in downtown or in suburban locations.

REGIONAL ATTRACTIONS INVENTORY

As a means of identifying the nature and extent of the recreation facility inventory in the Twin Cities, along with the need to gauge the competitive environment, the paragraphs to follow highlight major existing attractions.

Recreation Attractions

There are several major recreation attractions in the Twin Cities, which are listed in **Table 2**. The largest of these is the

valley Fair themed amusement park, located in suburban Shakopee some 25 miles southwest of the Minneapolis civic center. Valley Fair was established in 1976 with an original investment of \$12 million. It contains approximately 30 acres of amusement area themed around turn-of-the-century America, encompassing some 17 major rides, six kiddie rides, four live shows, a petting zoo, games arcade, a 1,000-seat marine amphitheater, a 500-seat IMAX theater, picnic grounds, and a 100-space campground. The attraction operates on a seasonal basis from mid-May through Labor Day, with weekend-only operations through September. Admission prices are currently \$10.50 for adults and \$9.50 for children four through eight years of age; children under four years are admitted free.

Valley Fair currently attracts some 826,000 visitors annually and, owing to the truncated operating schedule, is highly seasonal. As indicated in **Table 3**, fully 38 percent of total annual attendance is recorded during the month of August. The park's strength as an attraction rests with its appeal to suburban families and the teenage thrill-ride market, with the bulk of support originating in the states of Minnesota and Wisconsin.

Another leading family-oriented attraction in the Twin Cities is the Minnesota Zoo. The zoo was originally established many years ago in St. Paul as the Como Park Zoo & Conservatory; in 1977, a new, 485-acre facility was built in the suburb of Apple Valley approximately 20 miles south of Minneapolis and, while the Como Zoo has been upgraded and continues to enjoy a loyal following, the new facility is now the market area's major zoological park. The zoo is designed around a five-trail system, each devoted to a major animal habitat grouping. One of its main features is the multi-level Tropics Building filled with tropical plants and animals in a re-creation of an Asian rainforest. There is also a children's zoo, a beluga whale show, a dolphin show, a prairie dog exhibit, and a special Northern Trail section devoted to indigenous Minnesota wildlife.

Table 2

**MAJOR RECREATION ATTRACTIONS IN THE
TWIN CITIES AREA
1984**

<u>Name of Facility</u>	<u>Year Established</u>	<u>Total Annual Attendance</u>	<u>Entertainment Content</u>
Valley Fair (Shakopee)	1976	826,000	Rides, Shows, Games
Minnesota Zoo (Apple Valley)	1977 ¹	834,000	Exhibits, Animal Shows
Science Museum of Minnesota (St. Paul)	1978 ¹	572,000	Exhibits, Omnimax Theater
St. Paul Winter Carnival (St. Paul)	1886	1,776,000	Parades, Shows
Minneapolis Aquatennial (Minneapolis)	1940	500,000	Parades, Shows
Minnesota State Fair (St. Paul)	na	1,348,000	Exhibits, Rides, Shows

na means not available.

¹ Year moved to new facility.

Source: Harrison Price Company.

Table 3

**MONTHLY DISTRIBUTION OF ATTENDANCE AT
TWIN CITIES RECREATION ATTRACTIONS
1982 - 1983**

<u>Month</u>	<u>Valley Fair</u>	<u>Minnesota Zoo</u>	<u>Science Museum of Minnesota</u>
January	--	4.6%	9.2%
February	--	5.3	6.4
March	--	5.5	8.0
April	--	6.9	10.3
May	7.0%	10.5	8.8
June	16.0	12.1	7.2
July	30.0	18.1	8.0
August	38.0	18.3	7.4
September	9.0	8.0	4.8
October	--	5.4	14.2
November	--	3.1	10.5
December	<u>--</u>	<u>2.2</u>	<u>5.2</u>
Total	100.0%	100.0%	100.0%

Source: Harrison Price Company.

The zoo is open daily year-round until dusk and reports a current annual attendance of 834,000. Visitation is heavily concentrated in the May-September period, however (refer to **Table 3**)--67 percent of the annual total occurs during these months, with July and August together accounting for about 36 percent, a pattern reflecting the largely outdoor nature of this attraction and its popularity during school vacation periods. During winter, the zoo permits cross-country skiing along the interior trail system, affording a unique combination of animal viewing and winter sport. Zoo officials estimate that 1,500 skiers participated in this program last winter. Current admission prices for the zoo are \$3.50 for adults, \$1.75 for juniors and senior citizens, and \$1.25 for children six to 12 years of age. While most visitation originates in the local market, zoo management reports that summertime brings a considerable increase in visits by traveling families.

An outstanding attraction currently serving the Twin Cities market is the private, nonprofit Science Museum of Minnesota, located in downtown St. Paul. Originally established as the St. Paul Institute in 1907, the attraction was completely redeveloped and expanded in 1978. It is now comprised of several exhibit halls housing some 1.5 million objects spanning the range of archaeology, anthropology, natural history, geography, oceanography, astronomy, and many other scientific fields. About half the exhibits are permanent and half are rotating and all emphasize a "hands-on" experience. There is also a 335-seat Omni Theater featuring special films in the OMNIMAX format, many of them produced by the museum itself.

The Science Center is operated on a year-round basis daily except Monday and remains open until 9 p.m. throughout the year. Admission prices are \$3.00 for adults and \$2.00 for senior citizens and children 12 years or younger. A separate charge is made for the Omni Theater, priced at \$4.50 for adults and \$3.50 for seniors and children; a combination ticket is available at

\$5.50 and \$4.50, respectively. During the 1982-83 fiscal year, this attraction reported a total attendance volume of 572,000, down considerably from its 1980-81 peak of nearly 900,000. Management attributes the decline to a recessionary economy and states that so far in the current fiscal year, attendance is on the upswing again. The museum's indoor configuration and its extensive educational programs which bring many school and adult groups to the complex during nonpeak months result in an irregular attendance pattern with no pronounced seasonality. The highest attendance month--October--accounts for some 14 percent of the annual total, with November and April following at around 10 percent each. Visitor surveys indicate that the mix of attendance varies greatly by season and day of week. On mid-winter weekdays, for example, only 15 percent of total visitation is comprised of people living outside the Twin Cities metropolitan area, while on summer weekends, the tourist portion increases to more than 40 percent. Management reports that weekends account for about 50 percent of total weekly attendance regardless of time of year.

Table 4 highlights the characteristics of visitors to the aforementioned three major Twin Cities recreation attractions based on a recent survey commissioned by the Science Museum of Minnesota. As indicated, the visitor profile of all three is quite similar and also corresponds closely to the general profile for the metropolitan area at large. Valley Fair has a slightly greater orientation to large households containing children under 18 years of age than do the other two facilities, which conversely attract a slightly greater proportion of retirees and other households with few or no dependent children.

In addition to these three major attractions, there are a number of other recreation facilities and points of interest in the Twin Cities. Among the latter are Murphy's Landing in Shakopee, a restored Minnesota Valley village of the 1840-1860 era; the Minneapolis American Indian Center, featuring a variety

Table 4

CHARACTERISTICS OF VISITORS TO SELECTED
RECREATION ATTRACTIONS IN MINNEAPOLIS¹
1982

	<u>Valley Fair</u>	<u>Minnesota Zoo</u>	<u>Science Museum of Minnesota</u>	<u>All Metro Area Adults</u>
Household Size				
One Person	6%	9%	10%	11%
Two Persons	18	27	26	28
Three Persons	21	22	20	20
Four Persons	30	23	23	22
Five or More Persons	25	19	21	19
Children Under 18 in Household				
Yes	58%	50%	48%	46%
No	42	50	52	54
Employment Status of Respondent				
Employed	64%	62%	60%	57%
Retired	6	9	10	13
Student, Homemaker, or Unemployed	30	29	30	30
Income of Respondent				
Less Than \$10,000	9%	8%	9%	11%
\$10,000 - \$19,999	15	16	16	19
\$20,000 - \$34,999	43	46	48	46
\$35,000 - \$49,999	24	22	18	17
\$50,000 or More	9	8	9	7

¹ Based on a survey of 1,019 households in the Twin Cities area.

Source: Science Museum of Minnesota and Harrison Price Company.

of cultural and educational programs; the American Swedish Institute, devoted to the history, art, and traditions of Swedish-Americans; several Mississippi River excursion boats; the Minneapolis Children's Museum; the Minneapolis Planetarium; and several historical sites and museums. Added to these attractions is the 153-unit Minneapolis city park system, which encompasses a full range of outdoor sports activities, botanical gardens, bird sanctuaries, picnic areas, auditoriums, and gymnasiums.

Special Events

The Twin Cities area is also the scene of several major special events and festivals. The largest of these is the venerable St. Paul winter Carnival, which was established nearly a century ago to show that Minnesota during Winter was not, as an Eastern newspaper of the time reported, "another Siberia, unfit for human habitation." The Winter Carnival has grown into an 11-day festival of 120 events held in late January/early February, ranging from serious sports competitions to such whimsical activities as golfing in the snow and ice carving. Three major parades, jazz and symphony concerts, a fireworks extravaganza, and various other entertainment programs complete the offering. Approximately 1.8 million visits were reported for the Carnival last year, a remarkable volume indicating a high incidence of multiple visitation by the local resident population which comprises by far the greatest base of support.

The summertime counterpart of the Winter Carnival is the Minneapolis Aquatennial, a 12-day festival held each year since 1940 during the latter part of July. Said to be the largest civic celebration in the United States, the Aquatennial encompasses some 250 separate events, including parades, canoe races, hot air balloon rides, musical entertainment, and the colorful Milk Carton Boat Race. Since all events are underwritten by individual and corporate sponsors and offered free to the public, an official estimate of attendance is unavailable. However, event organizers state that total participation over the last few years

has probably ranged between 300,000 and 600,000, averaging one-half million. Because of its timing during the summer travel season, the Aquatennial attracts somewhat more tourist support than does the Winter Carnival; Minneapolis residents nevertheless contribute the bulk of attendance.

A third major special event in the Twin Cities is the Minnesota State Fair. This 12-day annual event, staged in St. Paul, is one of the oldest and largest agricultural expositions in the country. The fair's run, terminating on Labor Day weekend, attracted 1.35 million visitors last year, ranking it fifth nationally among state fairs in attendance volume. Headliner entertainment, auto racing, art exhibits, horse shows, rodeos, a midway, and some 1,100 commercial exhibits, including the world's largest display of farm machinery, comprise the fair's offering. Admission prices are \$3.50 for adults and \$1.50 for children five to 16 years of age.

Numerous other special events in the Twin Cities area include the Minnesota Renaissance Festival, which takes place in suburban Shakopee on the last two weekends of August and the first four weekends of September; the six-day Taste of Minnesota celebration held over an extended July 4 holiday; and a variety of rodeos, county fairs, parades, and folk festivals.

Performing Arts Facilities

The Twin Cities area is endowed with an inventory of performing arts facilities rivaling that of much larger cities. As presented in **Table 5**, major facilities include the 2,500-seat Orchestra Hall, home of the Minnesota Orchestra and other leading performing arts organizations; the 1,400-seat Guthrie Theater, one of the nation's most respected theatrical organizations; the 2,700-seat Orpheum Theater, a converted movie house offering Broadway road shows and other popular entertainment; and several other large-capacity auditoriums. Generally speaking, these facilities sustain an extensive calendar of events and a large

Table 5

INVENTORY OF MAJOR PERFORMING ARTS FACILITIES
IN THE TWIN CITIES AREA
1984

<u>Name of Facility</u>	<u>Year Opened</u>	<u>Number of Seats</u>	<u>Number of Events Per Year¹</u>	<u>Estimated Annual Attendance</u>	<u>Type of Facility</u>
Minneapolis					
Orchestra Hall	na	2,543	375	900,000	Concert Hall
Guthrie Theater	1963	1,441	330	350,000	Thrust Stage
Orpheum Theater	na	2,741	80-100	175,000	Proscenium (converted movie house)
Northrup Memorial Auditorium ²	na	4,810	na	na	Proscenium
Minneapolis Convention Hall	1967	8,631	150	950,000	Arena
St. Paul					
O'Shaughnessy Auditorium	1970	1,900	210	200,000	Thrust Stage
St. Paul Civic Center	1906	2,687	100	na	Proscenium

na means not available.

¹ Excludes rehearsals and other nonperformance events.

² Located on University of Minnesota campus.

Source: Harrison Price Company.

attendance volume. Major facilities are supplemented by several smaller theaters and auditoriums, including the 385-seat Cricket Theater located in the Hennepin Center for the Arts, the Park Square Theater in St. Paul, the Theater in the Round in the Riverside section of Minneapolis, the Children's Theater in downtown Minneapolis, and others. At least one major new auditorium--the Ordway Theater to be built in downtown St. Paul as a home for the Minnesota Opera and other companies--is in the offing.

In the realm of popular entertainment, there are four major dinner theaters in the Twin Cities as well, all in suburban locations--the Carlton Celebrity Room in Bloomington, the Chanhassen Dinner Theater in Chanhassen, the Old Log Theater in Excelsior, and the Radisson Playhouse in Plymouth. The Twin Cities' major rock venue is the First Avenue Club located on Block F of the subject site as discussed earlier. Rock concerts also are held in area college auditoriums and arenas.

Table 6 contrasts the audience characteristics of performing arts facility patrons based on the previously mentioned Science Museum of Minnesota survey. These facilities, as would be expected, are much more oriented to the adult, nonfamily trade than are area recreation attractions (compare **Table 4**). All facilities listed except paid rock concerts, in fact, have strong appeal to one- and two-person households, presumably "empty-nesters," young professionals, and college students. Although the difference is not dramatic, such facilities as Orchestra Hall and the Orpheum Theater also report a larger proportion of attendees in the highest (\$50,000 or more) income group, reflecting the relatively greater cost of admission for these programs.

Specialty Shopping Centers

Another entertainment category in which the Twin Cities region is well served is that of specialty shopping centers, the blend of themed architecture, fine dining, and boutique shopping that

Table 6

CHARACTERISTICS OF VISITORS TO SELECTED
PERFORMING ARTS ATTRACTIONS
IN MINNEAPOLIS¹
1982

	Guthrie Theater	Orchestra Hall	Orpheum Theater	Chanhassen Dinner Theater	Paid Rock Concerts	All Metro Area Adults
Household Size						
One Person	16%	20%	12%	14%	7%	11%
Two Persons	26	31	33	28	22	28
Three Persons	20	16	15	19	25	20
Four Persons	24	20	20	19	24	22
Five or More Persons	14	13	20	20	21	19
Children Under 18 in Household						
Yes	38%	38%	45%	44%	41%	46%
No	62	62	55	56	59	54
Employment Status of Respondent						
Employed	65%	56%	62%	63%	76%	57%
Retired	12	17	9	17	--	13
Student, Homemaker, or Unemployed	23	27	29	20	24	30
Income of Respondent						
Less Than \$10,000	9%	6%	9%	6%	9%	11%
\$10,000 - \$19,999	17	18	12	15	20	19
\$20,000 - \$34,999	45	48	46	48	44	46
\$35,000 - \$49,999	19	14	21	23	19	17
\$50,000 or More	10	14	12	8	8	7

¹ Based on a survey of 1,019 households in the Twin Cities area.

Source: Science Museum of Minnesota and Harrison Price Company.

contrasts so vividly with conventional malls. The two leading specialty centers in downtown Minneapolis are Butler Square, located adjacent to the subject site, and St. Anthony Main, located a few blocks north across the river.

Butler Square's first phase of offices and shops opened in the eastern half of the building in 1975; the second phase of offices and shops, plus the interior atrium, was completed in 1980. Of the project's total 250,000 square feet of leasable area, about 52,000 square feet represents shop and restaurant space, with six shops and three food service establishments on the first floor and 13 shops and one restaurant on the second floor, for an overall total of 23 tenants. Another six tenants will be added on completion of the Butler North building now under redevelopment. An estimate of total sales volume is unavailable, but larger retail tenants are reportedly averaging about \$190 per square foot at the present time. While Butler Square performance undoubtedly suffers to a great extent from its locational environment, the development is of exceptional quality and can be expected to improve substantially in the years ahead as renovation efforts in the Hennepin Avenue/warehouse district progress.

Now beginning its fourth phase of development is the specialty center known as St. Anthony Main. When completed, this project will encompass eight renovated warehouse and factory buildings on the north shore of the Mississippi River, totaling about 200,000 square feet of leasable area. The first phase, a 30,000-square-foot building that was part of an old mattress factory, opened in 1979, and the final phase of some 90,000 square feet should open in 1985. Cumulative investment in this Benjamin Thompson-designed project will amount to approximately \$65 million. Of the project's current total of 58 tenants, six are restaurants, five are convenience food outlets, and the remainder shops or kiosks. Another 30 restaurant and shop tenants plus a four-screen cinema will be added in the final phase

of development, bringing the ultimate total to about 90 units. St. Anthony Main has been a strong sales generator since its inception, with restaurants currently reporting sales in the range of \$400 to \$500 per square foot annually and shops between \$200 and \$300 per square foot. Management reports that about 25 percent of total visitor traffic is attributed to out-of-state tourism, most of the remaining support being derived from local residents living within about 30 miles.

Just opened in downtown Minneapolis is the 140,000-square-foot Calhoun Square specialty center, containing approximately 45 tenants, including six restaurants and fast food outlets. This project will ultimately contain 65 to 70 tenants. Currently under development are a number of others: an 80-tenant themed center to be part of the Riverplace residential/office complex at the north end of downtown; a specialty retail component in the \$500 million Heritage Landing multi-use project; and a similar component in the proposed Milwaukee Depot development. Meanwhile, neighboring St. Paul has an extensive specialty retail inventory as well, including the 160-tenant Grand Avenue district, the 40,000-square-foot Northwest Crossing project, the 100,000-square-foot Town Square development, the 55,000-square-foot Carriage Hill Plaza, Victoria Crossing, and Bandana Square. Planned developments in St. Paul encompass 110,000 square feet of specialty space as part of the Galtier Plaza project and a second phase of Town Square which could add another 250,000 to 300,000 square feet of retail space.

Clearly, the Twin Cities area is well supplied with specialty and quasi-specialty retail centers. Added to the above inventory is the extensive retail component of the skyway system, the 13-block Nicollet Mall retail district, IDS Center, City Center, and a number of other shopping areas which have a specialty orientation.

Sports Facilities

There are four major and several smaller facilities serving the Twin Cities in the realm of professional and college athletics. The American Baseball League's Minnesota Twins and National Football League's Minnesota Vikings utilize the 62,000-seat Hubert H. Humphrey Metrodome in downtown Minneapolis, while the National Hockey League's Minnesota North Stars use the 15,000-seat Met Center in Bloomington. The Metrodome is also the home stadium for the University of Minnesota's Big 10 Golden Gophers, with Williams Arena on the university campus used for college basketball and hockey games. The fourth major venue is the St. Paul Civic Center in downtown St. Paul, seating up to 18,000 spectators.

Participant sports facilities in the study area include many facilities within the city park system, the Minneapolis Athletic Club (which is currently constructing a 16,000-square-foot addition to its downtown facility), and health clubs operated in conjunction with the new Hyatt Regency Hotel and the Sheraton-Ritz Hotel. Other athletic club facilities are now in the planning stages for the Riverplace, Milwaukee Depot, and Heritage Landing projects mentioned previously. In St. Paul, a new \$5 million YMCA facility will be a major component of the Galtier Plaza project, while Minneapolis' downtown YMCA is presently assessing a plan to redevelop its existing facility as a hotel and construct a new \$9 million Y on adjacent land in tandem with an office/retail center.

Summary

The foregoing discussion reveals a diversity of recreation and entertainment opportunities in the Twin Cities. There are certain gaps, however, which together with an apparent undersupply of key recreational facilities in the downtown business district, suggest potential for the Hennepin Avenue entertainment center project. A later section of this report will expand on these opportunities.

Section 4

MARKET SUPPORT ANALYSIS

Equal in importance to the site environment is the quantity and quality of market support available to the proposed Hennepin Avenue entertainment center. This section of the report describes the Twin Cities market, including key socioeconomic characteristics of both resident and tourist components.

AVAILABLE RESIDENT MARKET

The primary resident market for a major entertainment center typically extends up to a one-hour driving radius, an area coinciding approximately with the limits of metropolitan Minneapolis-St. Paul. Salient characteristics of this market are discussed below.

Demographic Characteristics

As presented in **Table 7**, from a level of some 1.9 million people in 1970, the Twin Cities region grew to almost 2.1 million in 1980, for a 0.7 percent average annual gain. Roughly the same rate of increase is forecast for the present decade, yielding a 1990 population of 2.25 million. Thereafter, growth is expected to slow to some 0.5 percent annually, bringing the 2000 figure to about 2.4 million. A review of growth rates by component county shows that heavily urbanized Hennepin (Minneapolis) and Ramsey (St. Paul) counties are losing population to the suburbs, with especially high growth rates (albeit on a small base) in outlying Chisago and Wright counties. The most populous suburban counties are Anoka and Dakota, each with about 200,000 residents currently, and Washington County, with some 115,000 residents at the present time.

This decentralization of population mirrors nationwide trends among larger cities; however, it will be noted that a

Table 7

POPULATION TRENDS IN THE TWIN CITIES
METROPOLITAN AREA
1970-2000
(thousands)

County	1970	1980	1990	2000	Average Annual Rate of Change		
					1970-80	1980-90	1990-2000
Anoka	155	196	229	256	2.4%	1.6%	1.1%
Carver	28	37	45	53	2.8	2.0	1.6
Chisago	17	26	35	45	4.3	3.0	2.5
Dakota	140	194	256	318	3.3	2.8	2.2
Hennepin (Minneapolis)	960	941	953	926	(0.2)	0.1	(0.3)
Ramsey (St. Paul)	476	460	459	440	(0.4)	--	(0.5)
Scott	32	44	54	65	3.2	2.1	1.9
Washington	83	114	143	172	3.2	2.3	1.9
Wright	<u>39</u>	<u>59</u>	<u>78</u>	<u>100</u>	<u>4.2</u>	<u>2.8</u>	<u>2.5</u>
Total	1,930	2,071	2,252	2,375	0.7%	0.8%	0.5%

4-2

modest increase has been projected for Hennepin County during this decade, primarily due to the temporary surge in new downtown housing as discussed in the last section of this report. This short-lived phenomenon will be more than offset by suburban growth after 1990, so that whereas Hennepin County contained 45 percent of total metropolitan population as of 1980, it will drop to a 39 percent share by the end of the century.

The Twin Cities area has a comparatively young age profile, as indicated in **Table 8**. The overall median age for the nine-county region is 29.9 years, with Hennepin and Ramsey counties, along with Chisago County, somewhat older than this average. Compared to other large and medium-sized metropolitan areas across the country, as indicated in **Table 9**, the Twin Cities area represents a relatively younger market, though the differential in most cases is not substantial. It can be seen that the same counties reporting the fastest growth in population--Anoka, Dakota, Scott, Washington, and Wright--also have the highest proportion of total population in the 18 years and younger category. This reflects the movement of young families into outer suburbs in search of cheaper housing and/or employment opportunities.

The Twin Cities region also constitutes a fairly affluent market. Median household income, presented in **Table 10**, amounts to slightly more than \$27,000 annually for the nine-county area overall. Washington County, with a median in excess of \$33,000, is the most affluent of the nine. Hennepin and Ramsey counties are below the overall average, particularly Ramsey County, although income figures can be deceptive where there is a sizable elderly population with little or no income per se but with substantial assets and discretionary purchasing power. The Twin Cities region nevertheless compares favorably to other selected metropolitan areas, as listed in **Table 11**, and is well above the national average.

Table 8

AGE CHARACTERISTICS OF THE TWIN CITIES
METROPOLITAN AREA
1982

	County									Total
	Anoka	Carver	Chisago	Dakota	Hennepin	Ramsey	Scott	Washington	Wright	
Total Population (thousands)	209	40	28	212	940	457	48	123	65	2,122
Percent Distribution By Age Group:										
Less Than 18 Years	33.7%	30.8%	31.8%	32.2%	23.5%	24.8%	33.6%	32.9%	33.8%	27.1%
18 - 24 Years	12.4	13.2	10.1	11.9	14.1	15.1	11.6	10.9	10.9	13.5
25 - 34 Years	19.8	17.5	15.6	19.5	20.3	18.6	17.9	19.1	16.9	19.3
35 - 49 Years	20.4	18.1	17.9	20.1	17.1	15.8	19.1	21.1	17.1	17.8
50 Years or More	13.7	20.4	24.6	16.3	25.0	25.7	17.8	16.0	21.3	22.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Age (years)	27.0	28.4	30.4	28.0	31.1	30.4	27.7	28.2	28.1	29.9

Table 9
COMPARATIVE AGE CHARACTERISTICS
1982

<u>Metropolitan Area</u>	<u>Median Age (years)</u>
New Orleans	29.3
Dallas	29.4
Atlanta	29.8
MINNEAPOLIS-ST. PAUL	29.9
Denver	30.0
Cincinnati	30.5
Los Angeles	30.9
Milwaukee	31.0
Chicago	31.2
Seattle	31.4
St. Louis	31.6
New York	33.7
National Average	31.1

Source: Sales Management, 1983 Survey of Buying Power.

Table 10

INCOME CHARACTERISTICS OF THE
TWIN CITIES METROPOLITAN AREA
1982

	County									Total
	Anoka	Carver	Chisago	Dakota	Hennepin	Ramsey	Scott	Washington	Wright	
Total Households (thousands)	68	13	9	73	380	175	15	40	21	794
Percent Distribution by Income Category:										
Less Than \$10,000	8.3%	13.0%	18.7%	8.6%	14.8%	15.8%	12.1%	8.0%	17.3%	13.7%
\$10,000 - \$19,999	15.5	19.5	23.2	17.0	21.3	23.1	20.8	13.3	25.6	20.6
\$20,000 - \$34,999	42.1	35.0	39.9	35.1	31.4	33.3	39.1	33.9	40.0	33.9
\$35,000 - \$49,999	26.8	22.5	14.7	26.7	20.7	19.2	20.8	30.3	13.2	21.5
\$50,000 or More	<u>7.3</u>	<u>10.0</u>	<u>3.5</u>	<u>12.6</u>	<u>11.8</u>	<u>8.6</u>	<u>7.2</u>	<u>14.5</u>	<u>3.9</u>	<u>10.3</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Income	\$29,854	\$27,113	\$23,241	\$30,834	\$26,557	\$24,824	\$26,843	\$33,094	\$22,355	\$27,055

4-6

Source: Sales Management, 1983 Survey of Buying Power; and Harrison Price Company.

Table 11

**COMPARATIVE INCOME CHARACTERISTICS
1982**

<u>Metropolitan Area</u>	<u>Median Household Income</u>
Seattle	\$27,285
MINNEAPOLIS-ST. PAUL	27,055
Chicago	26,469
Denver	25,331
Dallas	25,217
Milwaukee	24,807
St. Louis	24,656
Los Angeles	23,655
Cincinnati	23,619
Atlanta	22,958
New Orleans	21,349
New York	21,211
National Average	22,000

Source: Sales Management, 1983 Survey of Buying Power.

A special tabulation was made of the immediate market in downtown Minneapolis, segmented into a one-mile radius and a one-to three-mile radius. Socioeconomic data for these areas are presented in **Table 12**. As indicated, the one-mile radius is characterized by two distinct groups: college-age and young working people on the one hand, and older single adults on the other. Three-fourths of the households in this area contain only one person, nearly all of whom are renters. Median age is a comparatively high 36 years (there are very few children living within this radius), and median income is a very low \$9,372 annually. Sixty percent of these downtown residents do not own a car.

The one- to three-mile radius is somewhat more family-oriented and relatively younger at a median age of about 28 years. Median income is also considerably higher at about \$15,000 per year, but still well below the metropolitan average (compare **Table 10**). Again, this may be attributed to a large college-age population as well as younger working people and retirees as illustrated by the concentration of population in the 18-34 years and 55-or-more years age categories. Since this immediate downtown market is a prime one for entertainment facilities on the subject site (many of these people living within walking or easy public transit distance), these demographic characteristics have important implications on the type of facilities and programs to be offered on Hennepin Avenue.

Retail Sales Performance

An important measure of the discretionary spending capability of a given market is performance in the retail trade sector. **Table 13** indicates that over the past five years, the nine-county Twin Cities metropolitan area has steadily increased its share of retail sales in the state of Minnesota, growing from 55 to 59 percent of the total; this share will continue to grow to 62 percent by 1987. The current absolute volume of Twin Cities retail sales is some \$12.2 billion, up from \$8.3 billion in 1978.

Table 12

SELECTED DEMOGRAPHIC CHARACTERISTICS OF
DOWNTOWN MINNEAPOLIS
1980 and 1983¹

	<u>0-1 Mile Radius²</u>	<u>1-3 Mile Radius²</u>	<u>Total</u>
Total Population	20,583	180,620	201,203
Percent in Group Quarters ¹	14.8%	6.7%	7.5%
Total Households	12,901	79,737	92,638
One Person	75.2%	42.2%	46.8%
Two Persons	19.1	30.8	29.2
Three-Four Persons	4.4	20.4	18.1
Five or More Persons	1.3	6.6	5.9
Average Household Size (persons)	1.36	2.11	2.01
Percent Nonfamily Households	84.0%	56.2%	60.1%
Household Type			
Owner-Occupied	7.9%	32.6%	29.2%
Renter-Occupied	92.1	67.4	70.8
Age Distribution			
Less Than 14 Years	5.4%	15.3%	14.3%
14 - 17 Years	1.3	4.3	4.0
18 - 34 Years	42.3	45.9	45.5
35 - 54 Years	18.8	13.9	14.4
55 or More Years	32.2	20.6	21.8
Median Age (years)	36.0	27.7	29.1

Table 12
(continued)

	<u>0-1 Mile Radius¹</u>	<u>1-3 Mile Radius²</u>	<u>Total</u>
Household Income Distribution			
Less Than \$10,000	53.5%	32.8%	35.6%
\$10,000 - \$19,999	26.6	30.9	30.3
\$20,000 - \$34,999	14.0	24.2	22.8
\$35,000 - \$49,999	3.7	7.8	7.3
\$50,000 or More	2.2	4.3	4.0
Median Income	\$9,372	\$14,865	\$14,758
Vehicles Per Household			
None	59.8%	31.2%	35.2%
One	35.0	44.7	43.3
Two or More	5.2	24.1	21.5

¹ Household income data refer to 1983; all other data are drawn from the 1980 census.

² Measured from Marquette Avenue at Seventh Street South.

³ Group quarters include dormitories, residence hotels, hospitals, and military installations as applicable.

Source: Special tabulation by Urban Decision Systems, Inc.; and Harrison Price Company.

Table 13

RETAIL SALES TRENDS IN MINNESOTA AND
THE TWIN CITIES AREA
1979-1987

Year	Total Retail Sales (millions)			Twin Cities As Percent of State	Minneapolis As Percent of Twin Cities
	State of Minnesota	Twin Cities SMSA ¹	City of Minneapolis		
1978	\$15,163	\$ 8,319	\$ 1,758	55%	21%
1979	17,267	9,715	1,459	56	15
1980	18,054	10,398	1,451	58	14
1981	19,721	11,485	1,454	58	13
1982	20,660	12,171	1,576	59	13
1987 (projected)	34,378	21,267	na	62	na

na means not available.

¹ Nine-county metropolitan area.

Source: Sales Management, Survey of Buying Power (annual); and Harrison Price Company.

On the other hand, there has been a trend toward decentralization of retail activity away from central Minneapolis, with the city's share of the metropolitan total dropping from 21 percent in 1978 to 13 percent currently, as new shopping facilities have proliferated in the emerging suburban population centers. The absolute volume of retail trade within the city limits also has dropped, going from about \$1.8 billion in 1978 to \$1.6 billion by 1982; if adjusted for inflation, the real loss in trade volume would be significant. The estimated 1982 volume, however, is an improvement over the prior three, recession-plagued years.

The foregoing data would seem to belie the large amount of retail development which has taken place recently in downtown Minneapolis, as described in **Section 3**. It would accordingly appear that these new projects, even though they are substantial sales generators, have not offset the loss of older downtown retail businesses through a combination of displacement by new construction, relocation to the suburbs, and business failures which undoubtedly increased during the recession.

A distribution of retail sales by major category of goods and services is presented in **Table 14**. The data indicate little difference between the state, metropolitan area, and city of Minneapolis, except in the automotive category. The city is slightly more oriented to restaurants than the metropolitan area and state as well as to the "other retail" category, which encompasses the variety of specialty retail shops found in downtown shopping districts and skyways. The latter account for 36 percent of total retail volume within the city limits, or some \$566 million in sales as of 1982.

In terms of per capita retail sales, presented in **Table 15**, the overall average of \$4,354 for the city of Minneapolis is below both the state's \$4,946 and the metropolitan area's \$5,667. In only one category--furniture and appliances--does the city appreciably exceed the statewide average, with sales of \$268

Table 14

DISTRIBUTION OF RETAIL SALES IN MINNESOTA AND
THE TWIN CITIES AREA
1978 and 1982

Retail Category	Total Retail Sales (millions)						Percent 1982 Distribution		
	State of Minnesota		Twin Cities SMSA ¹		City of Minneapolis		State	SMSA	City
	1978	1982	1978	1982	1978	1982			
Food	\$ 2,751	\$ 4,332	\$ 1,495	\$ 2,426	\$ 264	\$ 275	21%	20%	18%
Eating and Drinking Places	1,251	2,100	741	1,280	211	210	10	11	13
General Merchandise	2,244	2,666	1,520	1,961	316	234	13	16	15
Furniture, Furnishings, and Appliances	651	765	392	479	107	97	4	4	6
Automotive	3,019	3,108	1,711	1,840	275	129	15	15	8
Drug	368	650	191	354	47	65	3	3	4
All Other	<u>4,879</u>	<u>7,039</u>	<u>2,269</u>	<u>3,831</u>	<u>538</u>	<u>566</u>	<u>34</u>	<u>31</u>	<u>36</u>
Total	\$15,163	\$20,660	\$ 8,319	\$12,171	\$ 1,758	\$ 1,576	100%	100%	100%

4-12

¹ Nine-county metropolitan area.

Source: Sales Management, Survey of Buying Power (annual); and Harrison Price Company.

Table 15

PER CAPITA RETAIL SALES IN MINNESOTA AND
THE TWIN CITIES AREA
1982

Retail Category	Retail Sales Per Capita			Index of Per Capita Sales (State = 100)	
	State of Minnesota	Twin Cities SMSA ¹	City of Minneapolis	Twin Cities	City of Minneapolis
Food	\$ 1,037	\$ 1,129	\$ 760	109	73
Eating and Drinking Places	503	596	580	118	115
General Merchandise	638	913	646	143	101
Furniture, Furnishings, and Appliances	183	223	268	122	146
Automotive	744	857	356	115	48
Drug	156	165	180	106	115
All Other	<u>1,685</u>	<u>1,784</u>	<u>1,564</u>	<u>106</u>	<u>93</u>
Total	\$ 4,946	\$ 5,667	\$ 4,354	115	88

¹ Nine-county metropolitan area.

Source: Sales Management, 1983 Survey of Buying Power; and Harrison Price Company.

per capita compared to \$183. The city is also above par in the restaurant category, reporting sales of \$580 per capita versus \$503 for the state as a whole. In comparison to other large metropolitan areas, the Twin Cities are favorably positioned with respect to both overall retail sales and restaurant sales, as shown in **Table 16**, substantially surpassing the national average in both instances. The city of Minneapolis, on the other hand, compares favorably in restaurant sales per capita, but is below other large cities as well as the national average in total per capita retail sales. This is yet another reflection of growing competition from suburban shopping centers in the subject area.

The preceding analysis reveals that while the Minneapolis-St. Paul area at large constitutes a healthy, affluent retail market, much of its retail trade activity is following population out of the central urban core into the suburbs. The fact that restaurant sales have remained strong in the central area, however, demonstrates that support from downtown employees, hotel guests, and other visitors to the central business district can sustain successful enterprises oriented to the needs and preferences of these groups.

SPECIAL SUBMARKETS

Because the proposed Hennepin Avenue entertainment center will occupy a downtown location, it will have exposure to two special submarkets--college students and downtown employees--which will likely provide a strong base of regular repeat visitation. These submarkets are described subsequently.

College Population

There is a sizable college population in the Twin Cities region, as shown in **Table 17**. The area's 16 major colleges and universities have an aggregate enrollment of nearly 85,000 students, plus a combined faculty of some 6,200 people. More than half of total students and three-fourths of total faculty are

Table 16

**COMPARATIVE PER CAPITA RETAIL SALES
1982**

<u>Metropolitan Area</u>	<u>Per Capita Retail Sales</u>	
	<u>Total</u>	<u>Eating and Drinking Places</u>
Dallas	\$ 6,145	\$ 625
Seattle	6,032	830
MINNEAPOLIS-ST. PAUL	5,667	596
Denver	5,625	542
St. Louis	5,071	577
Los Angeles	4,962	560
Atlanta	4,889	546
Chicago	4,867	542
Milwaukee	4,818	566
Cincinnati	4,708	489
New Orleans	4,539	463
New York	3,770	465
National Average	4,718	461

Source: Sales Management, 1983 Survey of Buying Power;
and Harrison Price Company.

Table 17

**COLLEGE POPULATION OF THE
TWIN CITIES AREA
1982**

<u>Institution</u>	<u>Students</u>	<u>Faculty</u>
University of Minnesota*	48,000	4,700
Normandale Community College	5,000	250
College of St. Thomas	4,200	130
North Hennepin Community College	4,200	100
Anoka-Ramsey Community College	3,900	100
Inver Hills Community College	3,500	70
Metropolitan Community College*	2,600	70
Lakewood Community College	2,500	100
College of St. Catherine	2,000	130
Bethel College	1,800	90
Macalester College	1,700	130
Hamline College	1,500	140
Augsburg College*	1,500	85
William Mitchell College of Law	1,200	40
Minneapolis College of Art & Design*	600	50
Concordia College	<u>600</u>	<u>60</u>
Total	84,400	6,245

* Indicates location in or near downtown Minneapolis.

Source: Greater Minneapolis Chamber of Commerce.

found at the University of Minnesota's downtown campus straddling the Minneapolis-St. Paul city line. This campus is one of the largest higher education facilities in the nation. Three other institutions--Metropolitan Community College, Augsburg College, and the Minneapolis College of Art & Design--are located in or very near the Minneapolis central business district, adding another 4,700 students and 205 faculty to the downtown total. Other facilities listed are located either in St. Paul or in various suburbs of the metropolitan area.

During the academic year, this combined downtown college population of almost 53,000 students and 4,900 faculty members represent an important market for such facilities as restaurants, nighttime entertainment, and selected recreation activities. All attend classes and many also live within a distance of two miles or less of the subject site and can easily utilize the public transit system to reach the planned entertainment complex.

Downtown Employees

An even larger and more important submarket available to the project is the downtown employee population. A recent study of the Minneapolis office market estimated the total central business district workforce at 110,000 people as of 1982, as presented in **Table 18**. More than 15,000 new jobs were created in the downtown area between 1975 and 1982, largely the result of the considerable increase in office floor space over this period. **Table 19** indicates that some 16.3 million square feet of office space are currently contained in the downtown area, about two-thirds of it in private, competitive buildings. This represents an increase of almost 4.5 million square feet since 1975, with 80 percent of the gain associated with new Class A construction.

Because downtown employees are present year-round, five or six days per week, and most are furthermore within walking distance of the subject site via the skyway network, they constitute exceptional potential for entertainment facilities to be develop-

Table 18

EMPLOYMENT IN DOWNTOWN MINNEAPOLIS
1975-1990

Year	Total Employment
1975	95,000
1980	100,000
1982	110,000
1990 (projected)	145,000

Source: James B. McComb & Associates.

Table 19

OFFICE SPACE INVENTORY IN
DOWNTOWN MINNEAPOLIS
1970-1983
(thousands of square feet)

<u>Class</u>	<u>1970</u>	<u>1975</u>	<u>1980</u>	<u>1983</u>
Competitive Buildings				
Class A	602	1,876	1,880	5,464
Class B	2,206	2,492	2,903	2,553
Class C	1,526	1,536	1,600	2,007
Class D	<u>507</u>	<u>496</u>	<u>453</u>	<u>377</u>
Subtotal	4,841	6,400	6,836	10,401
Other Privately Owned Buildings				
Special Purpose	445	366	509	509
Medical/Dental	264	350	301	305
Owner-Occupied	1,664	1,898	2,430	2,212
Miscellaneous	<u>1,137</u>	<u>1,150</u>	<u>1,138</u>	<u>1,146</u>
Subtotal	3,510	3,764	4,378	4,172
Government Buildings	<u>1,270</u>	<u>1,720</u>	<u>1,720</u>	<u>1,720</u>
Total	9,621	11,884	12,934	16,293

Source: James B. McComb & Associates and Harrison Price Company.

ed on Hennepin Avenue. By 1990, it is expected that the downtown workforce will rise to 145,000 people (refer to **Table 18**). Netting out time off for vacation, holidays, and sick leave, an average of 220 working days per year per employee yields roughly 32 million person-trips to the downtown area for this market. Capture of even a small portion of this demand will support a wide variety of recreation and entertainment facilities.

AVAILABLE VISITOR MARKET

A third major market support category for the proposed entertainment complex is comprised of nonresident visitors to the Twin Cities area, including out-of-state tourists, business-people, convention delegates, and residents of other parts of Minnesota who come into the Twin Cities for personal errands, shopping, and visits to friends or relatives. The paragraphs to follow discuss the major characteristics of the available visitor market.

Visitor Volume and Characteristics

The University of Minnesota conducted a special study of tourism to the Twin Cities area in 1979, which represents the most recent estimate of the volume and characteristics of the nonlocal travel market. As presented in **Table 20**, this study set the total volume of tourism at some 25.2 million person-trips, approximately 80 percent of which constitutes destination, as opposed to pass-through, travelers. The leading motivation for travel was visits to friends and relatives, accounting for 27 percent of the total, followed by business at 17 percent and personal business at 15 percent. Most visitors (84 percent) arrive via auto, as shown in **Table 21**, and more than half do not remain overnight. Of those remaining at least one night, the most important lodging category is homes of friends and relatives, a factor corresponding to the aforementioned purpose-of-trip distribution.

Table 20

**ESTIMATED VISITATION TO THE TWIN CITIES AREA¹
BY PURPOSE OF TRIP
1979**

<u>Purpose of Visit</u>	<u>Total Person-Trips (thousands)</u>	<u>Percent of Total</u>
Visit Friends and Relatives	6,800	27%
Business	4,300	17
Personal Business	3,800	15
Recreation and Entertainment	2,000	8
Shopping	1,800	7
Convention	<u>1,300</u>	<u>5</u>
Subtotal	20,000	79%
Pass-Through Travelers	<u>5,200</u>	<u>21</u>
Total	25,200	100%

¹ Seven-county metropolitan area.

Source: University of Minnesota and Harrison Price Company.

Table 21

SELECTED CHARACTERISTICS OF VISITORS
TO THE TWIN CITIES AREA¹
1979

<u>Visitor Characteristics</u>	<u>Percent of Total Person-Trips²</u>
Mode of Arrival	
Auto	84%
Air	13
Bus	3
Train	*
Season of Travel	
Summer	28%
Fall	18
Winter	22
Spring	32
Accommodations Used	
Did Not Stay Overnight	53%
Homes of Friends/Relatives	29
Hotel/Motel	16
Campgrounds	*
Other	2
Origin Area	
Minnesota/Wisconsin	
Within 100 Miles	35%
More Than 100 Miles	33
Illinois	5
Iowa	9
Other Midwest	9
Other U.S.	8
Foreign	1
Average Length of Stay (days)	2.1

* means less than 1 percent.

¹ Seven-county metropolitan area.

² Distributions exclude pass-through travelers.

Source: University of Minnesota and Harrison Price Company.

Due to the Twin Cities' role as a regional commercial center, travel activity is not as seasonally pronounced as would be expected given weather conditions, with the spring quarter recording about one-third of the annual volume and the summer quarter some 28 percent. In actuality, the study found that travel from more than 100 miles away is sharply reduced during winter, but that this is offset by an increase in travel from less than 100 miles away. The fact that the majority of visitors do not stay overnight is also largely explained by origin patterns, which reveal nearly 70 percent of the total originating nearby in the states of Minnesota and Wisconsin. For visitors staying overnight, length of stay averages 2.1 days, a relatively limited duration, but one consistent with the significant proportion of visitors coming for personal or business reasons (refer to **Table 20**).

The breakdown of visitor spending shown in **Table 22** reveals that retail purchases comprise by far the leading category of expenditure, with 55 percent of the visitor dollar. This is again a reflection of the Twin Cities' importance as a regional commercial center. Food and beverages account for 17 percent of all visitor expenditures, followed by local transportation at 13 percent and lodging at 9 percent, the latter proportion being comparatively low in that so many Twin Cities visitors stay in private homes.

Convention Activity

A significant subgroup in the Twin Cities visitor market is convention delegates. As a leading Midwest convention site, the city of Minneapolis alone hosts some 414,000 convention visitors each year in about 375 separate events, as presented in **Table 23**. While the recent recession has caused a temporary downturn in convention activity, Minneapolis Convention Bureau officials state that demand for meeting facilities over the longer term has been so strong that a campaign is now underway to double the size of the city's main convention venue, Minneapolis Convention Hall.

Table 22

DISTRIBUTION OF VISITOR SPENDING
IN THE TWIN CITIES AREA¹
1979

<u>Expenditure Category</u>	<u>Percent of Total Expenditures</u>
Lodging	9%
Food and Beverage	17
Local Transportation	13
Entertainment and Recreation	6
Retail Purchases	<u>55</u>
Total	100%

¹ Seven-county metropolitan area.

Source: University of Minnesota.

Table 23

**CONVENTION ACTIVITY IN MINNEAPOLIS
1973-1982**

<u>Year</u>	<u>Number of Events</u>	<u>Total Delegates</u>	<u>Delegates Per Event</u>	<u>Total Expenditures (millions)</u>	<u>Expenditure Per Delegate</u>
1973	378	361,129	955	\$34.7	\$ 96
1974	398	402,476	1,011	39.6	98
1975	425	403,490	949	43.6	108
1976	391	451,684	1,155	54.2	120
1977	356	422,000	1,185	53.1	126
1978	457	447,219	979	57.1	128
1979	409	460,333	1,126	103.6*	225*
1980	327	421,795	1,290	94.9*	225*
1981	321	422,962	1,318	101.5*	240*
1982	278	353,147	1,270	84.8*	240*
Ten-Year Average	374	414,624	1,109	--	--

* Methodology for estimating expenditures was changed in 1979; data are not comparable to earlier years.

Source: Minneapolis Convention and Visitors Bureau and Harrison Price Company.

Convention delegates are a prime market for restaurant dining and nighttime entertainment, but a rather weak source of support for daytime recreation activities when they are otherwise occupied. Although some convention visitors undoubtedly extend their stay in Minneapolis long enough to enjoy area attractions, particularly if accompanied by their wives or husbands, this is not an appreciable contingent.

Hotel/Motel Inventory

The strength of the business and convention market as well as recreational tourism has supported considerable new hotel construction in the Twin Cities area. **Table 24** indicates that the overall room inventory in Hennepin and Ramsey counties now stands at more than 16,000 rooms, with some 4,000 rooms added during the past four years. About one-third of the two-county inventory, or some 5,200 rooms, is located in downtown Minneapolis. There are 10 major hotel facilities in the downtown area, listed in **Table 25**, five of which are rated at least three stars in the Mobil Travel Guide. These 10 major hotel properties contain an aggregate of roughly 2,800 rooms and are equipped with meeting and convention facilities; a few offer major amenities such as indoor swimming pools and health clubs.

Adjusted Visitor Market

The previously cited study by the University of Minnesota that estimated destination visitor traffic to the Twin Cities at 20 million person-trips (refer to **Table 20**) encompassed a seven-county area. Because average length of stay in this area is comparatively short, visitors destined outside the urban core of Hennepin and Ramsey counties will be difficult to attract to a recreation/entertainment center in downtown Minneapolis. Unlike the outlying resident market, which can be exposed to marketing campaigns throughout the year, with many options as to timing of attendance, the visitor is in town only briefly. Moreover, the University of Minnesota study also included day-visitors, which

Table 24

HOTEL/MOTEL INVENTORY IN THE
TWIN CITIES AREA¹
1984

Area	Room Inventory in 1980	Additions		Room Inventory in 1984	Percent of Region
		1981	1982-83		
Minneapolis					
Downtown	3,815	540	853	5,208	32%
Suburban	6,011	1,171	568	7,750	47
St. Paul					
Downtown	1,630	--	260	1,890	12
Suburban	<u>923</u>	<u>550</u>	<u>--</u>	<u>1,473</u>	<u>9</u>
Total	12,379	2,261	1,681	16,321	100%

¹ Hennepin and Ramsey Counties.

Source: Greater Minneapolis Chamber of Commerce and Harrison Price Company.

Table 25

**MAJOR HOTEL FACILITIES IN DOWNTOWN MINNEAPOLIS
1984**

<u>Name of Facility</u>	<u>Number of Rooms</u>	<u>Mobil Rating</u>	<u>Room Rate Range</u>		<u>Special Amenities</u>
			<u>Single</u>	<u>Double</u>	
City Center/AMFAC	620	New	na	na	Convention facilities
Curtis Motor Lodge	38	*	\$35	\$35	Convention facilities, indoor pool
Holiday Inn-Downtown	325	**	56-64	64-72	Convention facilities
Hyatt Regency Hotel	540	****	75-109	90-124	Convention facilities, athletic club
Marquette Inn	282	***	95-115	105-130	Meeting rooms, private steam baths in rooms
Nicollet Island Inn	24	***	70-100	82-112	Restored historic bldg.
Normandy Motor Inn	220	**	45	49-51	Meeting rooms, indoor pool
Northstar Inn	226	***	65-85	80-100	Meeting rooms
Regency Plaza	192	**	40	46	Meeting rooms, indoor pool
Sheraton-Ritz	303	***	59-93	67-105	Convention facilities, indoor pool, health club

na means not available.

Mobil Ratings: ***** One of the best in the country
 **** Outstanding
 *** Excellent
 ** Very good
 * Good, better than average

Source: Greater Minneapolis Chamber of Commerce and Mobil Travel Guide.

represent a poor market regardless of exact destination. For these reasons, it is necessary to adjust gross estimates of tourist support to derive the primary visitor market--that component which remains at least one night and is furthermore oriented to the downtown area.

This can be accomplished through an extrapolation from hotel capacity, as presented in **Table 26**. The reported average annual occupancy rate of Twin Cities hotel/motel facilities is 65 percent which, when applied to the Hennepin and Ramsey county inventory of 16,321 rooms, yields some 10,600 occupied rooms. The latter is equivalent to approximately 3.9 million room-nights annually, or 2.8 million visitor-nights given a typical average hotel party size of 1.4 persons. Dividing the visitor-night figure by the previously mentioned 2.1-day average stay results in a total of 1.3 million individual visitors staying in hotels and motels in the urban core.

These hotel guests comprise only a portion of total overnight visitation, however, since many Twin Cities visitors stay in other forms of accommodation. Referring back to **Table 21**, it was estimated that 16 percent of all tourists, including day-visitors, utilize commercial lodging facilities. If the day-visitor contingent is excluded from the calculation, the proportion of hotel visitors rises to 34 percent of total overnight visitation. On this basis, then, the 1.3 million hotel guests imply a total overnight, urban-core visitor market on the order of 3.9 million. The latter estimate is considered to represent a reasonable and conservative approach to the estimation of tourist support available to entertainment facilities on Hennepin Avenue.

AGGREGATE MARKET SUPPORT

The aggregate market available to the proposed complex, including both residents and tourists, amounts to slightly more than 6 million people at the present time, as summarized in **Table 27**. Given time required for planning, permits and approv-

Table 26

DERIVATION OF THE TWIN CITIES¹
 PRIMARY VISITOR MARKET
 1984

	Amount
Total Hotel/Motel Rooms ¹	16,321
Estimated Average Annual Occupancy Rate	65%
Total Occupied Rooms	10,609
Total Annual Room-Nights (at 365 days)	3,872,200
Total Annual Visitor-Nights (at 1.4 persons per room)	2,765,800
Total Visitors in Hotels/Motels (at 2.1 days average stay)	1,317,100
Estimated Hotel/Motel Proportion of Total Market	34%
Estimated Total Visitor Market	3,873,500

¹ Hennepin and Ramsey counties.

Source: Minnesota Tourism Division, Greater Minneapolis Chamber of Commerce, University of Minnesota, and Harrison Price Company.

Table 27

**SUMMARY OF MARKET SUPPORT AVAILABLE
1984-1993**

	<u>Market Size (thousands)</u>		
	<u>1984</u>	<u>1988</u>	<u>1993</u>
Resident Market			
Primary (Hennepin and Ramsey counties)	1,405	1,410	1,402
Secondary (remainder of SMSA)	<u>738</u>	<u>806</u>	<u>887</u>
Subtotal	2,143	2,216	2,289
Visitor Market	<u>3,900</u>	<u>4,200</u>	<u>4,700</u>
Total	6,043	6,416	6,989

Source: Tables 7 and 26 and Harrison Price Company.

als, and construction, the earliest date that the proposed attraction could probably be in full operation is 1988, at which time the market will amount to about 6.4 million people. By 1993, the total available market will have grown to almost 7 million people. Since the resident component of this market will remain essentially constant while the tourist component continues to grow (at a conservatively assumed 2 percent average annual rate over the indicated period), tourists will account for an increasingly larger share of the total--65 percent currently and 67 percent by 1993. The extent to which the proposed facility can penetrate this market will be analyzed in **Section 6** of this report.

Section 5
CONCEPT AND FACILITY RECOMMENDATIONS

One of the major purposes of this research assignment was to define an appropriate content and scope for the proposed entertainment center that is consistent with the site environment, available market support, and the perceived recreational needs of the Twin Cities resident and tourist populations. In this section, general development criteria are listed, followed by recommendation of specific project components that, based on these criteria, appear to be logical and desirable elements of the complex.

DEVELOPMENT BACKGROUND AND OBJECTIVES

The introduction to this report noted that the proposed entertainment center is intended to be a major catalyst in the overall revitalization program for the Hennepin Avenue district and is additionally intended as a means of enhancing recreation and entertainment opportunities available in the downtown area at large. With this general background in mind, a number of development criteria were identified, which apply to the project as a whole and/or to the selection of specific facility and activity components. These criteria are:

- Sufficient "critical mass" to ensure a market response commensurate with the investment level.
- Compatibility with a downtown core environment.
- Ability to satisfy gaps in the regional recreation attraction inventory and thereby complement, rather than compete with, existing facilities.
- Basicly indoor-orientation to enable year-round operation, but with design flexibility allowing a certain amount of outdoor use in favorable weather.
- Ability to generate substantial repeat visitation.
- Appeal as a nighttime entertainment option.

- Family character, with a mix of active and passive entertainment programs that will encourage broad popular support.

Economic Viability of the Mix

In light of the above criteria, a large number of potential project components, major and minor, were examined during the course of the study. Many were ultimately rejected because they failed to meet key criteria either alone or in combination with other components. Performing arts facilities were excluded, for example, because of the extensive existing inventory of such attractions in the Twin Cities and because the Hennepin Arts Center on the subject property already furnishes a highly visible performing arts component. Local authorities interviewed mentioned a need for a mid-size auditorium of perhaps 1,000 seats; however, such a facility would be designed for community performance organizations with limited financial resources. The consequent necessity of heavily subsidizing theater construction and operation was considered incompatible with the objective of maximizing the project's revenue-generation capability.

Similarly, a major specialty shopping component was also rejected. The Twin Cities area, as discussed previously, is well supplied with attractions of this type, including the outstanding Butler Square development on the immediate periphery of the subject site. The extent of competition and the poor performance of some recently opened projects suggests that the market area may be saturated, if not overbuilt, at the present time. It may be that such a component will find a market over the longer term, but it is considered to represent a greater than average risk for near-term implementation.

Another facility category closely examined but ultimately rejected was a major amusement ride component. Preliminary conceptual plans for the Hennepin Avenue entertainment center featured a custom roller coaster and giant ferris wheel, plus a

number of lesser rides, as an illustrative focal point for the complex. The ride area would be enclosed in a glass "envelope" to allow all-weather operation while simultaneously creating a dramatic, high-profile facade for the project. While this proposal has a certain merit in terms of its visual impact and uniqueness, it proved infeasible on careful analysis of its cost versus revenue-generation potential. An additional consideration was the strong competitive presence of the Valley Fair amusement park in the local ride market.

Following elimination of the aforementioned and other selected facilities from the original list of candidates, a development program suitable for a multiple-activity family entertainment center emerged. Described subsequently, this program is intended to create a festive, wholesome environment for social gathering, active recreation, casual browsing, and evening entertainment. As such, it will play a role in community life not unlike that of Tivoli Gardens in Copenhagen. It will make maximum use of music and sound systems, night-lighting, color, and landscaping. All facilities will be complementary to one another, thematically integrated, and sensitive to a downtown environment.

RECOMMENDED FACILITIES

A total of 12 attractions were ultimately selected as desirable and appropriate components of the entertainment center complex. These facilities are listed on the matrix in **Figure 5**, which indicates their affinities as to age group, the time of day they are most likely to experience peak usage, and key target markets for which they should have greatest appeal. The paragraphs to follow describe each component in greater detail. Certain of these facilities presume the participation of independent organizations in the Minneapolis area; it should therefore be noted that no discussions have yet been held with any of these organizations relative to interest in participation. Rather, the intent of this study is to present a preliminary analysis of recommended facilities that will stimulate interest

Figure 5

AFFINITY MATRIX FOR RECOMMENDED RECREATION/ENTERTAINMENT FACILITIES

Facility	Age Group Affinity				Time of Day Affinity		Market Affinity		
	Children Ages 0-12	Teens Ages 13-17	Young Adults Ages 18-35	Older Adults Ages 36+	Time of Day Affinity		Downtown Employees	Tourists/ Conventioners	Local Families
					Day	Evening			
Aquarium	●	●	●	●	●			●	●
Athletic Club/Health Spa		○	●	○	○	●	●	○	●
Exploratorium/Children's Play	●				●				●
Cineplex			●	●	○	●	●	○	
Roller Skating Rink	○	●	○		●	●			○
Ice Rink (indoor)	○	●	○		●	●			○
Bowling/Billiard Center		○	●	○	○	●	●		
Wine-Tasting Parlor			●	●	○	●	●	○	
Beer Garden			●	●	○	●	●	○	
Ballroom Dance Club			●	●		●			
Teen Nightclub		●				●			●
Mini-Midway	●	●	○		●	●			●
Gourmet Grocery			●	●	●	○	●		○

● Strong Affinity
○ Moderate Affinity

in and establish an economic basis for future discussions among affected agencies and individuals.

Aquarium

The recommended "flagship" attraction of the Hennepin Avenue entertainment center is a major, high-quality aquarium featuring an array of tropical fish, birds, and selected aquatic reptiles and mammals. A facility of this nature constitutes a noticeable gap in the regional recreation inventory and would have broad appeal across all age groups, with a particular affinity to families. Potential for generation of group business from schools and adult organizations outside summer months would mitigate seasonality of attendance much as it has at the Science Museum in St. Paul, while a central location in downtown Minneapolis would be an asset in garnering support from the visitor market. An aquarium is an indoor attraction by nature and would create year-round oasis in the heart of downtown.

The prototype for this facility is the National Aquarium in Baltimore, Maryland, which opened in August 1981 on Pier 3 of Baltimore's Inner Harbor. This \$28-million project, entirely funded by the city, was initiated with a \$7.5-million bond issue. It is city-owned, but operated by the private, nonprofit Baltimore Aquarium, Inc. and sustained by operating revenues from admissions (currently priced at \$4.50 for adults and \$3.50 for children and senior citizens), food and merchandise sales, memberships (totaling 50,000 currently), and donations.

There are seven levels in the complex, which contains in the aggregate more than 1 million gallons of fresh and salt water and 5,000 specimens representing 600 species of fish, birds, mammals, amphibians, and reptiles. The entry level is located on the second floor, where there is a seal pool, visible from almost every point in the building, along with a shark tank, a 275-seat auditorium for special programs, and a gift shop. The third level features exhibits devoted to Maryland aquatic life, both

riparian and marine, while the fourth level contains the main scientific/educational exhibits, including an unusual audio-visual display on adaptation techniques. The fifth and sixth levels contain coral reef exhibits, a delight for children, who are permitted to handle horseshoe crabs, sand dollars, starfish, and other creatures of the tidal pool.

The physical and thematic focal point of the attraction is the 64-foot glass pyramid housing the tropical rainforest on the seventh level. Here, exotic Amazonian vegetation, a waterfall, streams, and a myriad of colorful birds, lizards, fish, snakes, and frogs illustrate the variety of plant and animal life dependent on water. Visitors tour this level, which totals some 5,600 square feet of area, on a series of meandering footpaths. From here, visitors descend by means of a ramp system to the first level, which has an "underwater" observation point for the shark tank plus an exhibit expressing the need for environmental protection. Visitors then return to the second level to exit.

The National Aquarium expected to host between 400,000 and 600,000 visitors during its first full year of operation; in reality, attendance passed the 1 million mark within seven months. Current annual attendance is roughly 1.5 million. During summer months, up to 60 percent of total visitation is derived from tourism, with the remainder originating in the regional resident market. Outside the summer, the proportions are approximately reversed. The aquarium operates daily year-round from 10 a.m. to 5 p.m., except for Friday's "Family Night," when hours are extended to 8 p.m. The attraction has been so successful that management is now evaluating a major physical expansion program.

Development of a major aquarium in downtown Minneapolis is obviously an ambitious undertaking. In today's dollars, a facility akin to that in Baltimore represents a minimum investment of \$30 million, which would likely be primarily or entirely funded

from public sources. The willingness and capability of the city of Minneapolis and possibly the state or federal government to fund this project must be thoroughly explored as it is doubtful that sufficient private financing (a corporate endowment, for example) is a realistic alternative. Once built, a successful aquarium can be self-supporting as demonstrated by Baltimore, the New England Aquarium in Boston, and other attractions of this type around the country, especially when located in a multi-use project (like Baltimore) where there is a synergistic impact from adjacent facilities. Public benefits to be gained from the operation include increased tax revenues from admissions and food/merchandise sales, new visitor spending derived from tourists plus the multiplier effects of this spending, and new employment opportunities (the Baltimore attraction maintains a permanent staff of some 100 persons). Qualitative benefits include the provision of a major recreational/educational opportunity for local residents and the prestige associated with sponsorship of a first-rate aquarium.

Athletic Club/Health Spa

Another major component recommended for the proposed entertainment center is an athletic club and health spa catering mainly to downtown employees. A considerable transformation has occurred in the health facilities field during the past three decades. Up until mid-century, health clubs--then usually little more than gymnasiums for weightlifters and aspiring boxers--served an exclusively male clientele and were most often located in dingy urban neighborhoods. In the early 1950s, a revolution of sorts took place in this industry when the Vic Tanny health clubs were organized as a franchise operation and spread rapidly into fashionable downtown shopping districts and suburban population centers. These facilities were attractively designed, well-equipped and, above all, clean. For the first time, women were actively encouraged to participate, often in the form of "family" memberships that, together with the vast improvement in the physical plant, gave the traditional gymnasium a completely new

image. Meanwhile, numerous imitators sprang up in the form of "figure control salons" devoted exclusively to women.

This revolution, however, was a mixed blessing. The Vic Tanny operations and many imitators were aggressively promoted with hard-sell techniques bordering on fraud. These practices ultimately resulted not only in gross over-expansion, but also a bad public reputation. The ensuing financial collapse of Vic Tanny set the industry back nearly as much as it originally advanced it. Some of the figure salons survived, but were required to meet more stringent contractual standards.

Near the end of the 1960s, however, a physical fitness craze of unprecedented proportions began to sweep the country, this time bringing in its wake well-managed, technologically sophisticated, and properly (but still aggressively) marketed health clubs and fitness centers that are reaching ever-increasing segments of the population. The leading edge of this trend is represented by privately owned, membership-sustained health clubs, typically located in downtown office employment centers where a large number of people willing to pay substantial dues for the privilege of membership can be attracted. More than just a gymnasium, these clubs provide a wide range of services and facilities encompassing aerobic exercise, running tracks, racquetball or handball courts, saunas, indoor swimming pools, massage, tennis, yoga, and medically supervised physicals and stress tests. Smaller clubs usually furnish one set of facilities shared by men and women on a mixed-participation and/or alternating schedule basis. Where market support justifies it, larger clubs have been developed with segregated facilities. Peak hours of usage in downtown locations are 11:30 a.m. to 1 p.m. and from 5 to 8 p.m., reflecting employee patronage during the lunch period and after work. Some facilities also report substantial usage between 6 and 8 a.m.

More traditional health clubs--notably the YMCA operations--have also responded to demand for modern, technologically advanced physical fitness facilities. Although mandated to serve a broader public through comparatively modest membership and use fees, Ys have nevertheless begun to upgrade their activity and equipment offering insofar as possible given budget restrictions. A case in point is the downtown Minneapolis YMCA which, as mentioned earlier in this report, is presently studying the development of new quarters. Because Y facilities are economically accessible to a wider segment of the population--encompassing the sizable middle to lower ranks of the downtown workforce and college students--they represent a more appropriate component of the proposed entertainment center than a private health club. Several pending development projects in the downtown area will include a private athletic facility as discussed in **Section 3**, which may imply intense competition for the limited upper-income market. Moreover, an "elitist" image may not be compatible with the objective of maximizing the popular appeal of the center as a whole.

HPC accordingly recommends that discussions be opened with management of the Minneapolis YMCA to explore participation in the Hennepin Avenue entertainment center project. Potential benefits to the project include the steady, year-round patronage associated with an athletic club, broad age-group appeal, and the synergistic generation of demand for post-workout dining and socializing at other facilities to be located in the complex. From the YMCA's point of view, the Hennepin Avenue location could boost membership support appreciably through the exposure provided by a high-profile site linked directly to a skyway branch serving three large parking ramps. There may also be financial advantages in joining with other developers to create a major multi-use complex.

Exploratorium/Children's Play Center

A third major component recommended for the Hennepin Avenue project is a combination "Exploratorium" and children's play center. The Exploratorium concept was pioneered in San Francisco some years ago as a means of introducing children to basic scientific principles in an entertaining, intellectually challenging, "hands-on" manner. Generically, it is a museum, but with a radically different approach to the presentation of exhibits. For example, children learn about leverage by pulling and climbing on a series of imaginatively arranged ropes and pulleys. The power of magnetic fields is demonstrated by having children manipulate a set of magnets through a specially designed display of iron filings, while static electricity is shown by having them crank a generator and watch the arc jump from one point to another in the display. Children may also listen to their heartbeat or see it trace a pattern on an oscilloscope. Gravity, centrifugal force, and the splitting of light through a prism are among the many other scientific principles articulated in exhibits ranging from the very simple to the exotic.

The idea for the Exploratorium originated with scientists at the University of California at Berkeley and other area research laboratories, who devised many of the exhibits. A common denominator of these exhibits is that most are very easy to build and virtually indestructible, enabling repeated heavy use by energetic youngsters. Children can be occupied for several hours in these activities and, because exhibits and presentation techniques are changed periodically, there is always something new and interesting to explore, thus encouraging a high rate of repeat visitation. The San Francisco Exploratorium is a private, nonprofit operation attracting some 350,000 visitors per year, most of them groups of children from local schools. It operates from 11 a.m. to 5 p.m., Wednesday-Sunday during the summer and Wednesday-Friday at other times of the year. Adults are charged a nominal admission fee of \$1.50, whereas teens and children for whom the facility is aimed are admitted free.

Due to the nonprofit, educational nature of this kind of attraction, development of an Exploratorium in Minneapolis will require sponsorship; however, it is not an expensive undertaking. University of Minnesota scientists, for example, might team with their counterparts at 3M Corporation, Medtronic, and other leading Twin Cities companies to design exhibits and underwrite the cost of facility construction. The result would be an outstanding educational service to area schoolchildren in a high-exposure location. Meanwhile, the project would benefit from the addition of a unique attraction in keeping with family-oriented recreation. Unlike the San Francisco facility, which is located in a residential neighborhood removed from other activity centers, the Minneapolis Exploratorium could be open six or seven days per week year-round to maximize attendance potential. Operations would likely be confined, however, to daytime and early evening hours, say from 11 a.m. to 7 p.m.

To enhance recreational opportunities for young children within the complex, HPC recommends combining the Exploratorium with a children's play center. The prototype in this case is the Eric MacMillan-designed Children's Village at Ontario Place in Toronto or Cap'n Kidd's at San Diego's Sea World. The proposed complex would contain 20 to 30 fanciful apparatus for the enjoyment of children, which are far more engaging than the typical equipment found in conventional playgrounds throughout the country--climbing on broad sweeps of cargo netting, bouncing on huge, air-inflated cushions, swinging on thick knotted ropes, "swimming" through a "sea" of brightly colored plastic balls, crawling, sliding, and jumping through a miniature obstacle course, and similar activities.

Existing play centers of this type record a high rate of utilization, including substantial group business for birthday parties and the like. Experience has indicated that parents enjoy watching the play activity as much as children enjoy parti-

icipating in it, but for adults wishing to pursue other activities while leaving their children in a safe, supervised environment, a play center is the perfect "babysitter." For this reason, this attraction is a highly desirable component of a mixed-use project. An indoor/outdoor configuration is recommended to provide more options in the design of play apparatus, with the outdoor portions closed off during inclement weather and in winter when usage will likely decline anyway. Operations outside the peak summer season would probably be limited to weekends and school holidays. Unlike the Exploratorium, an admission fee would be charged for the play center, which should sustain operating costs associated with both attractions.

Cineplex

Another distinctive entertainment component recommended for the entertainment center is a Cineplex facility. The Cineplex concept, which originated in Canada, is as radical a departure from conventional film exhibition techniques as Toronto's Children's Village is from conventional playgrounds. The first Cineplex facility had its debut at the Eaton Centre office and retail complex in Toronto in 1979 and met with enthusiastic market response. The facility consists of 21 individual theaters in about 43,000 square feet of total area on two levels. Seating capacities vary from 54 to 168 persons. Total seating capacity is approximately 2,000 persons, for an average theater size of 95 seats.

In addition to the 21 auditoriums, the Cineplex structure also has a large, salon-like lobby and central snack bar, a 100-seat cafe, an art exhibit area, and a book boutique featuring publications on the cinema. Screen size is smaller than in traditional theaters--most are seven feet by 12 feet, compared to the 12 feet by 24 feet found in a typical suburban multiplex--but the seats are closer and the auditorium more intimate. Spurred by the success of this original facility, the Cineplex organization now operates some 150 screens in 20 Canadian locations.

The company's first American venture was a 14-screen, \$3 million facility which opened in Los Angeles in 1982 as part of the Beverly Center interior design showroom and shopping complex. Aggregate seating capacity of this attraction is 1,250 persons, for an average of about 90 seats per theater, the largest single unit being 140 seats. About 25,000 square feet of area is contained in the Los Angeles Cineplex, which has a spacious lobby and snack bar, but omits the ancillary facilities developed at Toronto. Yet another 18- to 20-screen Cineplex is planned for a location within downtown Los Angeles' California Plaza multi-use project to open in 1986.

Aside from its unusual physical configuration, the Cineplex operation is also distinguished by its unique product--retrospective, foreign language, classic, children's, and other "specialty" films (typically 40 percent of all showings), along with recent (but not first-run) major studio releases (60 percent of all showings). In essence, it is a continuous film festival. Films of this type have a dedicated, but limited following and costs associated with their exhibition are generally prohibitive for standard movie houses having large seating capacities and equally large overhead expenses. The Cineplex concept was designed to overcome these economic barriers and meet the more specialized needs of the film-going public. Cineplex reports that up to 75 percent of its total business comes from persons under 30 years of age, a proportion similar to that of conventional movie houses, but with a heavier concentration in the college-age bracket (18-25 years). For this reason, the desired location for a Cineplex is near a major college campus.

All presentations employ an automated rear projection system, which minimizes the number of attendants required--each movie comes on one enormous reel of 16-millimeter film, which is reflected off a mirror behind a translucent movie screen so that the audience sees it shining through. Only one or two projec-

tionists are required to operate the entire number of films scheduled for a given time period, which is far more economical than having a separate projectionist for every theater and also entails less floor area.

Despite the small average size of the theaters, they are designed for comfort and maximum viewing enjoyment. Each theater has a central bank of seats, with none jammed against the walls, and most have aisles on both sides. Once the lights are dimmed, the doors are closed and no late arrivals are admitted. Each auditorium is completely cleared of litter between performances, which average about four per day per theater. In addition to the traditional soft drinks and popcorn, the Cineplex snack bar also offers Perrier, capuccino, and espresso. A computerized ticket vending system prints tickets in advance for each performance day, which are color-coded to match directional signs within the theater complex to facilitate timely access to the correct theater. Box office queues are virtually eliminated by the advance ticketing coupled with staggered movie starting times. Cineplex usually operates daily from 10 a.m. until the conclusion of the last feature starting at 10 p.m. Admission prices are comparable to those of conventional movie theaters, except that special multiple-feature runs (a Bogart retrospective, for example) are typically offered at a discounted series price.

The size of the Twin Cities metropolitan area and its large college population suggest that a ready market exists for this type of movie product--the Cineplex organization is reportedly already scouting Minneapolis. A Cineplex is accordingly recommended for the subject attraction, where it will function as a leading entertainment "draw" and a major generator of traffic for other elements in the complex, particularly the specialty restaurants. It will also reintroduce a major cinema attraction to the downtown area, where only one conventional theater still operates at the present time.

Roller Skating Rink

A high-quality roller skating rink is also recommended as part of the Hennepin Avenue entertainment complex. After a sharp decline in the late 1950s, interest in the sport of roller skating rekindled substantially during the 1970s and, because it is inexpensive and good exercise as well as entertaining, roller skating has benefitted from the surge of public interest in physical fitness. Development of competitive skating--including the possibility of designation as an official Olympic sport--has also helped.

The Roller Skating Rink Operators Association estimates that there are 21.5 million active skaters in the United States, the North Central states--bastion of the industry--contributing about one-third of this total. It is predominantly a youth sport, with 73 percent of all participants under age 18, but is becoming more popular among adults, particularly those in their late 20s and early 30s. Roller skating is no longer thought of as strictly a low-income sport and is now enjoyed by a broad spectrum of the population. So-called "new concept" rinks are much larger, cleaner, and more imaginatively designed than their counterparts of years past, incorporating disco music, fancy lighting, sophisticated sound systems, and superior technology in rink flooring and skate construction. Typically, these new-style rinks range from 20,000 to 25,000 square feet in size--twice the size of 20 years ago--and have a skating surface of between 12,000 and 15,000 square feet.

Roller skating activity is, perhaps surprisingly, quite seasonal, and business at roller rinks is invariably concentrated during the November through April period when indoor sports options are most desired. There is also a characteristic peak on weekend evenings, although after-school sessions and weekend "matinees" are popular as well. Rinks normally have a pair of two and one-half to three-hour general public sessions on week-

days, generally from 3 to 6 p.m. and again from 7 to 10 p.m. A third session from 1 to 3 p.m. is usually added on weekends. The remaining hours of the operating schedule at rinks with extended hours are devoted to private parties, skating classes and, more and more frequently, to rentals for practice sessions of competitive skaters.

Roller skating is a location-oriented industry, meaning that the site for a roller rink must be located near the intended market (prime commercial locations, though not mandatory, are highly preferable). Generally speaking, each roller rink in a given location requires a population of 50,000 to 75,000 within a three-mile radius and 100,000 within a five-mile radius. There are more than 200,000 people residing within three miles of the subject site and upwards of 400,000 within five miles, suggesting that this area could theoretically support three or four rinks. As noted previously in this report, the three-mile radius contains a comparatively low proportion of children under 18 years of age (refer to Table 12). This would be a negative factor if the roller rink in question were a free-standing facility in a suburban neighborhood. In this instance, however, the rink's presence in a large multi-use project in a downtown area containing no other roller rinks is a significant offsetting consideration. Young people will be attracted to the aquarium, the Exploratorium and play center, the proposed teen nightclub, and so on, thus affording regular and frequent exposure of the roller rink to its intended market. Its potential to serve as a "baby-sitter" for parents engaged in other activities on-site and its popularity during winter months--which will complement such summer-peaking components as the aquarium--further heightens its desirability as a project component.

Ice Skating Rink

A year-round, enclosed ice skating rink is also proposed as a component of the Hennepin Avenue entertainment center. This recommendation does not refer to a regulation rink suitable for

hockey or ice shows, which would have an ice surface measuring 85 feet by 185 or 200 feet surrounded by grandstand seating for spectators. Construction and operation of a regulation rink is an expensive undertaking, particularly with respect to energy costs in maintaining climate control (in the United States, most such rinks are publicly subsidized and operated on a break-even basis). Rather, the type of facility recommended is that found most often in multi-use projects, the Rockefeller Center rink in New York being a famous example. This kind of rink is almost exclusively oriented to the recreational skater. It has a much smaller ice surface, often only 40 to 50 percent of regulation size, with support facilities limited to a snack bar, skate rental and sharpening service, check room, and a small amount of spectator seating. The rink's small size dictates heavy emphasis on public free-skating and instruction programs for novice- to intermediate-level skaters.

Given a large market of skating enthusiasts, a high-exposure location, and expert management, such rinks can be quite profitable. They can also add great atmosphere for those who watch. The operating schedule for an ice rink corresponds closely to that of a roller rink, with peak visitation occurring on weekend evenings and after-school hours on weekdays. Ice skating is even more youth-oriented than roller skating--studies by the Ice Skating Institute of America have shown that 90 percent of all recreational skaters are under 18 years of age. There are geographic variations in this percentage, of course; in cold-winter areas where the sport is traditional, there is a somewhat higher proportion of adult skaters who have long enjoyed this activity. Ice skating nevertheless appeals primarily to children and teenagers and, as such, will strengthen the family character of the proposed entertainment center.

The recommended ice rink should occupy a prominent, high-visibility location within the Hennepin Avenue complex. The objective is to capitalize on its value as a spectator activity

for nonskaters browsing through the center while adding to the aesthetic quality of the overall environment. To help ensure a high rate of community response, promotional efforts should center on a good instructional program marketed to schools, youth organizations, and churches, development of regular special sessions such as a "date night" on Fridays (possibly featuring live music), and periodic rental of the rink in whole or in part for birthday parties, skating club get-togethers, and other private functions.

Bowling/Billiard Center

Yet another active recreation component recommended for the subject complex is a first-rate bowling and billiard center. Bowling is generally considered to be the single most popular indoor sport in America, with over 72 million participants nationwide. Surveys by the A. C. Nielsen Company indicate that an estimated 35 percent of all families have at least one bowler and 19 percent of the national population bowls regularly. More than most other sports, it is strongly tied to league play (between 70 and 80 percent of total support), and league play is in turn closely related to place of employment. Good locations for bowling alleys therefore tend to be in commercial districts with close proximity to major employment centers. A commercial site is also better from the standpoint of the general public, the latter contributing supplemental but essential support from junior and unorganized adult pleasure bowlers.

Bowling is primarily an adult activity, with 86 percent of all players between the ages of 18 and 49 according to the National Bowling Council. Although bowling is traditionally regarded as a blue-collar sport, studies have shown that participation nevertheless rises with income despite the fact that more affluent people have a greater number of recreation options available. The average bowler participates in the sport 3.5 times per month, or 42 times per year, and averages three lines per bowling-day (equivalent to about two hours of play).

Bowling centers can have as few as 12 or as many as 72 lanes. Newer centers usually have at least 32 lanes to optimize potential for league activity. Experience suggests that a local population of 800 to 2,000 per lane is required, indicating that the area within three miles of the subject site could support a minimum of 100 lanes. Some of this apparent demand will leak to suburban centers, of course, but the convenience of the subject site to downtown employees suggests that it will be a strong competitor for the pivotal league market. Bowling centers typically operate seven days per week with long hours, perhaps 9 a.m. to midnight on weekdays and until 1 or 2 a.m. on weekends. The prime sessions of play are 6 to 9 p.m. and 9 p.m. to midnight for leagues. General public sessions are usually scheduled from 9 a.m. to noon and from noon to 3 p.m., but industry sources estimate that 60 to 70 percent of total revenue comes from the prime evening hours.

Appeal to the adult market--especially downtown employees, ability to generate nighttime business and heavy repeat visitation, and the general popularity of the sport suggest that a bowling center would be a very attractive and profitable component of the planned entertainment complex.

Wine-Tasting Parlor

The first of four specialty food and beverage/nighttime entertainment facilities recommended for the Hennepin Avenue center is a themed wine-tasting parlor. Per capita wine consumption has grown dramatically in this country over the past two decades in response to several factors, including continued increases in the quality of the domestic product, growing public interest in a lighter beverage to accompany meals or for social gatherings, and the spread of grape cultivation outside California into the Pacific Northwest, New York, and other areas. Nationally, per capita wine consumption has grown from 0.94 gallons in 1965 to 2.12 gallons in 1980, a more than two-fold

gain, with the American ratio now exceeding that of some European countries. Over the same period, total U. S. wine distribution has meanwhile risen from 190 million gallons to 479 million gallons annually.

Until the recent surge of interest in wine, tasting parlors were rarely found outside the winery itself, where they attracted a limited following of aficionados intent mainly on case purchases to stock a wine cellar. The first free-standing facilities were introduced by California's Brookside Winery in the early 1960s which, unlike their predecessors, were devoted to the mass marketing of a medium-quality, but popularly priced product, most often purchased by the bottle or in small lots. The tasting parlor concept soon underwent another change when operators independent of a specific winery began establishing sales and tasting centers offering a wide variety of wines from different makers, staffed by knowledgeable personnel who could assist customers in comparative evaluations. Additionally, the tasting parlor's traditional practice of offering tidbits of cheese or bread to "clear the palate" between sips logically evolved into a more extensive meal service, necessitating an area large enough for table seating instead of a standing-room-only tasting bar.

Today's tasting parlor, consequently, has become an intimate cafe offering light meals--salads, soups, sandwiches, and pastries--in addition to a tasting counter and display/sales area. An innovation that has only recently become common is the sale of vintage wines by the glass, whereby consumers with limited budgets can enjoy superior products at modest expense. Above all, the emphasis in a modern tasting parlor is on atmosphere--a simulated wine "cellar" or "cave," sometimes decorated with antique grape presses and other artifacts or, where weather permits, a luxuriant "grape arbor." The sales and display area is attractively arranged and features small lots (up to six bottles per carton), gift packs, and sampler kits along with the usual cases and individual bottles. Some parlors issue a peri-

odic newsletter containing articles of interest on wine, plus ads for current sales promotions. Still others sponsor informative seminars and tasting parties from time to time.

A wine-tasting facility of this general description would be a valuable addition to the proposed entertainment complex because it will offer a pleasant and unusual environment for lunchtime and evening patronage by downtown employees, provide a passive recreation experience complementing the active opportunities to be available on-site, broaden the range of adult-oriented entertainment, and contribute measurably to the profitability of the attraction as a whole.

Beer Garden

Also recommended is a sizable beer garden designed in an indoor-outdoor configuration. The basic restaurant/bar facility is envisioned as an indoor structure with a retractable glass wall on one side, adjoining a landscaped patio accessible via the glass wall when retracted. During good weather, both indoor and outdoor seating areas would be utilized, whereas only the indoor portion would be used in winter or on rainy days, thus providing flexible capacity that will help to accommodate characteristic summer peaks in operation. It is further envisioned that the beer garden would offer live entertainment--specifically, folk music from German-language and Scandinavian countries--on a nightly basis to enhance its themed ambience and marketability. A small stage or bandstand, possibly styled as a gazebo, would be positioned near the glass wall so that it could function in both the indoor-only and indoor-outdoor configurations as appropriate to the weather. The beer garden menu would span the range of Germanic and Scandinavian specialties, including a wide selection of domestic and imported beers, served attentively, but informally, by costumed personnel.

In addition to general restaurant trade, the beer garden could also be marketed for private parties, including wedding

receptions, holiday gatherings, corporate banquets, ethnic festivals, and so on. Banquet business is a significant off-season (fall and winter) revenue item for restaurants in general, and the standard seating arrangement of a beer garden--long tables shared by unrelated groups of diners--makes it a natural candidate for this activity.

Ballroom Dance Club

The third food service/nighttime entertainment establishment recommended for the Hennepin Avenue attraction is a ballroom dance club. The image of ballroom dancing as a stodgy, rather formal pursuit enjoyed only by people old enough to remember Guy Lombardo has been completely transformed in recent years with the development of competitive dancing. Telecasts of the annual National Ballroom Dance Championships have done much to promote modern ballroom dancing as an activity for energetic adults of all ages. These competitions feature athletic and glamorously attired dancers undertaking the rigorous paces of compulsory and free-style dance routines not unlike those of Olympic figure skaters. As a consequence, ballroom dancing now enjoys a broad popularity among spectators as well as participants.

A large, well-appointed dance club in the subject complex would increase the inventory of adult-oriented entertainment and would also be a major generator of nighttime business. Existing clubs usually operate from 8 or 9 p.m. to midnight or 1 a.m. six days per week. Some clubs add an early-evening instructional session whereby groups of novices can learn the fundamentals of different dances, but the main focus of activity is on the post-dinner hour time period. Aside from beverages, a limited menu of snacks and sandwiches would be available.

Perhaps more than anything else, the ballroom dance club offers a respectable environment for single adults of any age to meet one another and dance to live music. To capitalize on this aspect while furnishing a unique cachet for the dance club, HPC

suggests drawing on modern technology to create an electronic "match-maker." To illustrate, upon entry to the facility each night, patrons would have the option of filling out a brief questionnaire requesting information on sex, age, height, present degree of dancing skill, main hobbies or interests, favorite foods, traits most desired in the opposite sex, and other factors--both serious and playful--that would then be processed by means of a computer programmed to generate compatible matchings. The resultant pairings of dance partners would be flashed on a large overhead screen, and the designees would go to a preassigned place in the club to be officially introduced by a member of the staff. The electronic match-maker would function both as an "ice-breaker" for unattached customers and as an excellent promotional tool for the club.

Another promotional opportunity that may become available to the dance club is inclusion on the ballroom dance competition circuit. A substantial amount of media attention typically accompanies these events, especially when locally based contestants qualify for advanced rounds of the competition. The main purpose of the recommended club, however, would be for recreational dancing by Twin Cities residents at large.

Teen Nightclub

The youth-oriented counterpart of the ballroom dance club and the fourth major food service/nighttime entertainment facility recommended for Hennepin Avenue is a teen nightclub. There are several examples of this type of operation around the country, including The Odyssey in Los Angeles and the Youth Hotel at the Las Vegas Hilton (which provides dormitory accommodations in addition to a nightclub and daytime recreation center). These clubs are designed to provide, for a modest admission fee, an evening of dancing and socializing for young people under drinking age in a wholesome, safe environment. The format may be disco or rock music (or a mixture), preferably live if rock. Food service would be comprised of teenage favorites such as

hamburgers, hot dogs, french fries, tacos, and the like, with beverages limited to soft drinks and fruit juices. A self-service system will minimize labor costs, while the use of disposable containers will avoid the problem of breakage. To reinforce the image of the club and ensure the security of its young guests, firm but unobtrusive adult supervision would be provided; a dress code may also be enforced.

Teen clubs typically open at 7 p.m. and close at 10 p.m. on weekdays and midnight on weekends. Their chief market is teens 14 to 17 years of age. Dance contests, "marathon" dances, and frequent theme evenings (a Halloween masquerade, for example) add variety to the activity program and encourage repeat visitation. An attraction of this type would fill an important niche in the subject complex by offering teenagers a complementary alternative to more casual, sports-oriented facilities such as the roller rink. It will also contribute to the family character of the project, generate substantial repeat visitation, and expand the nighttime entertainment content of the project.

Mini-Midway

Another major component recommended for the Hennepin Avenue entertainment center is a mini-midway. This attraction would borrow the features of the traditional county fair midway, but on a smaller scale and in a high-quality manner. A useful point of reference is the Fun Factory attractions, which originated in Honolulu and have since been developed on the Mainland. The Fun Factory concept, intended for locations in major shopping malls, is equally suitable to multi-use projects. It includes a selection of the best among modern electronic games, skee ball, an imaginatively designed electronic shooting gallery, pitch games, and a couple of kiddie rides, all grouped around an elevated refreshment stand and small seating area.

In adapting the concept for Hennepin Avenue, HPC recommends elimination of the kiddie ride component, which has a limited

Prototypes for this attraction are found throughout the country, most often in affluent suburbs where they furnish an appealing, albeit high-cost alternative to sterile, service-deficient supermarkets and convenience groceries. The keynotes to such operations are friendly, knowledgeable employees who can answer questions on grocery selections, advise on planning for dinner parties, and the like, and the quality of merchandise sold--as a matter of practice, gourmet grocers usually deal with as myriad of small growers and suppliers who can guarantee top-quality merchandise rather than large, mass-market wholesalers or

Rounding out the list of specific components recommended for the Hennepin Avenue complex is a high-quality "farmer's market" featuring prime meats, seafood, produce, and gourmet packaged foods. An operating of this type would be a colorful high-revenue operation with potentially strong appeal to downtown residents and employees (there is currently no grocery of any kind in the downtown area).

Gourmet Grocery

The role of the mini-midway in the complex would be incidental since it lacks sufficient drawing power to be a destination in itself, but it nevertheless provides an important supplementary activity and can also add an ingredient of color and excitement if designed with maximum visual impact in mind. Games operations, furthermore, can be quite profitable owing to comparatively low development and operating costs.

market of very young children who are already well served by the Exploratorium/play center. Instead, emphasis should be placed on creating an attraction for the whole family, for college students, and for adult visitors looking for a few minutes' diversion in between other activities at the site. Adults enjoy electronic games as much as children when the offering includes sophisticated, challenging games that require a certain amount of skill.

brokers where quality is not always first-rate nor consistent. In addition, a wide selection of imported food products, particularly packaged foods and "out-of-season" produce, are typically available. The service aspect, furthermore, can be enhanced and offered as quasi-entertainment by periodic staging of informative programs featuring experts on produce selection, cooking, and so on.

To be sure, a downtown location implies certain logistical problems for an operation of this type, including traffic generated in daily deliveries of fresh products, removal of waste and spoilage, compliance with local health ordinances, and the need for immediately adjacent parking for customers. A street-level location with provision for easy access by both service vehicles and customers is thus mandatory. Assuming these problems can be surmounted, a gourmet grocery would be an appealing addition to the Hennepin Avenue project and should enjoy a complementary relationship to other facilities recommended through potential to tap an impulse trade as well as function as a distinction in its own right.

Section 6

PROJECTED ATTENDANCE AND PHYSICAL PLANNING GUIDELINES

Attendance volume achieved by a recreation attraction is a function of several interrelated factors, including market size and socioeconomic characteristics, the scope and content of the project, location, the length of the operating season, pricing policy vis-a-vis entertainment value offered, and the strength of competition. The concept recommendations described in the last section of this report are designed to optimize the subject attraction's position relative to these factors, with the aim of creating enough "critical mass" and synergism among facilities that the project can have a substantial impact on its available market. This section of the report now estimates attendance or patronage for component facilities, individually and collectively, and establishes associated sizing guidelines.

ESTIMATED VISITATION AND SIZING FOR COMPONENT FACILITIES

In the paragraphs to follow, attendance forecasts are prepared for each of the 13 recommended facilities. Physical capacity requirements are then derived based on the expected magnitude of attendance as well as considerations intrinsic to the nature of each type of activity.

Aquarium

The proposed aquarium will be one of the most prominent components of the Hennepin Avenue entertainment complex. As a first step in determining its attendance potential, **Table 28** shows market penetration rates achieved by several existing aquariums. The two most successful from the standpoint of impact on their respective markets are the National Aquarium in Baltimore, described in **Section 5** of this report, and the Vancouver Aquarium in British Columbia. The Baltimore facility,

Table 28

MARKET PENETRATION RATES OF
SELECTED MAJOR AQUARIUM ATTRACTIONS
1981-1982

Aquarium	Total Attendance (thousands)	Attendance Distribution		Market Size (thousands)			Market Penetration Rate		
		Resident	Visitor	Resident	Visitor	Total	Resident	Visitor	Total
National Aquarium (Baltimore)	1,500	41%	59%	2,200	2,500	4,700	28%	35%	32%
Vancouver Aquarium	700	70	30	1,200	3,300	4,500	41	6	16
Seattle Aquarium	700	na	na	2,100	4,000	6,100	na	na	12
New England Aquarium (Boston)	900	na	na	5,500	6,000	11,500	na	na	8
Shedd Aquarium (Chicago)	1,100	na	na	7,700	6,000	13,800	na	na	8
Steinhart Aquarium (San Francisco)	1,000	na	na	4,800	9,000	13,800	na	na	7
New York Aquarium	500	na	na	17,000	17,000	34,000	na	na	2

na means not available.

Source: Harrison Price Company.

as indicated, achieves a penetration rate of 28 percent of its regional resident market and an extremely high 35 percent of its visitor market. Its success in generating tourist business is largely due to its location adjacent to Harborplace, one of the nation's most outstanding specialty shopping centers. Harborplace records some 16 million visits annually and directly exposes the National Aquarium to a large number of out-of-town visitors who would not ordinarily be found in such high concentration in the Inner Harbor area.

The Vancouver Aquarium is also quite successful, attracting more than 40 percent of its available resident market and 6 percent of its tourist market. This excellent facility encompasses some elements of a sea life park (whale and dolphin shows, for example) along with static aquarium exhibits, and has recently added an Amazon rainforest section complete with caiman, anacondas, and other exotic specimens of the tropical jungle. Its impact on tourism is somewhat inhibited by its location within a huge waterfront public park on the edge of downtown Vancouver, where it is somewhat removed from the mainstream of visitor traffic. The park is a leading destination for local residents, however, which boosts the aquarium's performance in this market segment. The other facilities shown in the table have relatively lower market penetration rates than Vancouver or Baltimore, but illustrate the magnitude of absolute attendance volume which can be attained with a first-rate attraction.

Based on comparable experience and the assumption that the recommended Minneapolis aquarium will rank with the country's premier aquariums in quality and scope, **Table 29** presents estimates of market penetration and attendance for a stabilized year (normally the third or fourth year of operation, which is assumed to be 1990 in this instance). As shown, penetration of the primary resident market (Hennepin and Ramsey counties) is forecast at 35 percent, while penetration of the secondary resident market (remainder of metropolitan Minneapolis-St. Paul) is pro-

Table 29

ESTIMATED MARKET PENETRATION AND ATTENDANCE
FOR A MAJOR AQUARIUM ATTRACTION
Stabilized Year: 1990

	<u>Total Market Size (thousands)</u>	<u>Estimated Market Penetration Rate</u>	<u>Total Attendance (thousands)</u>
Resident Market			
Primary	1,407	35	492
Secondary	<u>838</u>	20	<u>168</u>
Subtotal	2,245		660
Tourist Market	<u>4,400</u>	12	<u>528</u>
Total	6,645		1,188

Source: Table 27 and Harrison Price Company.

jected at 20 percent. Overall resident market capture thus comes to some 29 percent, comparable to experience in Baltimore. A 12 percent capture rate is estimated for the visitor market, higher than Vancouver because the proposed facility will be rather better positioned with respect to tourist traffic, but lower than Baltimore where visitor market impact is an anomaly for reasons already noted.

Aggregate penetration of both resident and tourist markets is accordingly 18 percent, which translates into an absolute attendance volume of approximately 1.2 million at stabilization. It is reiterated that achievement of an attendance volume of this magnitude is contingent on the development of a world-class aquarium on the Hennepin Avenue site. To the extent that the proposed attraction falls short of this goal, attendance potential will be reduced commensurately.

To determine the implications of projected attendance on facility sizing, **Table 30** calculates "design day" planning criteria for the aquarium. Design day is a term referring to the average of the top 10 to 15 attendance days of the year and represents the optimum physical capacity of the attraction. The two highest months of attendance, as shown, are together expected to record some 30 percent of the annual total. This implies that extreme peaking is not anticipated given the year-round operating schedule and the probability that visitation from school and other organized groups during the off-season will tend to flatten the summer surge in overall visitation that would normally occur. On this basis, average weekly attendance during the peak two months amounts to about 40,000 people. Weekend days will probably account for 40 to 50 percent of the total week's attendance. To ensure adequate capacity, the higher figure has been used here, indicating that each weekend day will contribute one-fourth of the weekly total, or 10,000 people. Visitor length of stay at an aquarium is comparatively short, averaging one and one-half to two hours. The average maximum number of people in the facility

Table 30

ESTIMATED DESIGN DAY ATTENDANCE
FOR A MAJOR AQUARIUM ATTRACTION
Stabilized Year: 1990

	<u>Estimated</u> ¹
Estimated Annual Attendance	1,188,000
Attendance During Peak Two Months (at 30 percent)	356,400
Average Peak Weekly Attendance (at 8.86 weeks)	40,200
Design Day Attendance (at 25 percent of peak week)	10,100
Peak In-Grounds Attendance (at 30 percent)	3,000

¹ Some figures arbitrarily rounded.

Source: Harrison Price Company.

at any single point in time should consequently not exceed 30 percent of the design day crowd, or 3,000 people.

The foregoing requirement for a holding capacity of 3,000 people forms the basis for the aquarium sizing guidelines presented in **Table 31**. Experience at other high-quality aquariums suggests that an allowance of at least 15 square feet per person is necessary for the basic exhibit and public circulation spaces. A similar allowance is necessary for the water processing plant and other "backstage" facilities. Adding area required for one or two refreshment stands and a gift shop, overall building area comes to 94,500 square feet. It should be noted that this estimate (along with those for other component facilities to be discussed subsequently) represents net usable area; gross building area will be somewhat larger depending on the design scheme ultimately utilized.

The table also shows parking requirements associated with an aquarium attraction. An earlier section of this report mentioned that three large parking ramps are to be constructed in proximity to the Hennepin Avenue site. These are intended to serve downtown employees and will consequently experience peak usage in daytime hours on weekdays. As a result, many or most of these spaces will probably be available to the Hennepin Avenue entertainment complex, which will experience complementary peaks in usage in evening hours and on weekends. No additional, on-site parking may thus be necessary, but an illustration of the magnitude of parking requirements for the attraction may nevertheless be of interest to city planners and other local agencies. A brief analysis was accordingly conducted, which estimates that 70 percent of all aquarium visitor arrivals will be by car, 15 percent by charter bus (school and other groups), and the remainder by public transport or walking from other points in the downtown area. An average of 3.5 persons per car and 50 persons per bus yields a requirement for some 600 car spaces and nine bus spaces.

Table 31

ILLUSTRATIVE SIZING GUIDELINES FOR
A MAJOR AQUARIUM ATTRACTION
Stabilized Year: 1990

	<u>Amount</u> ¹
Building (square feet)	
Exhibit and Other Public Areas (at 15 square feet per design day attendee) ²	45,000
Snack Stand(s) and Seating Area	2,500
Gift Shop	1,000
Support Facilities (at 15 square feet per design day attendee) ³	<u>45,000</u>
Total Building Area (square feet)	93,500
Parking (number of spaces) ⁴	
Automobiles (70 percent of total at 3.5 persons per car)	600
Charter Buses (15 percent of total at 50 persons per bus)	<u>9</u>
Total Parking Spaces	609

¹ Some figures arbitrarily rounded.

² Includes lobby, restrooms, stairways or elevators, and all exhibit areas.

³ Includes mechanical and electrical service areas, water processing plant, storage, janitorial service area, administrative offices, and laboratory.

⁴ Derived from Table 30.

Source: Harrison Price Company.

Athletic Club/Health Spa

The recommended athletic club/health spa operation in the Hennepin Avenue complex is intended primarily for downtown employees. The preferred development alternative, and the assumption employed here, is the participation of the downtown Minneapolis YMCA. **Table 32** presents the market penetration experience of selected downtown Y facilities, which expresses total membership as a percent of total downtown employment in each case. The range extends, as shown, from slightly more than 3 percent up to 7.5 percent, with the weighted average for the seven facilities listed amounting to just over 4 percent. It is not yet known how many members the downtown Minneapolis Y currently has, nor what its goals are in opening a new facility. Comparable experience, however, suggests that a 3.5 percent penetration of the downtown employee population is a reasonable and conservative expectation.

Based on the forecast of 145,000 downtown workers by 1990 (refer to **Table 18**), this market penetration rate will yield some 5,100 members at stabilization, as shown in **Table 33**. National YMCA planning guidelines suggest that each member visits the Y on the average of 1.25 times per week, or 65 times per year. Total annual visits generated by members, then, would come to 331,500. Added to this are a modest proportion (estimated at 5 percent of the total) of nonmember visits--guests of members, out-of-town members, and so on--bringing overall visitation to 349,000 per year.

The amount of floor area accorded per member at YMCAs varies from as little as 10 square feet to as much as 27 or 28 square feet, the higher end of the range usually associated with facilities including a residential component. Assuming no residences in the present instance, an allowance of 15 square feet per member would provide sufficient area for a modern, well-equipped YMCA. The projected 5,100 members at stabilization thus imply a

Table 32

MARKET PENETRATION RATES OF SELECTED
DOWNTOWN YMCA FACILITIES
1982

<u>Downtown YMCA Facility</u>	<u>Total Downtown Employment</u>	<u>Total Members</u>	<u>Penetration Rate</u>
Dallas	125,000	4,409	3.53%
Houston	170,000	5,337	3.14
Louisville	50,000	3,638	7.28
Nashville	24,000	1,800	7.50
Portland	94,000	5,400	5.74
Seattle	80,000	2,850	3.56
Washington, D.C.	180,000	6,439	3.58

Source: Harrison Price Company.

Table 33

ESTIMATED ATTENDANCE AND SIZING FOR
A YMCA FACILITY
Stabilized Year: 1990

	<u>Amount of Factor</u> ¹
Projected Total Downtown Employment	145,000
Estimated Market Penetration Rate	3.5%
Total Memberships	5,100
Estimated Annual Attendance	
Members (at an average of 65 visits per year)	331,500
Other (at 5 percent of total) ²	<u>17,500</u>
Total Attendance	349,000
Recommended Facility Size (at 15 square feet per member)	76,500

¹ Some figures arbitrarily rounded.

² Includes guests of members, guests of the YMCA, out-of-town members, and no-charge participants.

³ Includes all membership facilities and support services.

Source: Table 18 and Harrison Price Company.

need for 76,500 square feet of net floor area. When discussions are formally opened with the Minneapolis Y, these membership and sizing guidelines may need refinement, but are nevertheless considered reasonable for purposes of this preliminary analysis. Since most members will undoubtedly visit the facility from work and will hence already occupy a parking space in the immediate downtown area, no incremental parking requirement is associated with this project component.

Exploratorium/Children's Play Center

Attendance and sizing estimates for the Exploratorium/children's play center component are shown in **Table 34**. As indicated, a 7 percent market penetration rate has been applied to the Twin Cities metropolitan population of approximately 2.25 million in 1990. This rate compares to a range of 4 to 10 percent for existing attractions of this type and should be a realistic expectation. On the assumption that attendance patterns at this attraction parallel those of the aquarium, the design day, peak-hour attendance will amount to about 395 youngsters. It is further assumed that the distribution of these children will be 30 percent in the Exploratorium portion, or 120 persons, and 70 percent in the play center portion, or 275 persons, reflecting the relatively greater appeal of the active play elements.

An allocation of 40 square feet per visitor for the Exploratorium (which requires a generous amount of exhibit and circulation space) and 25 square feet for the play center (where facilities are deliberately compact to encourage interactive play) results in an overall requirement for 12,000 square feet of net floor area. No parking requirement is associated with this project component since most adults will be leaving their children at the play center while they pursue other activities at the site; their parking needs will thus be accounted for in analyses of these other activities.

Table 34

ESTIMATED ATTENDANCE AND SIZING FOR
AN EXPLORATORIUM/CHILDREN'S PLAY CENTER
Stabilized Year: 1990

	<u>Amount or Factor¹</u>
Total Resident Market Size	2,245,000
Estimated Market Penetration Rate	7%
Total Annual Attendance	157,000
Estimated Design day, Peak In-Grounds Attendance (at 0.25 percent of annual total) ²	395
Probable Distribution Between Facilities	
Exploratorium (at 30 percent)	120
Children's Play Center (at 70 percent)	275
Total Area Required (square feet)	
Exploratorium (at 40 square feet per visitor)	5,000
Children's Play Center (at 25 square feet per visitor)	<u>7,000</u>
Total Area (square feet)	12,000

¹ Some figures arbitrarily rounded.

² Assumes attendance patterns correspond to those of the aquarium (refer to Table 30).

Source: Table 27 and Harrison Price Company.

Cineplex

The recommended Cineplex operation will be a major generator of visitor traffic to the Hennepin Avenue entertainment center. For planning purposes, it has been assumed that 12 theaters would be built, or somewhat less than the number at the Toronto and Los Angeles Cineplex facilities described earlier, in consideration of the smaller market in metropolitan Minneapolis. At an average of 90 seats per theater, total seating capacity would amount to 1,080 persons, as presented in Table 35. Assuming operation 365 days per year and four shows per day, total annual capacity comes to roughly 1.6 million. No theater ever achieves maximum theoretical capacity, however, due to inherent inefficiencies, vast differences in the popularity of different films, the effects of weather on attendance, and other factors. The average occupancy rate for Cineplex, moreover, tends to be lower than that of conventional movie houses because of the esoteric nature of some of the films presented and the absence of first-run movies in general. A realistic target, therefore, is about 30 percent of theoretical capacity, or 473,000 visitors annually in this instance.

The required size of a 1,080-seat Cineplex would be 14,000 net square feet, including the 12 auditoriums, corridors, projection and service space, lobby, snack bar, restrooms, and a small increment of gift shop/display space. Parking requirements are estimated at 240 spaces, or one space for every 4.5 seats. The latter estimate allows that the highest occupancy achievable is 70 percent of capacity and that 80 percent of all visitors arrive by car in parties averaging 2.5 persons in size (1,080 seats times 70 percent maximum occupancy times 80 percent arrivals by car divided by 2.5 persons). Since average occupancy is only 30 percent, it is very unlikely that this many spaces will ever in fact be needed, but potential absolute peaks in attendance must nevertheless be recognized.

Table 35

ESTIMATED ATTENDANCE AND SIZING FOR
A CINEPLEX FACILITY
Stabilized Year: 1990

	<u>Amount of Factor¹</u>
Assumed Seating Capacity (12 theaters at an average of 90 seats each)	1,080
Total Annual Number of Seats Available (based on 365-day operation)	394,200
Total Annual Capacity (at an average of four shows per day)	1,576,800
Estimated Annual Attendance (at 30 percent effective operating capacity)	473,000
Building Area Required (square feet)	
Theaters (at 10 square feet per seat) ²	11,000
Ancillary Facilities (at 3 square feet per seat) ³	<u>3,000</u>
Total Area (square feet)	14,000
Number of Parking Spaces Required (at one space for every 4.5 seats) ⁴	240

¹ Some figures arbitrarily rounded.

² Includes auditoriums, projection room, lobby, snack bar, rest-rooms, and interior corridors.

³ Includes merchandise sales area and exhibit/display space.

⁴ Allows for 80 percent arrivals by car and an average of 2.5 persons per vehicle.

Source: Harrison Price Company.

Roller Skating Rink

Table 36 derives an estimate of stabilized-year attendance at the recommended roller skating rink. As shown, there are approximately 338,000 people in Hennepin and Ramsey counties under 18 years of age. In accordance with nationwide parameters suggesting that around 70 percent of all skaters fall within this age group, the probable overall skating market (including adult skaters) would be on the order of 482,000 people. If the reported average participation rate of 25 percent is applied to this figure, the estimated number of regular (as opposed to casual) skaters comes to 120,500 people. A. C. Nielsen Company surveys suggest that regular skaters visit roller rinks on the average of 12 times per year, for an aggregate of 1.45 million skating visits in the Minneapolis market. A modern, well-designed "new concept" rink at the proposed entertainment center should be a strong contender for this market, and HPC accordingly estimates market penetration at 20 percent. This results in an absolute attendance volume of 289,000 in the stabilized year.

Sizing guidelines for the roller rink are derived in **Table 37**. As has been noted, roller skating is a rather seasonal activity and, for this reason, a peak month equal to about 20 percent of annual visitation should be allowed for, or about 58,000 people. Average weekly attendance during the peak month will therefore be 13,000 people. Further allowing for a design day crowd equivalent to one-fourth of the weekly total and a peak in-rink crowd of 25 percent of design day, the simultaneous holding capacity of the rink should be slightly more than 800 skaters. Not all of these people will actually be on the floor at once--some will be in the snack bar or check room, some momentarily resting on the sidelines, and so forth. A reasonable expectation is that a maximum of 70 percent of the peak-hour crowd will be on the floor, or 570 persons. This implies a need for 14,500 square feet of skating surface area given a typical planning ratio of 25 square feet per skater. Data from the

Table 36

ESTIMATED MARKET PENETRATION AND ATTENDANCE
FOR A ROLLER SKATING RINK
Stabilized Year: 1990

	Amount or Factor ¹
Total Population Under 18 Years of Age ²	338,000
Probable Total Roller Skating Market (assume 70 percent under 18)	482,000
Estimated Number of Regular Skaters (at 25 percent participation rate)	120,500
Estimated Annual Number of Skating Visits Generated (at an average of 12 visits per year)	1,446,000
Estimated Attendance at Proposed Roller Rink (at 20 percent of apparent demand)	289,000

¹ Some figures arbitrarily rounded.

² Hennepin and Ramsey Counties (refer to Table 8).

Source: Harrison Price Company.

Table 37

**ILLUSTRATIVE SIZING GUIDELINES FOR
A ROLLER SKATING RINK
Stabilized Year: 1990**

	<u>Amount or Factor¹</u>
Estimated Annual Attendance	289,000
Estimated Peak Month Attendance (at 20 percent)	57,800
Average Peak Weekly Attendance (at 4.43 weeks)	13,000
Design Day Attendance (at 25 percent of peak week)	3,300
Peak In-Rink Attendance (at 25 percent of design day)	815
Average Number of Skaters Using Rink (at 70 percent of peak hour)	570
Recommended Facility Size (square feet)	
Skating Surface (at 25 square feet per skater)	14,500
Support Facilities (at 60 percent of skating surface area) ²	<u>8,500</u>
Total Area (square feet)	23,000
Number of Parking Spaces Required (at 1 space per 300 square feet of building area)	75

¹ Some figures arbitrarily rounded.

² Includes spectator seating, skate rental booth, check room, restrooms, snack bar, offices, maintenance space, and storage.

Source: Harrison Price Company.

Roller Skating Rink Operators Association suggest that the ratio of support area (spectator seating, skate rental booth, check room, restrooms, snack bar, offices, and other essential facilities) to skating surface should be about 60 percent in a new concept rink. On this basis, 8,500 square feet would be needed for these facilities, bringing the overall area requirement to 23,000 square feet.

Some municipal parking codes specify that this general class of commercial building provide one parking space for every 100 square feet of facility area. Unless there is a very large number of adult skaters at a given rink, this requirement is excessive--most skaters are simply dropped off at the facility by a parent or other driver. A more realistic standard is one space for every 300 square feet of building area, indicating a need for 75 spaces for the subject roller rink.

Ice Skating Rink

Using a methodology similar to that for the roller rink, **Table 38** develops an estimate of attendance at the ice skating rink recommended for the Hennepin Avenue entertainment center. Factors employed include the probability that 80 percent of the ice rink market will be under 18 years of age as reported by the Ice Skating Institute of America, that the participation rate for regular skaters is about 30 percent in cold-winter areas, and that the frequency of visits to ice rinks is 12 times per year. The resulting annual number of ice skating visits generated in the Minneapolis market is accordingly 1.52 million. Allowing that there are several existing rinks as well as a number of outdoor skating facilities in the area, and that ice rinks have considerably higher admission charges than roller rinks (reflecting higher utilities and maintenance costs), a conservative market penetration rate of 10 percent has been projected for the proposed ice rink facility. This yields a stabilized-year attendance volume of 152,000 persons.

Table 38

**ESTIMATED MARKET PENETRATION AND ATTENDANCE
FOR AN ICE SKATING RINK
Stabilized Year: 1990**

	<u>Amount or Factor¹</u>
Total Population Under 18 Years of Age ²	338,000
Probable Total Ice Skating Market (assume 80 percent under 18)	422,500
Estimated Number of Regular Skaters (at 30 percent participation rate)	126,800
Estimated Annual Number of Skating Visits Generated (at an average of 12 visits per year)	1,521,000
Estimated Attendance at Proposed Ice Rink (at 10 percent of apparent demand)	152,000

¹ Some figures arbitrarily rounded.

² Hennepin and Ramsey Counties (refer to Table 8).

Source: Harrison Price Company.

Table 39 shows that planning factors akin to those of the roller rink indicate a requirement for 19,500 square feet of rink area. A skating surface of 12,000 square feet is included in this total, based on a ratio of 40 square feet per peak-hour skater. This is an appreciably larger allotment than for the roller rink because of the speeds achieved on ice and the need for greater maneuverability. The remaining 7,500 square feet of area encompasses spectator seating, skate rental and sharpening service, check room, restrooms, snack bar, offices, and maintenance and storage space.

Bowling/Billiard Center

In determining patronage and appropriate sizing for the bowling/billiard center at the subject site, HPC has assumed that the facility would have at least 32 lanes in order to maximize potential for league play. The National Bowling Council reports that successful, efficiently managed bowling centers can accommodate up to 100 or 110 league bowlers per week per lane. Using a slightly more conservative factor of 80 bowlers weekly per lane for the subject facility, a total annual league volume of 133,000 visits results, as presented in **Table 40**. League activity will probably account for 80 percent of all patronage, indicating that 33,000 additional visits will be contributed by unorganized pleasure bowlers. Aggregate patronage, accordingly, is 166,000 people in the stabilized year.

National Bowling Council planning factors reveal that the bowling lanes and basic support services (rental booth, spectator seating, locker rooms, billiard room, and so on) require some 900 square feet per lane, or 29,000 square feet in total for a 32-lane center. Bar/coffee shop and pro shop facilities will entail an additional 110 square feet per lane, bringing the overall size of the center to 32,500 square feet. The Council further reports that each lane typically generates a need for seven parking spaces, or 225 spaces in total for the subject facility.

Table 39

**ILLUSTRATIVE SIZING GUIDELINES FOR
AN ICE SKATING RINK
Stabilized Year: 1990**

	<u>Amount or Factor</u> ¹
Estimated Annual Attendance	152,000
Estimated Peak Month Attendance (at 20 percent)	30,400
Average Peak Weekly Attendance (at 4.43 weeks)	6,900
Design Day Attendance (at 25 percent of peak week)	1,715
Peak In-Rink Attendance (at 25 percent of design day)	430
Average Number of Skaters Using Rink (at 70 percent of peak hour)	300
Recommended Facility Size (square feet)	
Ice Surface (at 40 square feet per skater)	12,000
Support Facilities (at 60 percent of skating surface area) ²	<u>7,500</u>
Total Area (square feet)	19,500
Number of Parking Spaces Required (at 1 space per 300 square feet of building area)	65

¹ Some figures arbitrarily rounded.

² Includes spectator seating, skate rental/sharpening booth, check room, restrooms, snack bar, offices, maintenance space, and storage.

Source: Harrison Price Company.

Table 40

ESTIMATED ATTENDANCE AND SIZING FOR
A BOWLING/BILLIARD CENTER
Stabilized Year: 1990

	<u>Amount of Factor¹</u>
Assumed Number of Lanes	32
Average Number of League Bowlers Per Year (at 80 per lane per week)	133,000
Average Number of Pleasure Bowlers (assume league players at 80 percent of total)	<u>33,000</u>
Total Attendance	166,000
Recommended Facility Size (square feet)	
Bowling Lanes and Support Services (at 900 square feet per lane) ²	29,000
Bar/Coffee Shop (at 95 square feet per lane)	3,000
Pro Shop (at 15 square feet per lane)	<u>500</u>
Total Area (square feet)	32,500
Number of Parking Spaces Required (at 7 spaces per lane)	225

¹ Some figures arbitrarily rounded.

² Includes rental booth, spectator seating, locker rooms, billiard room (8 tables), offices, restrooms, maintenance space, and storage.

Source: Harrison Price Company.

Wine-Tasting Parlor

The smallest of the four food service/nighttime entertainment components of the subject attraction will be the wine-tasting parlor, which is by definition an intimate place for the enjoyment of a glass of fine wine and a light meal. It is assumed that capacity will not exceed 150 seats in order to preserve this ambience. Based on operation 365 days per year and an average of 3.5 turns daily per seat (two during the lunch period when visitor length of stay will be comparatively short and 1.5 during the evening), some 191,000 persons will be accommodated annually in this facility, as shown in **Table 41**.

Sizing guidelines for the wine-tasting parlor include an allowance of 15 square feet per seat, or 2,500 square feet in total, which provides for kitchen and service space in addition to the cafe proper. The wine sales, display, and tasting area will require another 1,500 square feet of area, for an aggregate total of 4,000 square feet for this operation. Parking requirements associated with the wine-tasting parlor are estimated at one space for every 3.5 seats based on a 90 percent maximum occupancy factor, 80 percent arrivals by car, and an average party size of 2.5 persons.

Beer Garden

The opposite of the wine-tasting parlor in terms of general ambience is the beer garden, by nature a festive, occasionally boisterous environment filled with camaraderie and music. Assuming that the proposed facility is designed in an indoor/outdoor configuration as discussed in **Section 5** of this report, it is recommended that indoor capacity be on the order of 350 seats, with supplemental outdoor capacity of about 150 seats. During the peak summer season when both seating areas are in operation, a total of 500 seats would thus be available. **Table 42** calculates patronage volume given these capacity assumptions. Because there will be full meal service and live entertainment, both of

Table 41

ESTIMATED ATTENDANCE AND SIZING FOR
A WINE-TASTING PARLOR
Stabilized Year: 1990

	<u>Amount or Factor</u> ¹
Assumed Number of Seats	150
Number of Operating Days	365
Average Daily Turns Per Seat	3.5
Total Annual Number of Patrons	191,000
Recommended Facility Size (square feet)	
Cafe (at 15 square feet per seat)	2,500
Wine Sales/Display/Tasting Area	<u>1,500</u>
Total Area (square feet)	4,000
Number of Parking Spaces Required (at 1 space for every 3.5 seats) ²	45

¹ Some figures arbitrarily rounded.

² Allows for 80 percent arrivals by car and an average of 2.5 persons per vehicle.

Source: Harrison Price Company.

Table 42

**ESTIMATED ATTENDANCE AND SIZING FOR
A BEER GARDEN
Stabilized Year: 1990**

	<u>Amount or Factor¹</u>		
	<u>Summer</u>	<u>Off-Season</u>	<u>Total</u>
Assumed Number of Seats	500	350	--
Number of Operating Days			
Weekends/Holidays	28	94	122
Weekdays	64	179	243
Average Daily Turns Per Seat			
Weekends/Holidays	3.0	2.0	--
Weekdays	2.0	1.5	--
Total Annual Number of Patrons			
Weekends/Holidays	42,000	66,000	108,000
Weekdays	<u>64,000</u>	<u>94,000</u>	<u>158,000</u>
Total Patronage	106,000	160,000	266,000
Recommended Facility Size (square feet)			
Indoor Seating (at 15 square feet per seat)	--	--	5,500
Outdoor Seating (at 15 square feet per seat)	--	--	<u>2,500</u>
Total Area (square feet)			8,000
Number of Parking Spaces Required (at 1 space for every 4.75 seats) ²			105

¹ Some figures arbitrarily rounded.

² Allows for 80 percent arrivals by car and an average of 3.5 persons per vehicle.

Source: Harrison Price Company.

which will tend to increase visitor length of stay, the seat turnover rate will probably average no more than 1.5 to three turns per day depending on the season and day of week. As the table indicates, total annual patronage should approximate 266,000 people given the turnover factors employed.

A banquet seating arrangement ordinarily entails an allocation of no more than 10 square feet per seat including kitchen and service areas; however, to allow for some type of stage for live entertainment and good sight lines from most points in the restaurant, this allocation has been increased to 15 square feet in the present analysis, indicating a need for 8,000 square feet of total area, 5,500 square feet in the indoor portion and 2,500 square feet in the outdoor portion. An estimated 105 parking spaces will be needed to service this operation based on a factor of one space for every 4.75 seats (which is in turn based on a 90 percent maximum occupancy factor, 80 percent arrivals by car, and an average party size of 3.5 persons).

Ballroom Dance Club

The recommended ballroom dance club should be large and well-appointed in order to create a major competitive presence in the marketplace. The suggested capacity is 600 seats which, based on operation six days per week and turnover factors of 1.5 on weekends/holidays and 0.5 on weekdays, results in a total annual patronage of 167,000 persons, as presented in **Table 43**. Turnover factors are comparatively low owing to the expectation that most visitors will tend to come for the entire evening, with the weekend rate higher than the weekday rate because of longer operating hours as well as the greater popularity of weekend evenings for this kind of outing.

Nightclub-style seating (small, closely spaced tables) entails a requirement of about 12 square feet per seat including bar, kitchen, and service areas, or 7,000 square feet in total for a 600-seat facility. In addition, a spacious dance floor and

Table 43

**ESTIMATED ATTENDANCE AND SIZING FOR
A BALLROOM DANCE CLUB
Stabilized Year: 1990**

	<u>Amount or Factor¹</u>
Assumed Number of Seats	600
Number of Operating Days	
Weekends/Holidays	122
Weekdays ²	191
Average Daily Turns Per Seat	
Weekends/Holidays	1.5
Weekdays	0.5
Total Annual Number of Patrons	
Weekends/Holidays	109,800
Weekdays	<u>57,200</u>
Total Patronage	167,000
Recommended Facility Size (square feet)	
Seating Area (at 12 square feet per seat)	7,000
Dance Floor and Bandstand (at 5 square feet per seat)	<u>3,000</u>
Total Area (square feet)	10,000
Number of Parking Spaces Required (at 1 space for every 2.75 seats) ³	215

¹ Some figures arbitrarily rounded.

² Assumes club would be closed on Mondays.

³ Allows for 90 percent arrivals by car and an average of 2.25 persons per vehicle.

Source: Harrison Price Company.

bandstand must be provided, the requirement for which is estimated at 3,000 square feet. Overall facility size is therefore 10,000 square feet. Roughly 215 parking spaces will be needed to service this operation given a ratio of one space for every 2.75 seats (assumptions are 90 percent maximum occupancy, 90 percent arrivals by car, and 2.25 persons per party).

Teen Nightclub

A teen nightclub comparable in scope to major existing facilities should have a capacity of roughly 400 seats. **Table 44** indicates that, again assuming operation six days per week along with turnover factors equivalent to those of the ballroom dance club, total annual patronage is estimated at 111,000 in the stabilized year. The assumed self-service format of this club will reduce aisleway and service space requirements so that an allocation of 10 square feet per seat should be ample, for a total of 4,000 square feet of seating area. Adding a dance floor and bandstand of 1,500 square feet brings combined facility size to 5,500 net square feet. Relatively few of the teen nightclub's patrons are likely to drive to the site, most being dropped off by parents. The incremental parking requirements of this attraction are thus considered nominal.

Mini-Midway

The mini-midway recommended for the Hennepin Avenue entertainment complex will not be an independent generator of attendance, but instead an impulse attraction tapping the flow of visitors to other attractions on-site. Aggregate attendance at all other facilities discussed so far amounts to roughly 3.5 million at stabilization, as presented in **Table 45**. It is estimated that 5 percent of these people would visit the midway, for a total attendance volume of 175,000. Attendance of this magnitude is sufficient to support a modestly scaled games complex, comprised for illustration purposes of 15 electronic game and skee ball units, a shooting gallery, and five "pitch" games

Table 44

ESTIMATED ATTENDANCE AND SIZING FOR
A TEEN NIGHTCLUB
Stabilized Year: 1990

	<u>Amount or Factor¹</u>
Assumed Number of Seats	400
Number of Operating Days	
Weekends/Holidays	122
Weekdays ²	191
Average Daily Turns Per Seat	
Weekends/Holidays	1.5
Weekdays	0.5
Total Annual Number of Patrons	
Weekends/Holidays	73,000
Weekdays	<u>38,000</u>
Total Patronage	111,000
Recommended Facility Size (square feet)	
Seating Area (at 10 square feet per seat)	4,000
Dance Floor and Bandstand (at 3 square feet per seat)	<u>1,500</u>
Total Area (square feet)	5,500

¹ Some figures arbitrarily rounded.

² Assumes club would be closed on Mondays.

Source: Harrison Price Company.

Table 45

ESTIMATED ATTENDANCE AND SIZING FOR
A MINI-MIDWAY
Stabilized Year: 1990

	<u>Amount or Factor¹</u>
Aggregate Attendance at All Other Facilities On-Site	3,509,000
Estimated Market Penetration Rate	5%
Total Attendance	175,000
Total Area Required (square feet) ²	
Electronic Games and Skee Ball (15 units at 50 square feet)	750
Shooting Gallery	250
Pitch Games (5 units at 200 square feet)	<u>1,000</u>
Total Area (square feet)	2,000

¹ Some figures arbitrarily rounded.

² Includes allowances for circulation space, change booth, maintenance space, and storage.

Source: Harrison Price Company.

(games in which coins, rings, or balls are tossed with the objective of winning a prize). Allowing 50 square feet per electronic game unit, 250 square feet for the shooting gallery, and 200 square feet for each of the pitch game units, the overall size of the mini-midway comes to 2,000 square feet. No incremental parking requirement is associated with this attraction.

Gourmet Grocery

Attendance and sizing estimates for the final project component, the gourmet grocery, are presented in **Table 46**. Like the mini-midway, the grocery will derive a substantial share of its total patronage from the on-site market as people strolling through the complex are tempted by the artistic and colorful array of food products and the occasional "greengrocer shows" staged for promotional purposes. A reasonable capture rate would be 3 percent of the total on-site market, for a total patronage of 105,000 from this source. Unlike the mini-midway, however, the grocery will also independently generate a certain amount of patronage from downtown residents and employees for whom it will be a convenient shopping place. HPC estimates that the on-site patronage of 105,000 will represent 50 to 60 percent of the grocery's total business, with the balance originating outside the project. Using the midpoint of this range, or 55 percent, total annual grocery patronage would amount to 192,000 people at stabilization.

The next section of this report will establish that total gross sales volume for the gourmet grocery will amount to some \$7.7 million. Existing operations of this type attain a sales ratio of between \$1,500 and \$2,000 per square foot annually, well in excess of conventional supermarkets (where the most successful stores report sales of \$600 to \$650 per square foot) and among the highest sales ratios achieved by any kind of retail operation. In the interest of conservative planning, a ratio of \$1,500 per square foot would indicate a need for approximately 5,000 square feet of net floor area in the proposed facility.

Table 46

ESTIMATED ATTENDANCE AND SIZING FOR
A GOURMET GROCERY
Stabilized Year: 1990

	<u>Amount or Factor¹</u>
Aggregate Attendance at All Other Facilities On-Site	3,509,000
Estimated Market Penetration Rate	3%
Attendance From On-Site Market	105,000
Total Attendance (assume on-site market at 55 percent of total)	192,000
Recommended Facility Size (square feet) ²	5,000
Number of Parking Spaces Required (at 1 space per 100 square feet of building area)	50

¹ Some figures arbitrarily rounded.

² Derived from Table 62.

Source: Harrison Price Company.

There is little incentive to increase the amount of area (which would dilute the sales ratio) when a sales volume at least twice that of a conventional market can be achieved in one-fifth or one-fourth the sales space. Not included in this area recommendation, it should be noted, is an allowance for service access to the grocery--trucks delivering merchandise and removing waste and spoilage--the logistics of which must be addressed in the physical master plan for the project.

The estimated parking requirement for the gourmet grocery is 50 spaces based on a ratio of one space per 100 square feet of building area. In contrast to the other facilities in the proposed entertainment complex, it is crucial that the grocery have immediately adjacent parking. Without it, sales performance will be adversely affected because customers will limit their purchases to a few easily carried items or forego a stop at the grocery altogether if it means walking several blocks to the car with a bulky package. It will also be necessary to police these spaces so that they are not usurped by visitors to other facilities in the complex.

Summary

A summary of attendance generated by all component facilities in the Hennepin Avenue project is contained in **Table 47**. In the stabilized year, or 1990, aggregate visitation will amount to approximately 3.9 million, of which about one-third will be contributed by the aquarium attraction. Attendance at the various facilities is not entirely additive, however, because some visitors will participate in more than one activity while at the site. On the other hand, some of the facilities are mutually exclusive (children visiting the play center would not also go to the ballroom dance club, for example). Taking these various trade-offs into account, it is estimated that roughly 20 percent of total visitation to all facilities except the mini-midway and gourmet grocery will in fact be shared. All of the mini-midway visitation and 55 percent of the grocery visitation will also be

Table 47

SUMMARY OF ESTIMATED ATTENDANCE
FOR THE HENNEPIN AVENUE ENTERTAINMENT CENTER
1988-1997

	Estimated Attendance ¹ (thousands)		
	<u>1988</u>	<u>1990</u>	<u>1997</u>
Aquarium	791	1,188	1,365
Athletic Club/Health Spa	232	349	401
Exploratorium/Children's Play Center	105	157	180
Cineplex	315	473	543
Roller Skating Rink	192	289	332
Ice Rink	101	152	175
Bowling/Billiard Center	111	166	191
Wine-Tasting Parlor	127	191	219
Beer Garden	177	266	306
Ballroom Dance Club	111	167	192
Teen Nightclub	74	111	128
Mini-Midway	117	175	201
Gourmet Grocery	<u>128</u>	<u>192</u>	<u>221</u>
Gross Total	2,581	3,876	4,454
Allowance for Shared Visitation (at 20 percent) ²	<u>654</u>	<u>983</u>	<u>1,129</u>
Adjusted Total	1,927	2,893	3,325

¹ Assumes attendance will be equivalent to two-thirds of the stabilized year total initially, will growth after stabilization assumed at 2 percent per year.

² Calculation assumes that mini-midway attendance would be 100 percent shared and gourmet grocery patronage 55 percent shared.

Source: Harrison Price Company.

shared as already discussed. Deduction of these shared visits leaves a residual of 2.9 million unshared visits.

In determining attendance during the other benchmark years shown--the assumed opening year, or 1988, and the assumed tenth year of operation, or 1997--the experience of other recreation and entertainment attractions provides a reliable frame of reference. First-year attendance usually represents between 60 and 70 percent of attendance volume at stabilization as the operation goes through a "shake-down" phase and becomes established in the market area. After stabilization, attendance tends to grow in accordance with the overall rate of increase in available market support. Based on this typical scenario, HPC has estimated that opening-year attendance at Hennepin Avenue attractions will be equivalent to two-thirds of stabilized volume, while the rate of growth after 1990 will be on the order of 2 percent per year. After allowing for the shared-visitation factors, total attendance in 1988 will therefore amount to 1.9 million and will rise to 3.3 million by the end of the planning period.

A summary of building area and parking requirements for all facilities discussed is presented in **Table 48**. As indicated, a total of some 305,500 square feet of net floor area will be needed, of which more than half is associated with the two largest facilities--the aquarium and athletic club. It is reiterated that these sizing guidelines are illustrative only and may be revised somewhat once project planning advances to a more definitive stage.

Aggregate parking requirements come to 1,620 auto spaces and nine bus spaces. With the exception of the gourmet grocery which, as mentioned previously, must have its own immediately adjacent parking, these requirements will probably not be this great, nor will they have to be met by on-site parking lots. To being with, the estimated shared visitation factors alone reduce the overall requirement to about 1,215 auto spaces. Secondly,

Table 48

SUMMARY OF PHYSICAL CAPACITY REQUIREMENTS
FOR THE HENNEPIN AVENUE ENTERTAINMENT CENTER

<u>Project Component</u>	<u>Building Area (square feet)</u>	<u>Parking¹ (number of spaces)</u>	
		<u>Autos</u>	<u>Buses</u>
Aquarium	93,500	600	9
Athletic Club/Health Spa	76,500	--	--
Exploratorium/Children's Play Center	12,000	--	--
Cineplex	14,000	240	--
Roller Skating Rink	23,000	75	--
Ice Rink	19,500	65	--
Bowling/Billiard Center	32,500	225	--
Wine-Tasting Parlor	4,000	45	--
Beergarden	8,000	105	--
Ballroom Dance Club	10,000	215	--
Teen Nightclub	5,500	--	--
Mini-Midway	2,000	--	--
Gourmet Grocery	<u>5,000</u>	<u>50</u>	<u>--</u>
Total	305,500	1,620	9

¹ Excludes employee parking.

Source: Harrison Price Company.

the single largest traffic generator is the aquarium, which will not remain open at night, thus freeing a large number of spaces for attractions with a mainly nighttime orientation (bowling center, Cineplex, and ballroom dance club, among others). Thirdly, estimates of parking needs have been based on possibly generous proportions of arrivals by car (70 to 90 percent), and it may well be that walk-in trade or use of public transport from nearby points in the downtown area will be more significant than estimated.

Finally, the three large parking ramps (5,000 spaces) being developed within a few blocks of the site should be more than adequate to satisfy residual parking demand. Few of the envisioned facilities will conflict with the weekday, working-hour use of these ramps since most attractions will tend to experience peak visitation on weekends and in the evenings. There will be some overlap, of course, but unless the ramps prove to be 100 percent occupied by downtown workers, this should not present a problem. These ramps should also be able to accommodate employee parking, which will not be inconsequential given the labor-intensive nature of many of the component facilities. Until a more definitive study can be made of ramp availability to the project, it would appear that no on-site parking will be necessary other than the 50 spaces for the gourmet grocery and, if they cannot be developed off-site, nine spaces for charter buses.

ILLUSTRATIVE PHYSICAL CONFIGURATION

With the foregoing sizing parameters in mind, **Table 49** presents an illustrative development configuration in order to arrive at total land area potentially absorbed by the complex. A basic assumption is that no single-story facilities would be built in keeping with the downtown environment and the associated magnitude of land costs, which will necessitate optimization of building densities. Fortunately, some of the project components (such as the aquarium, athletic club, and Cineplex) lend themselves to multi-story construction. Those which do not (such as

Table 49

SUMMARY OF LAND AREA REQUIREMENTS
FOR THE HENNEPIN AVENUE ENTERTAINMENT CENTER
(Illustrative Configuration)

	<u>Total Area (square feet)</u> ¹
Total Building Area Required (square feet) ²	305,500
Illustrative Facility Configuration	
Three-Story Components ³	57,000
Two-Story Components ⁴	<u>68,000</u>
Building Footprint Area	125,000
Allowance for Circulation, Landscaping, Open Space, and Decorative Embellishments (at 30 percent of total building area)	92,000
Illustrative Open Space Distribution (in direct proportion to building area)	
Three-Story Components ³	17,000
Two-Story Components ⁴	<u>20,000</u>
Open Space Footprint Area	<u>37,000</u>
Total Land Area Required	162,000
Total Acreage Absorbed	3.7

¹ Some figures arbitrarily rounded.

² From Table 48.

³ Includes aquarium and athletic club.

⁴ All facilities except aquarium and athletic club.

Source: Harrison Price Company.

the bowling center and skating rinks) can be stacked, thus achieving the same result.

For illustration purposes, the analysis here assumes that the aquarium and athletic club would be built in a three-story configuration and all other facilities in a two-story or stacked configuration. On this basis, total building "footprint" area would amount to 125,000 square feet. Added to this is an allowance for interior circulation, landscaping, open space, and decorative embellishments equivalent to 30 percent of total building area, or 92,000 square feet. Assuming the latter is distributed in direct proportion to building area on each level, another 37,000 square feet of land area will be absorbed by these elements. Combined land requirements thus come to 162,000 square feet, or roughly 3.7 acres.

Ultimately, total land area absorbed may fall short of or exceed these figures to some extent depending on design and the building efficiency ratio attained (all area requirements in this analysis, as has been noted, represent net floor space and not gross building area). The illustrative configuration nevertheless demonstrates that the 7.5 acres available in Blocks D, E, and F on Hennepin Avenue (refer to **Figure 4**) can easily accommodate an entertainment center project of the recommended scope and content.

Section 7

PRELIMINARY FINANCIAL ANALYSIS

This section of the report examines the potential financial performance of the Hennepin Avenue entertainment complex, including estimated operating revenues and expenses for all component facilities. Based on estimates supplied by the client group, a preliminary development budget and a pro forma statement of rental income and cash flow is also presented. It should be noted that all revenues and costs discussed in this section are expressed in constant dollars.

FINANCIAL PERFORMANCE OF COMPONENT FACILITIES

Subsequent paragraphs present estimates of operating revenues, expenses, and net income generated by each of the component facilities. All estimates are based on the experience of comparable attractions, adjusted where appropriate to reflect the conceptual and physical development recommendations set forth in preceding sections of this report. Since all factors and assumptions employed have been specified in table footnotes, they will not be described here except where necessary to provide clarification.

Aquarium

The aquarium attraction is expected to generate a per capita expenditure of \$6.35, as shown in **Table 50**. Approximately 60 percent of this amount will come from admission fees, which are assumed at \$4.50 for adults and \$3.00 for children and senior citizens, with allowances made for group discounts. Based on attendance projections presented earlier in this report, total gross revenue for this attraction thus amounts to slightly more than \$5 million initially, rising with attendance growth to \$8.7 million by the end of the planning period. The aquarium's overall operating expense ratio, including cost of goods sold, is

Table 50

**ESTIMATED FINANCIAL PERFORMANCE OF
A MAJOR AQUARIUM ATTRACTION ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue			
Admissions ²	\$3.80	\$3.80	\$3.80
Food and Beverage	0.60	0.60	0.60
Merchandise	1.00	1.00	1.00
Memberships, Gifts, and Grants ³	<u>0.95</u>	<u>0.95</u>	<u>0.95</u>
Total	\$6.35	\$6.35	\$6.35
Total Gross Revenue (thousands)			
Admissions	\$3,006	\$4,514	\$5,187
Food and Beverage	475	713	819
Merchandise	791	1,188	1,365
Memberships, Gifts, and Grants	<u>751</u>	<u>1,129</u>	<u>1,297</u>
Total	\$5,023	\$7,544	\$8,668
Estimated Operating Expenses (thousands)			
Costs of Goods Sold ⁴	\$ 539	\$ 809	\$ 929
Operating Expenses ⁵	<u>3,811</u>	<u>5,725</u>	<u>6,578</u>
Total	\$4,350	\$6,534	\$7,507
Net Operating Income (thousands)	\$ 673	\$1,010	\$1,161

¹ In constant 1984 dollars.

² Based on admission prices of \$4.50 for adults and \$3.00 for children and seniors and a 3:2 attendance mix; allows for group admissions at 20 percent of total discounted by an average of 15 percent.

³ Assumes these items are equivalent to 15 percent of total revenue.

⁴ At 30 percent of food/beverage revenue and 50 percent of merchandise revenue.

⁵ At 85 percent of revenue net of cost of goods sold.

Source: Harrison Price Company.

projected at 87 percent of total revenue, leaving an operating surplus of \$673,000 in the first year of operation and \$ 1.2 million by the tenth year. Given nonprofit operating status, this surplus represents the reserve available for future capital projects and periodic refurbishing of aquarium facilities. Many of the smaller aquariums in this country do not generate any surplus because scope and quality is inadequate to produce visitor spending rates that would overcome the substantial fixed costs of operation. All leading aquariums, however, report surpluses of varying magnitude, ranging up to \$2 million annually in Baltimore. With efficient management and a high-quality attraction supported by an aggressive membership organization, it is not unreasonable to expect a similar outcome in Minneapolis.

Athletic Club/Health Spa

Revenues for the athletic club operation will be derived primarily from initiation fees and dues paid by members. **Table 51** presents an estimate of the magnitude of these revenues assuming that the facility is a YMCA and that experience in Minneapolis conforms to that of downtown Y facilities in other major cities. As indicated, the turnover rate in membership is estimated at 25 percent annually, a typical ratio for YMCAs. Initiation fees for new members have been assumed at \$150 initially as an incentive for charter membership (or transfer of membership from the existing facility), with an increase to a normal fee of \$200 thereafter. Annual membership dues would be similarly discounted for charter or transfer members, estimated at \$300, and rise afterward to a normal \$350. Revenue will also accrue from basket and locker rentals and miscellaneous items such as fitness tests, guests fees, and so on.

In the aggregate, the various factors shown on the table result in a total gross revenue of \$1.8 million initially, growing to about \$2.9 million by 1997. A very high operating cost ratio is characteristic of Y facilities because of their nonprofit status, projected at 90 percent of total revenue in the

Table 51

**ESTIMATED FINANCIAL PERFORMANCE
OF A YMCA FACILITY ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Membership			
Old	---	3,200	4,300
New ²	<u>3,400</u>	<u>1,900</u>	<u>1,550</u>
Total	3,400	5,100	5,850
Estimated Fee Schedule (cost per member)			
Initiation Fees	\$ 150	\$ 200	\$ 200
Membership Dues	300	350	350
Locker/Basket Rentals	50	75	75
Miscellaneous ³	40	40	40
Total Gross Revenue (thousands)			
Initiation Fees ²	\$ 510	\$ 380	\$ 310
Membership Dues	1,020	1,785	2,048
Locker/Basket Rentals ⁴	102	230	263
Miscellaneous	<u>136</u>	<u>204</u>	<u>234</u>
Total	\$1,768	\$2,599	\$2,855
Estimated Operating Expenses (thousands) ⁵	\$1,591	\$2,209	\$2,284
Net Operating Income (thousands)	\$ 177	\$ 390	\$ 571

¹ In constant 1984 dollars.

² Assumes a turnover rate of 25 percent annually.

³ Includes fitness tests, guest fees, special programs, food service, and equipment sales.

⁴ Assumes 60 percent of members will rent baskets.

⁵ At 90 percent of total revenue initially, decreasing to 85 percent at stabilization and 80 percent thereafter.

Source: Harrison Price Company.

first operating year, decreasing to 85 percent at stabilization and 80 percent thereafter. Net operating income generated by this project component accordingly comes to \$177,000 in 1988 and \$571,000 by 1997, representing the sum available for debt service (if any) and reinvestment in facilities and programs.

Exploratorium/Children's Play Center

As indicated in **Table 52**, per capita revenue for the Exploratorium/children's play center is expected to be \$2.05, entirely derived from admission fees (no food or beverage service is recommended for this attraction since experience elsewhere suggests a serious maintenance problem). This figure is based on admission prices of \$3.00 for adults and \$2.00 for children, with an attendance mix heavily slanted to children and adjusted for group discounts. Total gross revenue for this attraction therefore amounts to \$215,000 in 1988 and \$369,000 in 1997. After deduction of operating expenses, the play center should generate a net operating income of \$107,000 initially, increasing to \$184,000 after 10 years of operation.

Cineplex

The expected financial performance of the Cineplex attraction is illustrated in **Table 53**, which shows a total per capita expenditure of \$5.05. Again, a substantial share of this total--nearly 80 percent--will derive from admission charges. Given attendance estimates presented earlier, total gross revenue will accordingly amount to about \$1.6 million in the first year and \$3.7 million by the end of the planning period. Allowing for the cost of goods sold, film rental and royalty payments, and other operating expenses, this attraction's net operating income is forecast at \$870,000 to \$1.5 million over the 10-year period.

Roller Skating Rink

Table 54 shows that the projected per capita expenditure at the roller rink is \$3.75, about half of which will derive from

Table 52

**ESTIMATED FINANCIAL PERFORMANCE OF
AN EXPLORATORIUM/CHILDREN'S PLAY CENTER ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue ²	\$2.05	\$2.05	\$2.05
Total Gross Revenue (thousands)	215	322	369
Estimated Operating Expenses (thousands) ³	108	161	185
Net Operating Income (thousands) ³	107	161	184

¹ In constant 1984 dollars.

² Based on admission prices of \$3.00 for adults and \$2.00 for children and a 1:6 attendance mix; allows for group admissions at 25 percent of total discounted by an average of 15 percent.

³ At 50 percent of total revenue.

Source: Harrison Price Company.

Table 53

**ESTIMATED FINANCIAL PERFORMANCE
OF A CINEPLEX FACILITY ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue			
Admissions ²	\$3.95	\$3.95	\$3.95
Food and Beverage	0.75	0.75	0.75
Merchandise	<u>0.35</u>	<u>0.35</u>	<u>0.35</u>
Total	\$5.05	\$5.05	\$5.05
Total Gross Revenue (thousands)			
Admissions	\$1,244	\$1,868	\$2,145
Food and Beverage	236	355	407
Merchandise	<u>110</u>	<u>166</u>	<u>190</u>
Total	\$1,590	\$2,389	\$2,742
Estimated Operating Expenses (thousands)			
Costs of Goods Sold ³	\$ 126	\$ 190	\$ 217
Operating Expenses ⁴	<u>594</u>	<u>893</u>	<u>1,025</u>
Total	\$ 720	\$1,083	\$1,242
Net Operating Income (thousands)	\$ 870	\$1,306	\$1,500

¹ In constant 1984 dollars.

² Based on admission prices of \$4.50 for adults and \$3.00 for children and seniors and an attendance mix of 5:2; allows for series discounts on 20 percent of admissions at 15 percent.

³ At 30 percent of food/beverage revenue and 50 percent of merchandise revenue.

⁴ At 35 percent of admissions revenue plus 10 percent of total gross revenue.

Source: Harrison Price Company.

Table 54

**ESTIMATED FINANCIAL PERFORMANCE
OF A ROLLER SKATING RINK ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue			
Admissions ²	\$1.85	\$1.85	\$1.85
Food and Beverage	0.95	0.95	0.95
Skate Rentals ³	0.55	0.55	0.55
Skate Sales ⁴	0.30	0.30	0.30
Lockers and Miscellaneous ⁵	<u>0.10</u>	<u>0.10</u>	<u>0.10</u>
Total	\$3.75	\$3.75	\$3.75
Total Gross Revenue (thousands)			
Admissions	\$355	\$535	\$614
Food and Beverage	182	275	315
Skate Rentals	106	159	183
Skate Sales	58	87	100
Lockers and Miscellaneous	<u>19</u>	<u>29</u>	<u>33</u>
Total	\$ 720	\$1,085	\$1,245
Estimated Operating Expenses (thousands)			
Cost of Goods Sold ⁶	\$ 84	\$127	\$145
Operating Expenses ⁷	<u>286</u>	<u>431</u>	<u>495</u>
Total	\$370	\$558	\$640
Net Operating Income (thousands)	\$350	\$527	\$605

¹ In constant 1984 dollars.

² Based on an admission price of \$2.00; allows for group and promotional discounts on 30 percent of admissions at 20 percent.

³ Assumes 70 percent of visitors rent skates at \$0.75 per pair.

⁴ At 15 percent of admissions expenditure.

⁵ At 5 percent of admissions expenditure.

⁶ At 30 percent of food/beverage revenue and 50 percent of skate sales revenue.

⁷ At 45 percent of total revenue less cost of goods sold.

Source: Harrison Price Company.

admission fees and the remainder from food and beverage sales, skate rentals, and other items as shown. Total gross revenue based on earlier attendance estimates comes to \$720,000 initially and increases to more than \$1.2 million by 1997. Application of typical operating expense ratios yields a residual net operating income of \$350,000 in 1988 and \$605,000 at the end of the planning period.

Ice Skating Rink

Roughly 60 percent of total revenue at the proposed ice skating rink will accrue from admission charges, as presented in **Table 55**. Per capita expenditures on admissions and all other items normally associated with an ice rink, estimated at \$5.40 in the aggregate, results in total gross revenue of \$545,000 initially, rising to \$946,000 in 10 years. After subtracting operating expenses, the ice rink will generate \$224,000 to \$389,000 in net operating income over the planning period.

Bowling/Billiard Center

The bowling/billiard center is expected to generate an overall per capita expenditure of \$8.15, including bowling fees, food/beverage purchases, rentals, and equipment sales. On this basis, **Table 56** shows that gross revenue will amount to \$906,000 in 1988 and grow to almost \$1.6 million by 1997. Deduction of a typical allowance for operating expenses leaves a residual net operating income of \$447,000 and \$769,000 for these benchmark years, respectively.

Wine-Tasting Parlor

Average visitor spending at the wine-tasting parlor is forecast at \$4.75 per capita, as indicated in **Table 57**. Approximately 45 percent of this amount represents food/beverage sales and the remainder sales of packaged wine products. Total gross revenues from this operation therefore come to \$603,000 in the first year and increase to slightly more than \$1 million by the

Table 55

**ESTIMATED FINANCIAL PERFORMANCE
OF AN ICE SKATING RINK ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue			
Admissions ²	\$3.30	\$3.30	\$3.30
Food and Beverage	0.95	0.95	0.95
Skate Rentals/Sharpening ³	0.70	0.70	0.70
Skate Sales ⁴	0.35	0.35	0.35
Lockers and Miscellaneous ⁵	<u>0.10</u>	<u>0.10</u>	<u>0.10</u>
Total	\$5.40	\$5.40	\$5.40
Total Gross Revenue (thousands)			
Admissions	\$333	\$502	\$578
Food and Beverage	96	144	166
Skate Rentals/Sharpening	71	106	123
Skate Sales	35	53	61
Lockers and Miscellaneous	<u>10</u>	<u>15</u>	<u>18</u>
Total	\$545	\$820	\$946
Estimated Operating Expenses (thousands)			
Costs of Goods Sold ⁶	\$ 47	\$ 70	\$ 81
Operating Expenses	<u>274</u>	<u>413</u>	<u>476</u>
Total	\$321	\$483	\$557
Net Operating Income (thousands)	\$224	\$337	\$389

¹ In constant 1984 dollars.

² Based on an admission price of \$3.50; allows for group and promotional discounts on 30 percent of admissions at 20 percent.

³ Assumes 55 percent of visitors rent skates at \$1.25.

⁴ At 10 percent of admissions expenditure.

⁵ At 3 percent of admissions expenditure.

⁶ At 30 percent of food/beverage revenue and 50 percent of skate sales revenue.

⁷ At 55 percent of total revenue less cost of goods sold.

Source: Harrison Price Company.

Table 56

**ESTIMATED FINANCIAL PERFORMANCE OF
A BOWLING/BILLIARD CENTER ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue			
Bowling Fees ²	\$4.50	\$4.50	\$4.50
Food and Beverage ³	2.50	2.50	2.50
Shoe Rentals ⁴	0.25	0.25	0.25
Equipment Sales and Miscellaneous ⁵	<u>0.90</u>	<u>0.90</u>	<u>0.90</u>
Total	\$8.15	\$8.15	\$8.15
Total Gross Revenue (thousands)			
Bowling Fees	\$ 500	\$ 747	\$ 860
Food and Beverage	278	415	478
Shoe Rentals	28	42	48
Equipment Sales and Miscellaneous	<u>100</u>	<u>149</u>	<u>172</u>
Total	\$ 906	\$1,353	\$1,558
Estimated Operating Expenses (thousands)			
Costs of Goods Sold ⁶	\$161	\$241	\$277
Operating Expenses ⁷	<u>298</u>	<u>445</u>	<u>512</u>
Total	\$459	\$686	\$789
Net Operating Income (thousands)	\$447	\$667	\$769

¹ In constant 1984 dollars.

² Based on an average of three lines per bowler at \$1.50 per line.

³ At 55 percent of bowling fees.

⁴ At 5 percent of bowling fees.

⁵ At 20 percent of bowling fees.

⁶ At 40 percent of food/beverage revenue and 50 percent of equipment sales revenue.

⁷ At 40 percent of total revenue less cost of goods sold.

Source: Harrison Price Company.

Table 57

**ESTIMATED FINANCIAL PERFORMANCE OF
A WINE-TASTING PARLOR ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue			
Food and Beverage	\$2.15	\$2.15	\$2.15
Wine Sales	<u>2.60</u>	<u>2.60</u>	<u>2.60</u>
Total	\$4.75	\$4.75	\$4.75
Total Gross Revenue (thousands)			
Food and Beverage	\$273	\$411	\$471
Wine Sales	<u>330</u>	<u>497</u>	<u>569</u>
Total	\$603	\$908	\$1,040
Estimated Operating Expenses (thousands)			
Cost of Goods Sold ²	\$274	\$413	\$473
Operating Expenses ³	<u>181</u>	<u>272</u>	<u>312</u>
Total	\$455	\$685	\$785
Net Operating Income (thousands)	\$148	\$223	\$255

¹ In constant 1984 dollars.

² At 40 percent of food/beverage revenue and 50 percent of wine sales revenue.

³ At 30 percent of total revenue.

Source: Harrison Price Company.

tenth year. After allowing for operating expenses, net operating income for this facility is estimated at \$148,000 to \$255,000 annually over the planning period.

Beer Garden

Table 58 indicates that the average beer garden expenditure is projected at \$6.30 based on an assumed full-service format and a mixture of luncheon and dinner patronage. Some \$1.1 million in total gross revenue thus results for 1988, rising to \$1.9 million by 1997. Including allocations for the cost of goods sold, live entertainment, and all other operating expenses, projected net operating income is \$223,000 in the first year. By 1997, net income will increase to \$385,000.

Ballroom Dance Club

To underwrite the cost of live music, it is assumed that the proposed ballroom dance club will institute a cover charge of \$4.00 per person, as shown in **Table 59**. After allowing for group and promotional discounts and adding estimated expenditures on food and beverage, overall gross revenue is projected at just over \$1 million initially and roughly \$1.8 million by the end of the planning period. Deduction of estimated operating expenses yields a net operating income of \$275,000 in the first year and \$475,000 in the tenth year.

Teen Nightclub

An assumed cover charge of \$4.00 will also be levied at the teen nightclub. If the format of this operation is disco rather than live music, this charge would probably be reduced, but this analysis will assume a live-music format. Total per capita spending at this attraction is forecast at \$6.35, as presented in **Table 60**, resulting in total gross revenue of \$470,000 in 1988 and \$813,000 in 1997. After expenses, net operating income comes to \$179,000 and \$310,000 in these years, respectively.

Table 58

**ESTIMATED FINANCIAL PERFORMANCE
OF A BEER GARDEN ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue	\$ 6.30	\$ 6.30	\$ 6.30
Total Gross Sales (thousands)	\$1,115	\$1,676	\$1,928
Estimated Operating Expenses (thousands)			
Cost of Goods Sold ²	\$ 390	\$ 587	\$ 675
Operating Expenses ³	<u>502</u>	<u>754</u>	<u>868</u>
Total	\$ 892	\$1,341	\$1,543
Net Operating Income (thousands)	\$ 223	\$ 335	\$ 385

¹ In constant 1984 dollars.

² At 35 percent of sales.

³ At 45 percent of sales.

Source: Harrison Price Company.

Table 59

**ESTIMATED FINANCIAL PERFORMANCE
OF A BALLROOM DANCE CLUB ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue			
Cover Charges ²	\$3.85	\$3.85	\$3.85
Food and Beverage	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>
Total	\$9.35	\$9.35	\$9.35
Total Gross Revenue (thousands)			
Cover Charges	\$ 427	\$ 643	\$ 739
Food and Beverage	<u>611</u>	<u>919</u>	<u>1,056</u>
Total	\$1,038	\$1,562	\$1,795
Estimated Operating Expenses (thousands)			
Cost of Goods Sold ³	\$ 244	\$ 368	\$ 422
Operating Expenses ⁴	<u>519</u>	<u>781</u>	<u>898</u>
Total	\$ 763	\$1,149	\$1,320
Net Operating Income (thousands)	\$ 275	\$ 413	\$ 475

¹ In constant 1984 dollars.

² Assumes a cover charge of \$4.00 per person; allows for group and promotional discounts on 20 percent of admissions at 20 percent.

³ At 40 percent of food/beverage revenue.

⁴ At 50 percent of total revenue.

Source: Harrison Price Company.

Table 60

**ESTIMATED FINANCIAL PERFORMANCE OF
A TEEN NIGHTCLUB ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue			
Cover Charges ²	\$3.85	\$3.85	\$3.85
Food and Beverage	<u>2.50</u>	<u>2.50</u>	<u>2.50</u>
Total	\$6.35	\$6.35	\$6.35
Total Gross Revenues (thousands)			
Cover Charges	\$285	\$427	\$493
Food and Beverage	<u>185</u>	<u>278</u>	<u>320</u>
Total	\$470	\$705	\$813
Estimated Operating Expenses (thousands)			
Cost of Goods Sold ³	\$ 56	\$ 83	\$ 96
Operating Expenses ⁴	<u>235</u>	<u>353</u>	<u>407</u>
Total	\$291	\$436	\$503
Net Operating Income (thousands)	\$179	\$269	\$310

¹ In constant 1984 dollars.

² Assumes a cover charge of \$4.00 per person; allows for group and promotional discounts on 20 percent of admissions at 20 percent.

³ At 30 percent of food/beverage revenue.

⁴ At 50 percent of total revenue.

Source: Harrison Price Company.

Mini-Midway

The cost of various games at the mini-midway will likely range from \$0.10 to \$1.00 and, because average visitor length of stay will be quite short, a total per capita expenditure of \$1.25 is considered realistic. On this basis, **Table 61** shows that total gross revenue from this operation will amount to \$146,000 in 1988 and \$251,000 by 1997. Allowing for the cost of goods sold (in this case the stuffed toys or other prizes awarded for the shooting gallery and pitch games) and operating expenses, net operating income is estimated at \$51,000 to \$87,000 annually over the planning period.

Gourmet Grocery

The experience of comparable existing facilities suggests that the average patron of the gourmet grocery will make a purchase of between \$40 and \$50. Not only does the quality of the products sold merit higher pricing than would be encountered at a conventional grocery store, the retail markup on gourmet items also tends to be higher. Using the more conservative spending rate of \$40 per person, total gross revenue accruing from the gourmet grocery comes to \$5.1 million in 1988 and \$8.8 million in 1997, as indicated in **Table 62**. As mentioned previously, personalized service and impeccable maintenance are keynotes of this kind of facility and, as a consequence, the operating expense margin is characteristically higher than for conventional groceries despite the higher retail markups. Taking this factor into account, it is estimated that net operating income for the gourmet grocery will amount to \$1.8 million in the first year and \$3.2 million in the tenth.

Summary

Table 63 summarizes gross revenue generated by all 13 recommended component facilities. The aggregate total, as shown, ranges from \$19.3 million to \$33.1 million over the planning period. The aquarium and gourmet market each account for slight-

Table 61

ESTIMATED FINANCIAL PERFORMANCE
OF A MINI-MIDWAY ¹
1988-1997

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue	\$1.25	\$1.25	\$1.25
Total Gross Revenue (thousands)	\$146	\$219	\$251
Estimated Operating Expenses (thousands)			
Cost of Goods Sold ²	\$ 22	\$ 33	\$ 38
Operating Expenses ³	<u>73</u>	<u>110</u>	<u>126</u>
Total	\$ 95	\$143	\$164
Net Operating Income (thousands)	\$ 51	\$ 76	\$ 87

¹ In constant 1984 dollars.

² At 15 percent of revenue.

³ At 50 percent of revenue.

Source: Harrison Price Company.

Table 62

**ESTIMATED FINANCIAL PERFORMANCE OF
A GOURMET GROCERY ¹
1988-1997**

	<u>1988</u>	<u>1990</u>	<u>1997</u>
Estimated Per Capita Revenue	\$40.00	\$40.00	\$40.00
Total Gross Revenue (thousands)	5,120	7,680	8,840
Estimated Operating Expenses (thousands)			
Cost of Goods Sold ²	1,024	1,536	1,768
Operating Expenses ³	<u>2,253</u>	<u>3,379</u>	<u>3,890</u>
Total	\$3,277	\$4,915	\$5,658
Net Operating Income (thousands)	\$1,843	\$2,765	\$3,182

¹ In constant 1984 dollars.

² At 20 percent of gross revenue.

³ At 55 percent of gross revenue less cost of goods sold.

Source: Harrison Price Company.

Table 63

SUMMARY OF GROSS REVENUE GENERATED
BY THE HENNEPIN AVENUE ENTERTAINMENT CENTER ¹
1988-1997
(thousands)

<u>Component</u>	<u>1988</u>	<u>1990</u>	<u>1997</u>
Aquarium	\$5,023	\$7,544	\$8,668
Athletic Club/Health Spa	1,768	2,599	2,855
Exploratorium/Children's Play Center	215	322	369
Cineplex	1,590	2,389	2,742
Roller Skating Rink	720	1,085	1,245
Ice Skating Rink	545	820	946
Bowling/Billiard Center	906	1,353	1,558
Wine-Tasting Parlor	603	908	1,040
Beer Garden	1,115	1,676	1,928
Ballroom Dance Club	1,038	1,562	1,795
Teen Nightclub	470	705	813
Mini-Midway	146	219	251
Gourmet Grocery	<u>5,120</u>	<u>7,680</u>	<u>8,840</u>
Total	\$19,259	\$28,862	\$33,050

¹ In constant 1984 dollars.

Source: Tables 50-62 and Harrison Price Company.

ly more than one-fifth of the total, with other major revenue-generators including the athletic club and Cineplex.

* * * * *

NOTE: The foregoing analysis represents work completed through June 1984. At that point in the research program, work was suspended to allow for internal deliberations by the client group, including the preparation of illustrative design concepts that would provide a basis for assessing financial performance.

Addendum to Financial Analysis

Prepared: April 1985

Subsequent to the completion of HPC's report on the Hennepin Avenue entertainment complex in June 1984, the Baymiller Studio (project design consultant) and representatives of The Wall Companies (lead developer for the project) explored alternative design concepts taking into account the recommendations presented earlier in this report. The project went through several iterations, leading ultimately to a preliminary master plan for Blocks D and E of the subject site (refer to **Figure 4**). The Wall Companies and their cost consultants then prepared in-house estimates of probable development costs, rental income, and pre-tax cash flow generated by the project, focusing on Block D (under the preliminary master plan, Block E would contain the aquarium, health and fitness club, and other components that would be independently developed and operated).

As currently envisioned, Block D would contain some 337,000 square feet of gross building area in the aggregate. The design concept calls for a five-level structure--two subterranean levels and three above-grade levels--that would wrap around the existing buildings on the site (Hennepin Center for the Arts and the Gluek Building). Sizing estimates for individual facilities in this complex do not necessarily correspond to those cited earlier in this report due to design considerations and other factors. In addition, certain elements--including retail and restaurant space, a carousel, and a coffeehouse--have been added to the facility inventory, while other facilities, including the roller rink, teen nightclub, and Exploratorium/children's play center, have been deleted. Market analyses, it should be noted, have not yet been prepared for the new uses. What follows, then, is a summary of the internal findings of the client organization

relative to financial performance based on the envisioned design plan.

Preliminary Development Budget

The estimated cost of developing the building shell for all facilities included in Block D (a bowling alley, various food and beverage operations, retail shops, a carousel, mini-midway, theme restaurant/club, beer garden, wine-tasting parlor, gourmet grocery, coffeehouse, and a Cineplex, plus associated common and public areas) is presented in **Table A-1**. These estimates assume minimal finish and no tenant allowances, and exclude land acquisition and any required demolition or clearance. As indicated, total costs for basic construction are estimated at approximately \$17.6 million. Added to this is an allowance for engineering services, financing fees, and miscellaneous costs, totaling some \$3.4 million, for an overall development budget of \$21 million. The latter is equivalent to a weighted average cost of \$59 per square foot. This reflects, of course, only those costs incurred by the developer(s); the overall level of investment represented by the project will be much greater when tenant improvements--which will be considerable in a project of this nature--are added.

Projected Rental Income

Table A-2 summarizes expected income from rental of the various proposed facilities. Rents are assumed to be triple net and are based on 100 percent occupancy. For demonstration purposes, no percentage allowance has been included; however, in actual practice, all leases would have a negotiable percentage clause against which the projected minimum rents would be assessed. According to representatives of The Wall Companies, rents

Table A-1

ESTIMATED DEVELOPMENT BUDGET FOR THE
HENNEPIN AVENUE ENTERTAINMENT CENTER¹
(Building Shell and Public Areas Only)

<u>Building Component</u>	<u>Total Amount (thousands)</u>
Upper Level (63,500 square feet at \$60)	\$ 3,810
Skyway Level (57,075 square feet at \$65)	3,710
Street Level (65,825 square feet at \$70)	4,608
Subterranean Level 1	
Parking (64 spaces at \$6,000) ²	384
Mezzanine Bar (12,900 square feet at \$40)	710
Subterranean Level 2	
Bowling Alley (45,300 square feet at \$40)	1,812
Parking, Loading Dock (46,575 square feet at \$40)	1,863
Other Facilities	
Storage and Elevators (5,400 square feet at \$45)	243
Outside Plaza (17,000 square feet at \$28)	<u>476</u>
Subtotal	\$17,616
Engineering Services (at 3.5 percent of construction costs)	\$ 617
Financing Costs	
Interim Interest ³	1,654
Loan Fees	400
Legal, Title, and Closing Costs	100
Miscellaneous	
Leasing, Development	450
Bonds, Taxes, Insurance	<u>150</u>
Subtotal	\$ 3,371
Total	\$20,987

Note: Above estimates represent the cost of the building shell with minimal finish and no tenant allowances. Excludes land acquisition costs and any required demolition or clearance, and refers only to Block D of the subject site (refer to Figure 4).

¹ In constant 1985 dollars; estimated by The Wall Companies based on preliminary design concepts developed by the Baymiller Studio, Inc.

² Approximately 23,350 square feet are contained in the parking garage.

³ Based on a \$21 million loan at 10.5 percent interest and an average outstanding balance of 75 percent.

Source: The Baymiller Studio, Inc., The Wall Companies, and Nikki International.

Table A-2

**PROJECTED RENTAL INCOME GENERATED BY THE
HENNEPIN AVENUE ENTERTAINMENT CENTER¹**

<u>Building Component</u>	<u>Total Rental Income²</u>
Upper Level	
Cineplex (19,450 square feet at \$10)	\$ 194,500
Coffeehouse (3,100 square feet at \$15)	46,500
Other Commercial (32,650 square feet at \$11)	359,150
Skyway Level	
Mezzanine Food (4,400 square feet at \$15)	66,000
Retail (28,425 square feet at \$16)	454,800
Wine-Tasting Parlor (4,500 square feet at \$15)	67,500
Street Level	
Beer Garden (8,000 square feet at \$15)	120,000
Restaurant (4,800 square feet at \$20)	96,000
Theme Club (8,000 square feet at \$14)	112,000
Mini-Midway (5,000 square feet at \$6)	30,000
Carousel (3,250 square feet at \$6)	19,500
Food Court (4,000 square feet at \$20)	80,000
Retail (3,650 square feet at \$16)	58,400
Grocer/Liquor (11,425 square feet at \$20)	228,500
Subterranean Level 1	
Mezzanine Bar (12,900 square feet at \$10)	129,000
Subterranean Level 2	
Bowling Alley (45,300 square feet at \$5)	<u>226,500</u>
Total	\$2,288,350

¹ In constant 1985 dollars; estimated by The Wall Companies based on preliminary design concepts developed by the Baymiller Studio, Inc.

² Assumes triple net rents (for demonstration purposes, no percentage rent allowance has been included); refers only to Block D of the subject site; assumes 100 percent occupancy.

Source: The Baymiller Studio, Inc. and The Wall Companies.

have been based on currently prevailing market rates in the Twin Cities area and take into account affordability given sales volume projections developed by HPC in the main body of this report (refer to **Tables 50-62**). The project will yield, as shown, roughly \$2.3 million in rental income, with various retail operations, the gourmet grocery, and the bowling alley expected to be the major generators.

Pro Forma Financial Performance

With the land as equity for the loan, the development budget of \$21 million is assumed to be 100 percent financed. The composite debt may be under one or more security instruments but, in the interest of simplicity, may be assumed as a single package. Further assuming low-cost financing via tax-exempt bonds and/or Urban Development Action Grants (UDAG), debt service guidelines are based on a 30-year mortgage at 10 percent interest, for an annual debt service requirement of about \$2.1 million. The text table below shows that annual net pre-tax cash flow generated by the project would amount to \$154,000 under these assumptions:

	<u>Annual Amount</u> <u>(thousands)</u>
Projected Rental Income	\$2,288
Estimated Debt Service	<u>2,134</u>
Net Pre-Tax Cash Flow	\$ 154

The entertainment center in the abstract is thus a breakeven proposition. The client organization, however, envisions development of other, more conventional facilities--alternatives including office space, a hotel, residences, and additional retail space--in a high-rise configuration above the entertainment center complex. Development of this nature, given favorable market conditions, is more consistent with the high land value and, hence, development density required at the subject site.

Furthermore, it would capitalize on the synergistic benefits of the entertainment center and in effect underwrite the cost of developing the entertainment facilities.

Table 28
 MARKET PENETRATION RATES OF
 SELECTED MAJOR AQUARIUM ATTRACTIONS
 1981-1982

Aquarium	Total Attendance (thousands)	Attendance Distribution		Market Size (thousands)			Market Penetration Rate		
		Resident	Visitor	Resident	Visitor	Total	Resident	Visitor	Total
National Aquarium (Baltimore)	1,500	41%	59%	2,200	2,500	4,700	28%	35%	32%
Vancouver Aquarium	700	70	30	1,200	3,300	4,500	41	6	16
Seattle Aquarium	700	na	na	2,100	4,000	6,100	na	na	12
New England Aquarium (Boston)	900	na	na	5,500	6,000	11,500	na	na	8
Shedd Aquarium (Chicago)	1,100	na	na	7,700	6,000	13,800	na	na	8
Steinhart Aquarium (San Francisco)	1,000	na	na	4,800	9,000	13,800	na	na	7
New York Aquarium	500	na	na	17,000	17,000	34,000	na	na	2

na means not available.

Source: Harrison Price Company.

Table 1
 WEATHER CHARACTERISTICS OF THE
 TWIN CITIES AREA*

Month	Mean Maximum Temperature (°F)	Mean Minimum Temperature (°F)	Precipitation (inches)		Relative Humidity		Average Wind Speed (MPH)
			Rain	Snow	Morning	Afternoon	
January	21.2	3.2	0.72	9.1	73%	67%	10.4
February	25.9	7.1	0.84	8.5	74	65	10.6
March	36.9	19.6	1.68	10.6	77	64	11.3
April	55.5	34.7	2.04	2.5	76	55	12.3
May	67.9	46.3	3.37	0.2	76	53	11.4
June	77.1	56.7	3.94	--	79	54	10.5
July	82.4	61.4	3.69	--	81	54	9.3
August	80.8	59.6	3.05	--	84	55	9.1
September	70.7	49.3	2.73	T	86	59	9.8
October	60.7	39.2	1.78	0.4	82	58	10.4
November	40.6	24.2	1.20	5.7	80	66	11.0
December	28.6	10.6	0.82	8.2	78	70	10.3
Annual	53.8	34.3	25.94	45.9	79%	60%	10.5

T means trace.

* Based on normals for the period 1940-1970.

Source: National Oceanic and Atmospheric Administration.

Table 6
 CHARACTERISTICS OF VISITORS TO SELECTED
 PERFORMING ARTS ATTRACTIONS
 IN MINNEAPOLIS¹
 1982

	Guthrie Theater	Orchestra Hall	Orpheum Theater	Chanhassen Dinner Theater	Fald Rock Concerts	All Metro Area Adults
Household Size						
One Person	16%	20%	12%	14%	7%	11%
Two Persons	26	31	33	28	22	28
Three Persons	20	16	15	19	25	20
Four Persons	24	20	20	19	24	22
Five or More Persons	14	13	20	20	21	19
Children Under 18 in Household						
Yes	38%	38%	45%	44%	41%	46%
No	62	62	55	56	59	54
Employment Status of Respondent						
Employed	65%	56%	62%	63%	76%	57%
Retired	12	17	9	17	--	13
Student, Homemaker, or Unemployed	23	27	29	20	24	30
Income of Respondent						
Less Than \$10,000	9%	6%	9%	6%	9%	11%
\$10,000 - \$19,999	17	18	12	15	20	19
\$20,000 - \$34,999	45	48	46	48	44	46
\$35,000 - \$49,999	19	14	21	23	19	17
\$50,000 or More	10	14	12	8	8	7

¹ Based on a survey of 1,819 households in the Twin Cities area.

Source: Science Museum of Minnesota and Harrison Price Company.

Table 7
 POPULATION TRENDS IN THE TWIN CITIES
 METROPOLITAN AREA
 1970-2000
 (thousands)

County	1970	1980	1990	2000	Average Annual Rate of Change		
					1970-80	1980-90	1990-2000
Anoka	155	196	229	256	2.4%	1.6%	1.1%
Carver	28	37	45	53	2.8	2.0	1.6
Chisago	17	25	35	45	4.3	3.0	2.5
Dakota	140	194	256	318	3.3	2.8	2.2
Hennepin (Minneapolis)	960	941	953	926	(0.2)	0.1	(0.3)
Ramsey (St. Paul)	476	460	459	440	(0.4)	--	(0.5)
Scott	32	44	54	65	3.2	2.1	1.9
Washington	83	114	143	172	3.2	2.3	1.9
Wright	<u>39</u>	<u>59</u>	<u>78</u>	<u>100</u>	<u>4.2</u>	<u>2.8</u>	<u>2.5</u>
Total	1,930	2,071	2,252	2,375	0.7%	0.8%	0.5%

Sources: Minnesota State Demography Unit and Harrison Price Company.

Table 8
AGE CHARACTERISTICS OF THE TWIN CITIES
METROPOLITAN AREA
1962

	County									Total
	Anoka	Carver	Chicago	Dakota	Hennepin	Ramsey	Scott	Washington	Wright	
Total Population (thousands)	209	40	28	212	940	457	48	123	65	2,122
Percent Distribution By Age Group:										
Less Than 16 Years	33.7%	30.8%	31.8%	32.2%	23.5%	24.8%	33.6%	32.9%	33.8%	27.1%
16 - 24 Years	12.4	13.2	10.1	11.9	14.1	15.1	11.6	10.9	10.9	13.5
25 - 34 Years	19.8	17.5	15.6	19.5	20.3	18.6	17.9	19.1	16.9	19.3
35 - 49 Years	20.4	18.1	17.9	20.1	17.1	15.8	19.1	21.1	17.1	17.8
50 Years or More	13.2	20.4	24.6	16.3	25.0	25.7	17.8	16.0	21.3	22.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Age (years)	27.0	28.4	30.4	28.0	31.1	30.4	27.7	28.2	28.1	29.9

Source: Sales Management, 1961 Survey of Buying Power and Harrison Price Company.

Table 10
 INCOME CHARACTERISTICS OF THE
 TWIN CITIES METROPOLITAN AREA
 1982

	County									Total
	Anoka	Carver	Chisago	Dakota	Hennepin	Ramsey	Scott	Washington	Wright	
Total Households (thousands)	68	13	9	73	380	175	15	40	21	794
Percent Distribution by Income Category:										
Less Than \$10,000	8.3%	13.0%	18.7%	8.6%	14.8%	15.8%	12.1%	8.0%	17.3%	13.7%
\$10,000 - \$19,999	15.5	19.5	23.2	17.0	21.3	23.1	20.8	13.3	25.6	20.6
\$20,000 - \$34,999	42.1	35.0	39.9	35.1	31.4	33.3	39.1	33.9	40.0	33.9
\$35,000 - \$49,999	26.8	22.5	14.7	26.7	20.7	19.2	20.8	30.3	13.2	21.5
\$50,000 or More	7.3	10.0	3.5	12.6	11.8	8.6	7.2	14.5	3.2	10.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Income	\$29,854	\$27,113	\$23,241	\$30,834	\$26,557	\$24,824	\$26,843	\$33,094	\$22,355	\$27,055

Source: Sales Management, 1983 Survey of Buying Power; and Harrison Price Company.

Table 14

DISTRIBUTION OF RETAIL SALES IN MINNESOTA AND
THE TWIN CITIES AREA
1978 and 1982

Retail Category	Total Retail Sales (millions)						Percent 1982 Distribution		
	State of Minnesota		Twin Cities SMSA ¹		City of Minneapolis		State	SMSA	City
	1978	1982	1978	1982	1978	1982			
Food	\$ 2,751	\$ 4,332	\$ 1,495	\$ 2,426	\$ 264	\$ 275	21%	20%	18%
Eating and Drinking Places	1,251	2,100	741	1,280	211	210	10	11	13
General Merchandise	2,244	2,666	1,520	1,961	316	234	13	16	15
Furniture, Furnishings, and Appliances	651	765	392	479	107	97	4	4	6
Automotive	3,019	3,108	1,711	1,840	275	129	15	15	8
Drug	368	650	191	354	47	65	3	3	4
All Other	<u>4,872</u>	<u>7,032</u>	<u>2,262</u>	<u>3,831</u>	<u>538</u>	<u>566</u>	<u>34</u>	<u>31</u>	<u>26</u>
Total	\$15,163	\$20,660	\$ 8,319	\$12,171	\$ 1,758	\$ 1,576	100%	100%	100%

¹ Nine-county metropolitan area.

Source: Sales Management, Survey of Buying Power (annual); and Harrison Price Company.

Table 15
 PER CAPITA RETAIL SALES IN MINNESOTA AND
 THE TWIN CITIES AREA
 1982

Retail Category	Retail Sales Per Capita			Index of Per Capita Sales (State = 100)	
	State of Minnesota	Twin Cities MSA ¹	City of Minneapolis	Twin Cities	City of Minneapolis
Food	\$ 1,037	\$ 1,129	\$ 760	109	73
Eating and Drinking Places	503	596	580	118	115
General Merchandise	638	913	646	143	101
Furniture, Furnishings, and Appliances	183	223	268	122	146
Automotive	744	857	356	115	48
Drug	156	165	180	106	115
All Other	<u>1,685</u>	<u>1,784</u>	<u>1,564</u>	<u>106</u>	<u>93</u>
Total	\$ 4,946	\$ 5,667	\$ 4,354	115	88

¹ Nine-county metropolitan area.

Source: Sales Management, 1983 Survey of Buying Power; and Harrison Price Company.

Figure 5

AFFINITY MATRIX FOR RECOMMENDED
RECREATION/ENTERTAINMENT FACILITIES

Facility	Age Group Affinity				Time of Day Affinity		Market Affinity		
	Children Ages 6-12	Teens Ages 13-17	Young Adults Ages 18-35	Older Adults Ages 36+	Time of Day Affinity		Downtown Employees	Tourists/ Conventioners	Local Families
					Day	Evening			
Aquarium	●	●	●	●	●			●	●
Athletic Club/Health Spa		○	●	○	○	●	●	○	
Exploratorium/Children's Play	●				●				●
Cineplex			●	●	○	●	●	○	
Roller Skating Rink	○	●	○		●	●			○
Ice Rink (indoor)	○	●	○		●	●			○
Bowling/Billiard Center		○	●	○	○	●	●		
Wine-Tasting Parlor			●	●	○	●	●	○	
Beer Garden			●	●	○	●	●	○	
Ballroom Dance Club			●	●		●			
Teen Nightclub		●				●			●
Mini-Midway	●	●	○		●	●			●
Gourmet Grocery			●	●	●	○	●		○

● Strong Affinity
○ Moderate Affinity

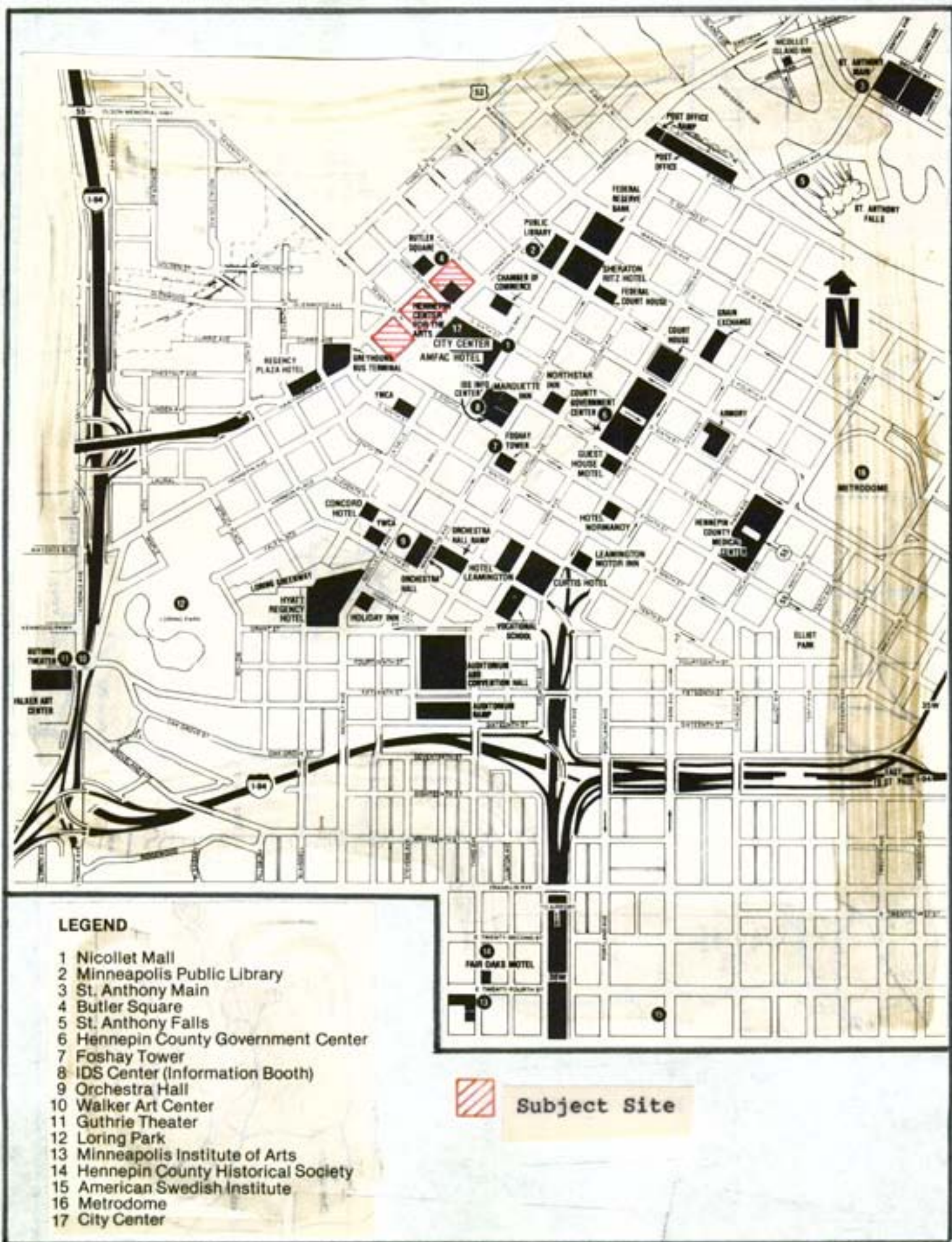


Figure 3

MAJOR FACILITIES IN DOWNTOWN MINNEAPOLIS

3-10

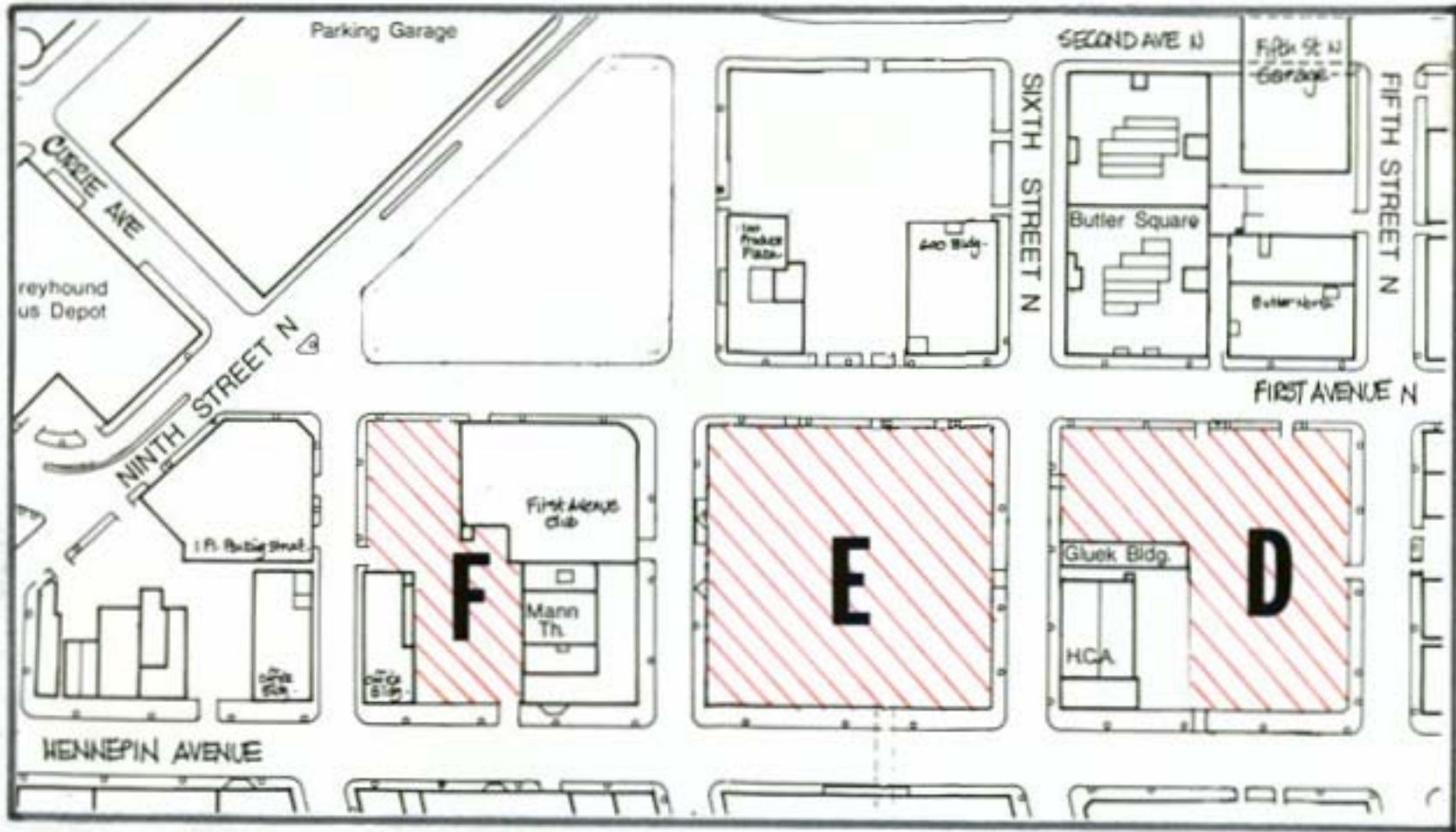


Figure 4
SUBJECT SITE

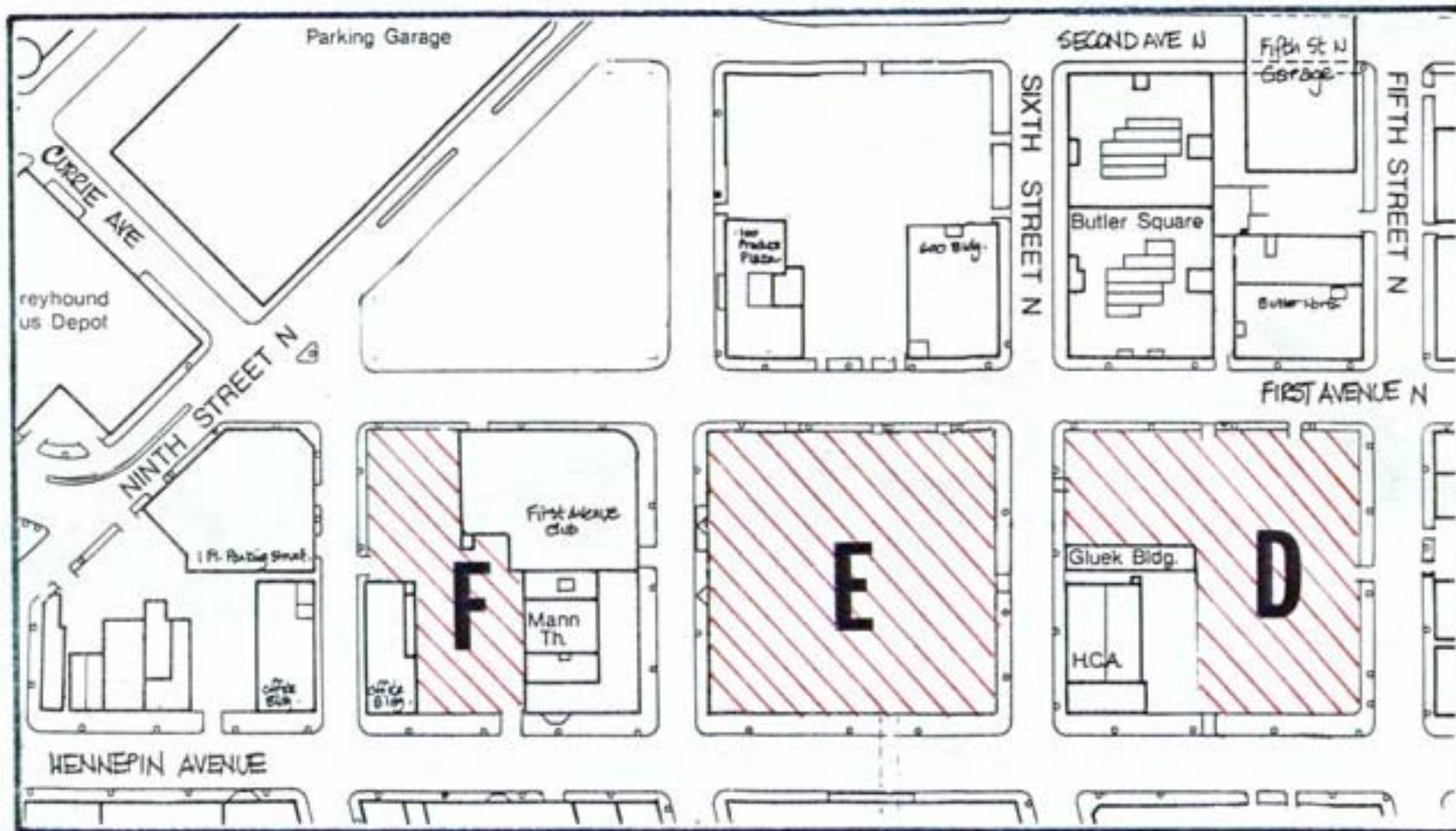


Figure 4
SUBJECT SITE

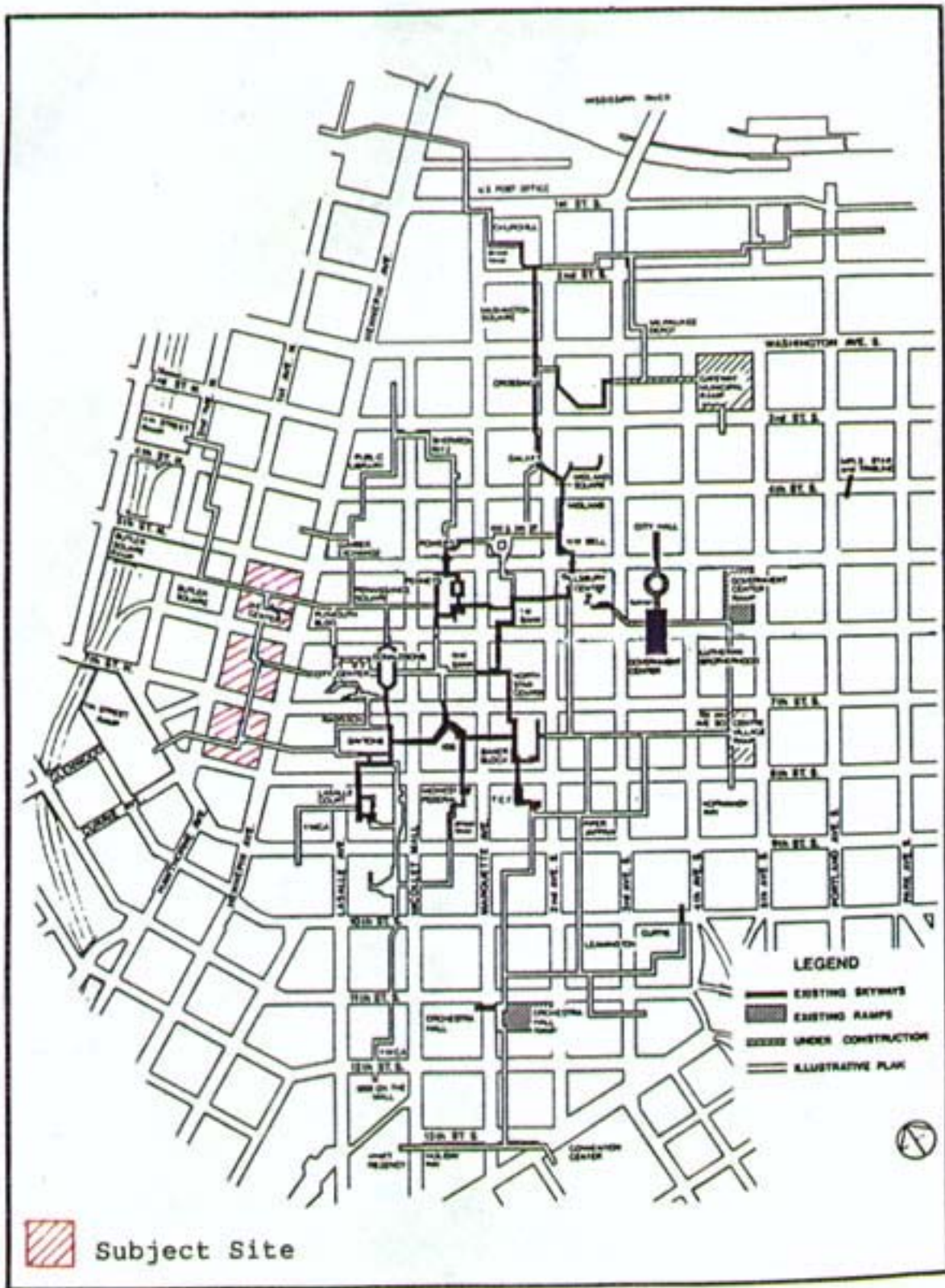


Figure 2
 DOWNTOWN MINNEAPOLIS SKYWAY SYSTEM

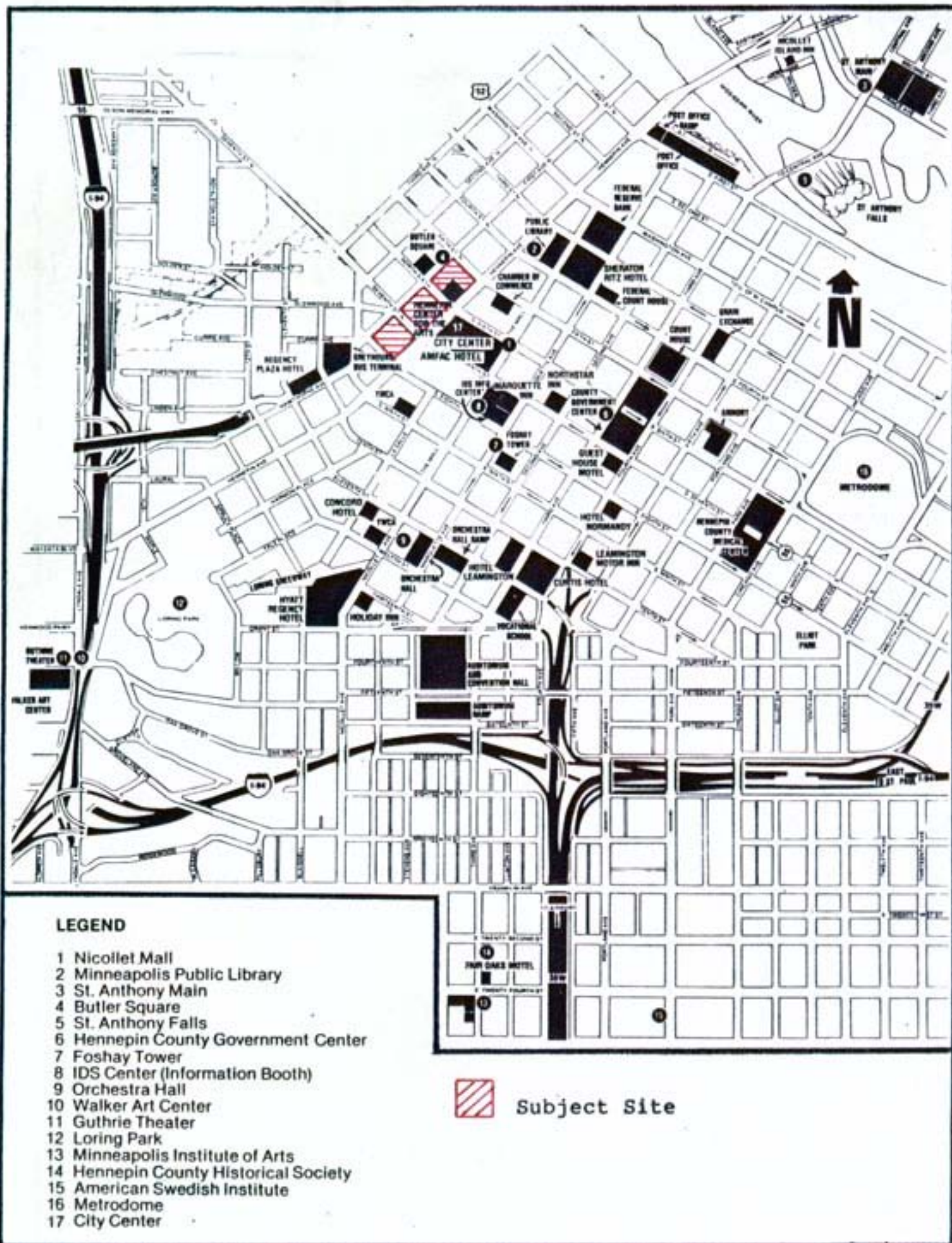


Figure 3

MAJOR FACILITIES IN DOWNTOWN MINNEAPOLIS