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Redevelopment of Tivoli America in Knoxville as a mixed-venue entertainment attraction

Harrison Price Company

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REDEVELOPMENT OF TIVOLI AMERICA IN KNOXVILLE AS A MIXED-VENUE ENTERTAINMENT ATTRACTION

Prepared for

The City of Knoxville

July 1, 1996

Prepared by

HARRISON PRICE COMPANY

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INTRODUCTION

The Tivoli America site by dint of Exposition history, location, and available land is in a position to function as the principal entertainment and recreation focal point for downtown Knoxville. It can serve as a catalyst for other downtown recreation and entertainment-oriented projects at Old City, Gateway Village and Volunteer Landing. The project is now known as Tivoli America.

Plans discussed for the park envision improvements to open spaces and existing facilities, potential expansion of the art museum, development of a children’s discovery museum, and significant private destination-oriented development at and around the former U.S. Pavilion from the fair, now demolished. A rail trolley system is being studied that would link Tivoli America with two other key downtown districts, the Old City historic area and the Volunteer Landing waterfront redevelopment project.

To assist in refining the master plan for the Park, with emphasis on identifying the best candidate destination entertainment facilities, Harrison Price Company was invited to revise, update, and expand on its two earlier studies for the property, completed in February 1984 and January 1985, in light of the current status of overall downtown development. Of special interest is the Park’s potential linkages and synergism with the mixed-use, themed Gateway at Volunteer Landing project, located a short distance away on the riverfront.

The following specific tasks were undertaken in completing this assignment:

1. Meetings with three separate city staff and representatives of other agencies and private interests involved in the downtown development program to gain a thorough familiarity with existing and proposed facilities. A downtown tour and physical inspection of the site was also made. Various reports and planning documents pertinent to this analysis were collected and reviewed.
2. Several meetings were held with a development group interested in carrying out the project. The group consisted of Earl Worsham, Richard Ferrin, Hugh Branson, Bob Barron, and Bob Snow.

3. Characteristics of the site were evaluated, including developed versus developable acreage, size and nature of existing facilities, access conditions, surrounding land uses, and interrelationships with other key downtown districts. Changes that have occurred since our original studies as well as proposals for future improvements were noted. As shown in Figure 1, six specific areas aggregating 17.1 acres (745,000 square feet) were identified by Bullock Smith Partners as offering potential for development. They are noted as follows:

Area 1: 3.2 acres
This is still foreseen as the site of an amphitheater and a future building for the Museum of Art, although there have been several alternate uses proposed for the amphitheater site.

Area 2: 1.3 acres
Presently a parking lot, there is fairly strong agreement on the future use as noted of this site for a combination of structured parking and arts facilities, although several alternate uses have been proposed.

Area 3: 0.4 acre
This is an underutilized parcel adjoining the "Victorian Houses" which house galleries and arts offices.

Area 4: 1 acre
While the plan indicates the "south lawn" that accommodates mass attendance audiences beginning at Clinch Ave., there has been some discussion of using this initial portion of that zone for an "adult science playground." Regardless of whether this idea pans out, the discussion indicates a willingness to reassign this segment.
Figure 1

SITE PLAN
Area 5: 9.6 acres
The acreage noted includes present R.O.W.'s for Clinch Ave. and the realigned Cumberland Ave. dogleg; there is ongoing debate about how best to realign this road, or whether to eliminate it altogether to increase the contiguous size of the parcel. The U.T. Garage is officially considered a permanent feature of the plan, but certain proposals under discussion assume it can be removed. The view corridor and development parcel boundaries should be regarded as malleable.

The site relationships of these areas can be seen in Figure 1.

4. A current inventory was taken of major existing entertainment attractions in the Knoxville region, including cultural facilities (museums and performing arts venues), sports facilities, public recreation facilities, and leading commercial recreation attractions. This inventory, was used to gauge the competitive environment as a means of identifying apparent gaps or opportunities in the marketplace.

5. Basic data on the size and characteristics of the Knoxville resident and tourist markets was updated.

6. Based on the foregoing, compile a list of potential development opportunities for Tivoli America were selected. Options identified in our original studies were reexamined and other, new-concept entertainment attractions were also analyzed. For each candidate use, preliminary estimates have been prepared for annual attendance potential, gross revenue and net operating income generation, building and/or land area required, and order-of-magnitude development costs. Candidates were stratified as to near- versus longer-term development priority and by relative ability to synergize with and complement other downtown projects, especially the Gateway at Volunteer Landing complex.
7. A meeting was held with the client group to discuss preliminary recommendations as described in Task 5, with the aim of fine-tuning the nature and mix of possibilities and achieving a consensus on the optimum development program.

8. The economic feasibility of the final list of development opportunities as determined in Task 6 was then assessed. Earlier preliminary attendance, and financial, and sizing guidelines were refined, and a pro forma financial analysis of return on investment was prepared for each identified use.

THE MARKET AND ITS DEMOGRAPHICS

The resident market in Knoxville is defined as the containment area within 100 miles of Tivoli America, plus overnight tourists destined to the greater Knoxville-Pigeon Forge-Gatlinburg region. Updated estimates of the size of this market are tabulated as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>1995 Market Size (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Primary (0-50 miles)</td>
<td>1,008</td>
</tr>
<tr>
<td>Secondary (50-100 miles)</td>
<td>2,099</td>
</tr>
<tr>
<td>Overnight Tourist</td>
<td>8,000¹</td>
</tr>
<tr>
<td>Total</td>
<td>11,107</td>
</tr>
</tbody>
</table>

As indicated, a total resident market of some 3.1 million is available, along with an overnight tourist market estimated at 8 million. The latter figure is based on an extrapolation from hotel capacity—roughly 20,500 hotel/motel rooms are located in the subject region (comprised of Anderson, Blount, Grainger, Jefferson, Knox, Sevier, and

¹ Approximately one-third staying in the City of Knoxville.
Do it. Flash in the pan or for real.

0. Int VEC '63 study. WD: Markets Bank. Marriott we couldn't make it compete with leisure supply if we had it could have worked.

   Mid 80's with Disney MCA
   Mid 90's with Sony MCA

2. Mid 80's with Disney MCA
   MCA Newquay 80's

3. The objective.
   Make use of CC cites.
   Revive Downtown.
   Offer new technology new models.
   Generate high repeat rates - cultural entertainment.

   Do it or Flash? VEC

   ✓ Church St South
   ✓ Coco World Plaza
   ✓ City Walk 96
   ✓ Broadway at the Beach
   ✓ Second Street Plaza
   ✓ Daytona USA
   ✓ Spectrum Plaza
   ✓ Theatrical
   ✓ Darling Hollywood

   UA
   Sony MCA
   PKD

   (Chetanya)
Union counties). There are about 7,200 rooms in the city of Knoxville, with the balance of the inventory concentrated in the Pigeon Forge-Gatlinburg area. A pass-through or day-visit market on the order of 1.5 to 2.0 million is also estimated; however, these travelers are a relatively weak source of support and have not been directly considered in this analysis.

While a market of 11 million-plus is very large, a couple of limiting factors are apparent:

- Median household income for the resident component is reported at about $26,400 annually, equivalent to 70 percent of the national average. This suggests sensitivity to pricing and a need for caution in projecting levels of visitor expenditure at the site.

- Average tourist length of stay is a comparatively short 2.7 days. An outstanding attraction at Tivoli America and the growing music theater business in Pigeon Forge may ultimately induce longer stay times, but this is a slow, gradual process. In the meantime, fairly strong competition for tourist attention with established recreation facilities in the Pigeon Forge area should be recognized.

ATTENDANCE AND CAPACITY TARGETS FOR TIVOLI AMERICA

A high-quality entertainment complex at Tivoli America with a large critical mass should be capable of achieving a 25 percent penetration of the combined resident and visitor market. This translates into 2.76 million annual visits to the site. Table 1 presents a first cut at basic planning criteria for the attraction. Assumptions include year-round operation in a moderately seasonal market and an average visitor length of stay of about 3.0 hours. A planning factor of 40 square feet per on-site visitor (consistent with standards for indoor attractions) yields a space requirement at 263,000 square feet of entertainment area.
Table 1

ATTENDANCE PLANNING FOR TIVOLI AMERICA

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Market (millions)</td>
<td>11.102</td>
</tr>
<tr>
<td>Market Penetration (%)</td>
<td>25</td>
</tr>
<tr>
<td>Attendance (000)</td>
<td>2,776</td>
</tr>
<tr>
<td>Use (000)</td>
<td>2,800</td>
</tr>
<tr>
<td>Average Peak Month (13%) (000)</td>
<td>364</td>
</tr>
<tr>
<td>Average Peak Week (+ 4.43)</td>
<td>82,167</td>
</tr>
<tr>
<td>Design Day at 20%</td>
<td>16,433</td>
</tr>
<tr>
<td>Peak On-Site Crowd @ 40%</td>
<td>6,573</td>
</tr>
<tr>
<td>Required Development Area @ 40 sq. ft. per person</td>
<td>263,000</td>
</tr>
<tr>
<td>Parking Requirement</td>
<td>6.573 (0.8)</td>
</tr>
<tr>
<td></td>
<td>(2.5)</td>
</tr>
<tr>
<td>Parking Requirement - Employees 10%</td>
<td>210</td>
</tr>
<tr>
<td>Parking Requirement - Employees 10%</td>
<td>2,313</td>
</tr>
</tbody>
</table>

Source: Harrison Price Company.
In defining attendance potential for entertainment several factors were taken into account:

- The proximity of Tivoli America to two key existing facilities, which provide a strong nearby source of support—the campus of the University of Tennessee (with some 26,000 students and 1,100 faculty) and the Knoxville Convention Center (which hosted 170,000 delegates during 1994).

- The need to differentiate the entertainment offering not only from competing venues in the Pigeon Forge area, but also from other emerging destinations in downtown Knoxville, including the Old City dining/shopping/nightclub district and recreation and entertainment facilities planned for Volunteer Landing.

- The objective of creating a mix of activities with appeal to both residents and tourists across a broad age spectrum.

- The need to complement and synergize with the entertainment nucleus already present at Tivoli America, including the Knoxville Art Museum, the Tennessee Amphitheater, and restaurants in the L & N Depot building.

- The goal of economic performance sufficient to attract the participation of a private developer and commercial operators.

**RECOMMENDED CONCEPT FOR COMMERCIAL DEVELOPMENT**

Based primarily on the foregoing criteria, Table 2 presents a summary list of suggested entertainment concepts for Tivoli America. For purposes of this report, the focus is on commercially viable development opportunities which do not require public subsidy. Uses dependent on philanthropic support may become of interest as
Table 2
RECOMMENDED COMMERCIAL PROGRAM

<table>
<thead>
<tr>
<th>Venue</th>
<th>Cost of Development $/Sq. Ft.</th>
<th>Space Requirement (Sq. Ft.)</th>
<th>Development Budget ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-Screen Multiplex Theater Complex</td>
<td>150</td>
<td>80,000</td>
<td>12,000</td>
</tr>
<tr>
<td>IMAX 3D, 400-seats, large format theater</td>
<td>500</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>80-Seat Twin Platform Simulator</td>
<td>400</td>
<td>3,000</td>
<td>1,200</td>
</tr>
<tr>
<td>Bazaar</td>
<td>50</td>
<td>35,000</td>
<td>1,750</td>
</tr>
<tr>
<td>Segaworld or equal</td>
<td>500</td>
<td>20,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Bob Snow's Entertainment Center</td>
<td>300</td>
<td>20,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Microbrewery</td>
<td>250</td>
<td>6,000</td>
<td>1,500</td>
</tr>
<tr>
<td>Additional Theme Restaurants</td>
<td>300</td>
<td>30,000</td>
<td>9,000</td>
</tr>
<tr>
<td>Additional Specialty Retail</td>
<td>300</td>
<td>60,000</td>
<td>18,000</td>
</tr>
<tr>
<td>Ride Complex</td>
<td>2,000/Units of Hourly Capacity</td>
<td>Incl.</td>
<td>9,000</td>
</tr>
</tbody>
</table>

Source: Harrison Price Company.
they are funded and in general would mix exceedingly well with recommended commercial uses. They would add to commercial visitation and per capita expenditure generation. Major anchor facilities enumerated in the table are:

1. An 18-screen, 4,000-seat, multi-screen theater complex requiring 80,000 square feet and a development budget of $12 million.

2. An IMAX 3D, 400-seat, high-impact, large screen theater requiring 10,000 square feet and a development budget of $5 million.

3. An 80-seat platform simulator ride, (IMAX Ridefilm, Showscan, Iwerks, or equal) requiring 3,000 square feet and a development budget of $1.2 million.

4. A 35,000-square-foot Bazaar offering specialty merchandise, food service and entertainment in the manner of a European public market. It is something of a cross between the styles of a farmers market and a high-grade flea market. Its cost of development is $1.75 million. Space may be available at the existing convention center.

5. A 20,000-square-foot, multi-venue, indoor themed entertainment center featuring Virtual Reality, sports games, video arcade, children's area, food and beverage service, live entertainment, and other venues (genre of Sega World and related mixed-venue indoor attractions). Required budget is $6 million. Space may be adaptable at the existing convention center.

6. Bob Snow's Entertainment Center, a space of 20,000 square feet of recreation retail. The restaurants have a special character and thematic emphasis like Church Street Station, House of Blues (Orlando, New Orleans, Hollywood). Retail is logo driven. Development budget is $6 million.
7. A microbrewery and pub of 6,000 square feet offering custom beers and beer garden-style food service.

8. Additional themed restaurants, three or four, aggregating 30,000 square feet. Development budget $9 million.

9. Additional specialty retail, 60,000 square feet, development cost $18 million, stores like Barnes and Noble, Gap, Nike and the like.

10. An indoor/outdoor playland attraction park in the style of Castle Park in Riverside, California. The park can be in one place or laced around the site. It has a capacity of 4,500 rides per hour. It is “one big birthday party” and requires a budget of $9 million. It is a 140-day a year operation with 400,000 annual attendance at $12 per capita.

Total development cost for all ten venues is $69.45 million. Total space excluding ride park areas is 264,000 square feet. Average development cost per square foot is $263.

As shown in Figure 1 and Table 1, all ten together require space well within the capacity of the site.

Other nonprofits may be added to the mix as funded; projects like an expanded art museum, children’s museum, botanical garden, etc.

REVENUE GENERATION

Individual venue revenue generation is derived in Table 3. Participation ranges from 5 percent of visitors to 54 percent. Aggregate visitation is 6.1 million. At 2.2 venues per person the body count is 2.8 million, a market penetration of 25.2 percent. These values are consistent with the values shown in Table 1.
### Table 3

**REVENUE GENERATION**

<table>
<thead>
<tr>
<th>Venue</th>
<th>Participation (%)</th>
<th>Average Expenditure ($)</th>
<th>Gross Revenue ($000)</th>
<th>Per Capita ($)</th>
<th>Per Square Foot</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-Screen Multiplex Theater Complex</td>
<td>54</td>
<td>1,500</td>
<td>7.00</td>
<td>10,500</td>
<td>3.75</td>
</tr>
<tr>
<td>IMAX 3D, 400-seats, large format theater</td>
<td>20</td>
<td>550</td>
<td>6.00</td>
<td>3,300</td>
<td>1.17</td>
</tr>
<tr>
<td>80-Seat Twin Platform Simulator</td>
<td>11</td>
<td>300</td>
<td>4.00</td>
<td>1,200</td>
<td>0.43</td>
</tr>
<tr>
<td>Baazar</td>
<td>25</td>
<td>700</td>
<td>10.00</td>
<td>7,000</td>
<td>2.50</td>
</tr>
<tr>
<td>Segaworld or equal</td>
<td>14</td>
<td>400</td>
<td>15.00</td>
<td>6,000</td>
<td>2.14</td>
</tr>
<tr>
<td>Bob Snow's Entertainment Center</td>
<td>11</td>
<td>300</td>
<td>20.00</td>
<td>6,000</td>
<td>2.14</td>
</tr>
<tr>
<td>Microbrewery</td>
<td>5</td>
<td>150</td>
<td>12.00</td>
<td>1,800</td>
<td>0.64</td>
</tr>
<tr>
<td>Additional Theme Restaurants</td>
<td>21</td>
<td>600</td>
<td>15.00</td>
<td>9,000</td>
<td>3.21</td>
</tr>
<tr>
<td>Additional Specialty Retail</td>
<td>43</td>
<td>1,200</td>
<td>20.00</td>
<td>24,000</td>
<td>8.57</td>
</tr>
<tr>
<td>Ride Complex</td>
<td>14</td>
<td>400</td>
<td>12.00</td>
<td>4,800</td>
<td>1.71</td>
</tr>
<tr>
<td></td>
<td>218</td>
<td>6,100</td>
<td>12.07</td>
<td>73,600</td>
<td>26.29</td>
</tr>
</tbody>
</table>

\[\Sigma\] Visitor Attendance: 2,800
\[\Sigma\] Venue Attendances: 6,100
Ratio: 2.2

Source: Harrison Price Company.
Revenue is aggregated by applying appropriate per capita expenditures to each venue. The lowest per capita is $4 at the simulator. The highest per capita is $20 for Bob Snow's Entertainment Center and additional specialty retail.

Total gross revenues are $73.6 million and weighted average per capita on all venues is $12.07 for all venues. The per capita for individual visitors is $26.29. Aggregate annual revenue per developed square foot is $279.

**LENGTH OF STAY**

Aggregate weighted length of stay for all venues is developed in Table 4. It is 2.79 hours. The dominant venue is the cinema at 1.35 hours. The 2.79-hour figure will generate a peak on-site crowd of 40 percent of design day attendance, which is equivalent to 2.5 turns per day.

These data can be manipulated to check on area requirements, versus maximum on-site crowd during design day attendances.

The aggregate area requirement is 264,000 square feet. The computed weighted factor for space requirement is 40.0 square feet per person on-site. Individual venues vary from 20 square feet per person in the theaters to 80 square feet per person in the Castle Park area.

These data are used as follows to compute maximum on-site crowd at design day and average turn per day. This is a refinement of Table 1 data based on the actual selected mix:
### Table 4

**LENGTH OF STAY**

<table>
<thead>
<tr>
<th>Venue</th>
<th>Venue Participation (%)</th>
<th>Average Venue Stay (Hours)</th>
<th>Average Visitor Stay Time (Hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-Screen Multiplex Theater Complex</td>
<td>54</td>
<td>2.50</td>
<td>1.35</td>
</tr>
<tr>
<td>IMAX 3D, 400-seats, large format theater</td>
<td>20</td>
<td>0.50</td>
<td>0.10</td>
</tr>
<tr>
<td>80-Seat Twin Platform Simulator</td>
<td>11</td>
<td>0.20</td>
<td>0.02</td>
</tr>
<tr>
<td>Baazar</td>
<td>25</td>
<td>1.00</td>
<td>0.25</td>
</tr>
<tr>
<td>Segaworld or equal</td>
<td>14</td>
<td>1.00</td>
<td>0.14</td>
</tr>
<tr>
<td>Bob Snow's Entertainment Center</td>
<td>11</td>
<td>1.50</td>
<td>0.17</td>
</tr>
<tr>
<td>Microbrewery</td>
<td>5</td>
<td>1.00</td>
<td>0.05</td>
</tr>
<tr>
<td>Additional Theme Restaurants</td>
<td>21</td>
<td>1.00</td>
<td>0.21</td>
</tr>
<tr>
<td>Additional Specialty Retail</td>
<td>43</td>
<td>0.50</td>
<td>0.22</td>
</tr>
<tr>
<td>Ride Complex</td>
<td>14</td>
<td>2.00</td>
<td>0.28</td>
</tr>
<tr>
<td>Use</td>
<td></td>
<td></td>
<td>2.79</td>
</tr>
</tbody>
</table>

Source: Harrison Price Company.
Total Annual Attendance (individuals at 2.2 venues per person) 2,800,000
Peak Month @ 13.4 percent of year 375,200
Design Day (+ 4.43 x 0.20) 16,939
On-site Peak Crowd at 40 percent (2.5 turns) 6,776

OPERATING PROFIT

Operator’s EBDITA profit (earnings before depreciation, interest, taxes, and amortization) is estimated in Table 5 based on operating profit standards for venues of the type contemplated and for the format of operation contemplated (tenancy, joint venture, developer operated).

This is the developer’s operating profit. Income as a tenancy would lower developer’s operating profit generation as would joint venturing. The offset in such circumstances is some form of sharing of development costs.

Aggregate development cost net of FF&E expenditures carried by others is $46.4 million. Indicated yield is 7.878 + 46.4 or 17 percent, a feasible economic context.

CONCLUSION

This site is central to a regional population and tourist market totaling 11.1 million.

The site offers up a total of 17.1 acres (745,000 square feet) of prime land for recreational and entertainment land use. In addition, other space is already committed to this kind of use. A comparison to Tivoli in Copenhagen is relevant where 4.5 million attendances are handled annually on a 23-acre City Center site in a 120-day season in a total market of lesser size.
Table 5

VENUE OPERATING PROFIT AND YIELD

<table>
<thead>
<tr>
<th>Venue</th>
<th>Gross Revenue ($000)</th>
<th>Mode</th>
<th>Operating Profit (Percent)</th>
<th>Tenant Yield (Percent)</th>
<th>Yield ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-Screen Multiplex Theater Complex</td>
<td>10,500</td>
<td>Joint Venture</td>
<td>15/2</td>
<td>-----</td>
<td>782</td>
</tr>
<tr>
<td>IMAX 3D, 400-seats, large format theater</td>
<td>3,300</td>
<td>Operate</td>
<td>25</td>
<td>-----</td>
<td>825</td>
</tr>
<tr>
<td>80-Seat Twin Platform Simulator</td>
<td>1,200</td>
<td>Operate</td>
<td>30</td>
<td>-----</td>
<td>360</td>
</tr>
<tr>
<td>Baazar</td>
<td>7,000</td>
<td>Tenancy</td>
<td>-----</td>
<td>10</td>
<td>700</td>
</tr>
<tr>
<td>Segaworld or equal</td>
<td>6,000</td>
<td>Joint Venture</td>
<td>30/2</td>
<td>-----</td>
<td>900</td>
</tr>
<tr>
<td>Bob Snow's Entertainment Center</td>
<td>6,000</td>
<td>Joint Venture</td>
<td>30/2</td>
<td>-----</td>
<td>900</td>
</tr>
<tr>
<td>Microbrewery</td>
<td>1,800</td>
<td>Tenancy</td>
<td>-----</td>
<td>7</td>
<td>126</td>
</tr>
<tr>
<td>Additional Theme Restaurants</td>
<td>9,000</td>
<td>Joint Venture</td>
<td>25/2</td>
<td>-----</td>
<td>1,125</td>
</tr>
<tr>
<td>Additional Specialty Retail</td>
<td>24,000</td>
<td>Tenancy</td>
<td>-----</td>
<td>7</td>
<td>1,680</td>
</tr>
<tr>
<td>Ride Complex</td>
<td>4,800</td>
<td>Tenancy</td>
<td>-----</td>
<td>10</td>
<td>480</td>
</tr>
</tbody>
</table>

Source: Harrison Price Company.
A ten-venue entertainment and attraction mix with the summary parameters shown in Table 6 is recommended. The conclusion follows that a viable mixed-venue entertainment and attraction center can be developed on this site.

Preliminary Estimate of Tax Impact

Preliminary impacts of the Tivoli America project are estimated based on these assumptions:

- $70 million construction costs
- 2.8 million attendance
- gross revenues - $73.6 million

Distribution of the revenues is approximately $39 million food and merchandise, $25 million admissions, and $10 million beer/wine and related beverages. In these three categories prevailing tax rates are 8 1/4 percent, 13 1/4 percent, and 15 percent, respectively which projects out to State, County, and City tax collections of approximately $8.0 million. Property tax would add another $900,000 (approximate) so that the total is $8.9 million.

These collections are subject to an economic multiplier which at 35 percent leakage is 1.9 so that all up direct and indirect tax benefit is like $16.9 million. These figures can be refined as we know more about the project but it is safe to say that the aggregate tax benefit is substantial. Overall economic benefit is many times larger.
Table 6
SUMMARY
PARAMETERS FOR TIVOLI AMERICA

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space Required</td>
<td>264K + Ride Park Footage</td>
</tr>
<tr>
<td>Development Cost ($ millions)</td>
<td>69.5</td>
</tr>
<tr>
<td>Development Cost Less FF&amp;E, 1/3 ($ millions)</td>
<td>46.4</td>
</tr>
<tr>
<td>Annual Visitor Attendance</td>
<td>2.8 million</td>
</tr>
<tr>
<td>Annual Venue Attendances</td>
<td>6.1 million</td>
</tr>
<tr>
<td>Ratio (Venues/Person)</td>
<td>2.2</td>
</tr>
<tr>
<td>Average Per Cap/Venue, range $7-$20</td>
<td>12.07</td>
</tr>
<tr>
<td>Average Per Cap/Visit ($)</td>
<td>26.29</td>
</tr>
<tr>
<td>Length of Stay</td>
<td>2.8 hours</td>
</tr>
<tr>
<td>Design Day</td>
<td>16,433</td>
</tr>
<tr>
<td>On-Site Peak Crowd @ (0.4)</td>
<td>6,573</td>
</tr>
<tr>
<td>Market Penetration</td>
<td>25%</td>
</tr>
<tr>
<td>Parking Stalls at 80% by car, 2.7 per car</td>
<td>2,103</td>
</tr>
<tr>
<td>Employee Parking Stalls</td>
<td>210</td>
</tr>
<tr>
<td>Operating Profit Mix Joint Venture, Operator, Tenant ($000)</td>
<td>7,878</td>
</tr>
<tr>
<td>Yield, 7,878/46,400</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Harrison Price Company.
QUALIFICATIONS OF
HARRISON PRICE COMPANY
Harrison Price Company was founded in 1978. The firm's dominant practice is in attraction and entertainment planning with the main thrust in themed amusement parks, museums, aquariums, world's fairs, performance and sports facilities, casino entertainment, and family entertainment centers. The firm's founder, Harrison A. Price, is the acknowledged dean of recreation economics consultants, having personally conducted all of the site location and economic feasibility studies for Disneyland and Disney World. Mr. Price has directed more than 3,000 studies in the field of recreation and tourism economics throughout the world. The hand-picked staff averages more than 20 years of experience in recreation economics.

Harrison Price Company's client background includes:

1. Over 130 projects for Walt Disney on the development of Disneyland, Disney World and other projects of Walt Disney Productions including site selection and feasibility for Disneyland, Tokyo Disneyland and Disney World.


3. Feasibility and planning studies for six Six Flags theme parks, two Marriott parks, and virtually every other major new amusement park built in the United States in the last twenty years.

4. Planning studies for six zoos.

5. Planning studies for a host of winter resorts like Vail, Snow Mass at Aspen, Sun Valley, Snow Bird, Steamboat Springs and many others.

6. Planning and feasibility studies for four Sea World parks, Marineworld Sea Life Park, and 20 other like parks and aquariums.

7. Conference center and hotel work in five continents.

8. Leisure time work abroad; in Singapore, Australia, Indonesia, Taiwan, Japan, Brazil, Mexico, Central America, Canada, Russia and most all of the Western European countries.

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In the public sector, work has been performed for the Economic Development Administration; the states of California, Kentucky, Arkansas, Florida, Missouri, and Washington; the Inter-American Center Authority; the cities of Philadelphia, Spokane, Louisville, Los Angeles, and New Orleans, and numerous other public entities at all levels.

A wide variety of specific research tasks have been performed by the staff in recreation and tourism economics, and virtually every aspect of the leisure field has been subjected to analysis in the following general types of programs, facilities, and events:

- Fairs and expositions
- Commercial recreation attractions
- Destination resorts and hotel developments.
- Tourism development.
- Public recreation areas.
- Cultural facilities/convention centers
- Sports facilities
- Specialty shopping/entertainment center attractions.
The professional staff of Harrison Price Company has been involved in the development and/or evolution of the following landmark recreation projects:

### Theme Parks
- Disneyland
- Walt Disney World
- Six Flags (seven parks)
- Sea World (San Diego, Orlando, San Antonio, Ohio)
- Opryland
- Marine World Africa USA
- Universal Studio Tour, Hollywood / Europe / Japan
- Knott's Berry Farm
- Busch Gardens (Tampa & Williamsburg)
- Camp Snoopy at Mall of America

### Performing Arts Centers
- Music Center of Los Angeles County
- Orange County Performing Arts Center
- City of San Diego
- Los Angeles Theater Center
- Pasadena Playhouse
- South Jersey Performing Arts Center, Camden

### Resorts
- Raffles Hotel - Singapore
- Sea Pines Plantation, South Carolina
- Kiawah Island, South Carolina
- Waikiki, Hawaii
- Ginoza Beach, Okinawa, Japan
- Soniya Hills, Nara, Japan
- Las Vegas Hilton
- Oita Sunrise City, Oita, Japan

### World’s Fairs
- Montreal
- New Orleans
- Seattle
- Vancouver
- Spokane
- Brisbane
- San Antonio

### Specialty Attractions
- Rock ‘N Roll Hall of Fame
- Station Square, Pittsburgh
- Hollywood Entertainment Museum
- NHL Hockey Hall of Fame
- National Basketball Hall of Fame
- Sioux City Redevelopment Casino, Iowa
- Luxor Project of Circus Circus, Las Vegas

### Museums
- National Air & Space Museum Annex at Dulles Airport
- Maryland Science Center
- National Maritime Center, Norfolk
- Richard Nixon Library
- California Railroad Museum, Sacramento
- Field Museum, Chicago
- Museum of the American Indian, Washington, DC
- Museum of Natural History, Washington, DC
- Southwest Museum, Los Angeles

### Arenas/Stadiums/Amphitheater
- Los Angeles Raider Stadium in Irwindale, CA
- Orange County Arena
- Santa Clara County Arena
- Universal Amphitheater
- Disney World Amphitheater
- Summerfest Masterplan, Milwaukee

### Visitor Centers
- AT&T, New York City
- Hoover Dam
- Coca Cola Pavilion, Atlanta Underground
- Ellis Island
- NASA Johnson Manned Space Flight Center, Houston
- Minnesota Valley Visitor Center, Minneapolis
- US Fish & Wildlife Habitat at Harpers Ferry, WV

### Tourism Studies
- State of California
- State of South Carolina
- State of Louisiana
- Southwest Washington (Mt. St. Helens)
- Springfield/Branson, Missouri

### Urban Entertainment Centers
- White River Park, Indianapolis
- Inner Harbor, Baltimore
- Darling Harbor, Sydney
- Milwaukee Landing, Milwaukee
- Seattle Center

### Zoos and Aquariums
- Lake Superior Aquarium, Duluth
- New Orleans Aquarium
- Papagayo Park, Acapulco
- Habitat, Harpers Ferry, WV
- Mystic Aquarium, Mystic, CT

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