

Proposed Greensboro Performing Arts Center (GPAC)

Frequently Asked Questions

The information below is provided in response to frequently asked questions about the proposed Greensboro Performing Arts Center (GPAC). The questions are divided into two main categories: those involving financing and those involving the project and its future.

Note – much of the operational projections are based on a study completed in 2012 by AMS Planning and Research Corporation (AMS).

Financing

How much is the City paying toward the GPAC?

The City will borrow \$30 million and private donors will contribute \$30 million to the project. The \$30 million the City is pledging toward the GPAC is in the form of hotel/motel tax revenue, ticket and user fees, and premium parking fees.

How can the City pay that money without going to the voters first?

Voter referendums are required when a pledge of property tax is made to pay for capital improvement projects that are financed. The City is permitted by North Carolina law to finance capital improvements that use a different source of funds to pay the principal and interest, without voter approval. Examples of different funds include water and sewer revenues and hotel/motel tax revenues.

How is the City paying for the purchase of the land? Is that money part of the original estimate of \$60 million for the construction of the GPAC?

The City is proposing to spend \$60 million on the GPAC, including land and construction costs. The City will get a bank loan to buy the property. The interest only loan will have a two-year term and will be transferred into the construction financing loan.

How did City Council decide to spend City funds for the GPAC?

City Council discussed the GPAC projects on several occasions throughout 2012 and early 2013. During its February 19, 2013 meeting, Council directed City staff to move forward with the use of hotel/motel tax revenue and user fees for the construction of the GPAC. Council's direction was dependent upon the Community Foundation of Greater Greensboro's campaign to secure \$20 million in private pledges for the project. [Click here to read the minutes from the February 19 meeting.](#) [Click here to view the video from that meeting.](#)

Can City capital funds from the occupancy tax be used for the purchase of the properties? What does State legislation say about the use of those funds?

Yes. Legislation says that the funds should be used by the City of Greensboro for capital improvements.

How long will those capital funds be used for the GPAC project?

The GPAC will be financed over a 28-year period. However, it is projected that City capital funds from the occupancy tax would also be available for other projects within 15 years.

Which portion of the hotel/motel taxes are being used to pay for GPAC? Are those funds only to be used for the Greensboro Coliseum?

There are two hotel/motel taxes that provide funding for City capital improvements. A portion of the Guilford County hotel/motel tax, referred to as the City capital account, is restricted to the City of Greensboro for capital improvements. The City of Greensboro's own hotel/motel tax is restricted to Greensboro Coliseum Complex capital improvements.

There have been over \$20 million in private funds pledged for the GPAC. What guarantee does the City have that those funds will be received?

Once private donations are confirmed, the Community Foundation will provide a "Letter of Credit" to the City, prior to the start of the project, from which funds may be drawn down as the project is constructed. The Community Foundation will, in effect, obtain a line of credit from a bank at an agreed upon interest rate. The donors will pay the bank's line of credit back and the Community Foundation will be responsible for the interest charged. The Community Foundation is managing all of the donor pledge amounts and payback schedules.

What are the financing terms on the GPAC? How long will it take to pay off the debt?

It is estimated that there will be \$51M (\$30M principal +\$21M interest) of financing costs paid over approximately 28 years for the City portion, ending in 2042. There will be another \$30M from private pledges managed by the Community Foundation.

How is \$10 million being raised through premium parking fees?

Note – A previous version of this FAQ incorrectly indicated that the parking fees were based on an AMS study projection of 180 events per year).

The AMS Pro Forma showed that in Year 3 the GPAC would host 149 events. The City parking use projection on the 250 spaces is based on a blended estimate of 180 events per year. Multiplying 180 events by 250 spaces at \$15 per space, the gross revenue per year is \$675,000. If use is only on 149 events, as projected by AMS, the rate-per-space can be adjusted to draw similar gross revenues. As an example, figuring 149 events multiplied by 250 spaces at \$20 per space works to achieve the needed

gross revenue. The original local projection of event days was 220, including 50 rehearsals and load-in days, which require workers who need parking.

Other factors to consider include the daytime use of the parking lot and other business sub-rentals. In addition, the AMS study did not include convention meetings which may be projected at 10 events, taking into account the location across from the Marriott and VF Corporation.

Project

What is the City doing to ensure it brings an estimated 180 shows and performances per-year to the GPAC?

The event numbers include using current and historical War Memorial Auditorium events as a baseline. Once in operation, events that traditionally have been hosted by War Memorial Auditorium will likely go to the GPAC. Concerts have the greatest upside with AMS projection of 26. In its stronger years, War Memorial was hosting 19 to 21 concerts per-year. That business has shifted to Durham based on seating capacity and gross potential. The first five years of operation are projecting a return to those concert levels.

Meanwhile, in the late 1990s and early 2000s, War Memorial was hosting four weeks of Broadway with 32 performances and more than 5,000 subscribers. The AMS model suggests 32 performances of regular Broadway and two more weeks of a blockbuster, (ex. "Wicked" or "The Lion King") which has never played in the local market. These additional shows are based on the available seating capacity and marketplace potential as similarly exhibited by the DPAC in Durham.

In addition, the five-performance Bryan Series is projected to go from a 2,460 seat sell-out venue to a 3,000 seat sell-out (with GPAC) in the future. Also, War Memorial has not been able to host a holiday production like the "Rockettes" due to contractual issues with Disney On Ice. A new downtown location will open up this segment of the market, which AMS projects at ten performances.

What happens if the City falls short on revenue or operation expenses?

AMS projects an initial operating deficit of \$174,000 and City staff projects a deficit of \$388,000. There are possible alternatives to offset that potential deficit. Among those alternatives is the demolition of War Memorial Auditorium to convert the space to premium parking for the Greensboro Coliseum Complex. Projected annual revenues of \$382,500 could be achieved through the parking fees. In addition, the closing of War Memorial Auditorium will save a projected \$9,000 annually.

What is the projected economic impact of the GPAC?

AMS projects that the GPAC will bring \$7.3-\$10.1 million annually into the local economy with a projection of 268 jobs once the venue is operational.

Who will “own” the GPAC?

The City of Greensboro will own and operate the GPAC. The City is financing \$30 million of the project and the Community Foundation of Greater Greensboro is financing \$30 million. Donations toward the project made by residents, corporations and private donors are being made to the Community Foundation of Greater Greensboro, not to the City of Greensboro.