



## Stadiums, Arenas, and Events Centers

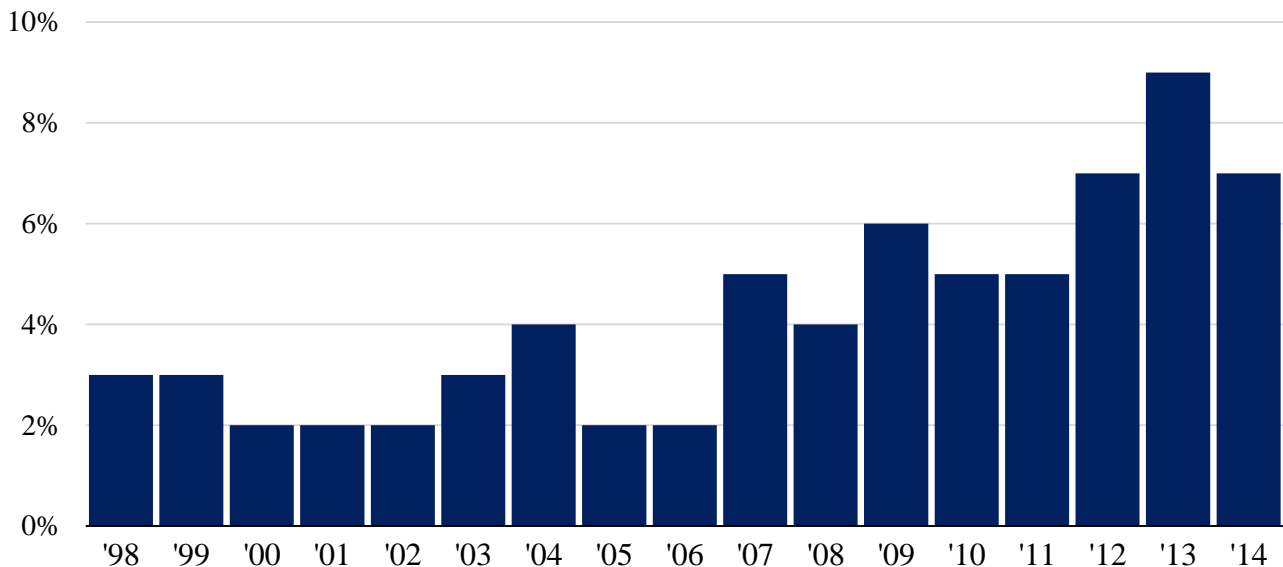
### Background

As legalized casino gaming has spread throughout the United States and the around the world, Las Vegas has diversified its non-gaming offerings to continue to attract visitors as a world-class tourist destination. Special events, such as concerts and sporting events, play an increasingly important role in the diversity of the visitor experience and the economy of southern Nevada.

Major sporting and entertainment events have long been a part of the Las Vegas landscape. Local history is filled with the biggest names in sports and entertainment, including Muhammad Ali, Michael Jordan, The Beatles, and Elvis Presley. The relationship between Las Vegas and star power continues to this day as music festivals, awards shows, and high-profile sporting events draw world-renowned performers and athletes from across the spectrum of entertainment and sports. Beyond those high-profile events, southern Nevada’s special events market is one of diverse size and appeal. With its mix of venues, for example, Las Vegas can play host to the Electric Daisy Carnival and its more than 130,000 attendees at the Las Vegas Motor Speedway on the same weekend as the Indian National Finals Rodeo at South Point Arena.

From the largest music festival to the smallest niche sporting competition, southern Nevada’s collection of special events play a larger role in attracting visitors to Las Vegas than just a decade ago. In 2005, 2 percent of visitors cited a special event as the primary reason for their visit, a number that had been relatively unchanged for many years.<sup>1</sup> That figure has climbed higher in recent years, peaking at 9 percent in 2013 before settling at 7 percent in 2014, a figure that equates to 2.9 million annual visitors.

### Special Event as Primary Purpose of Las Vegas Visit



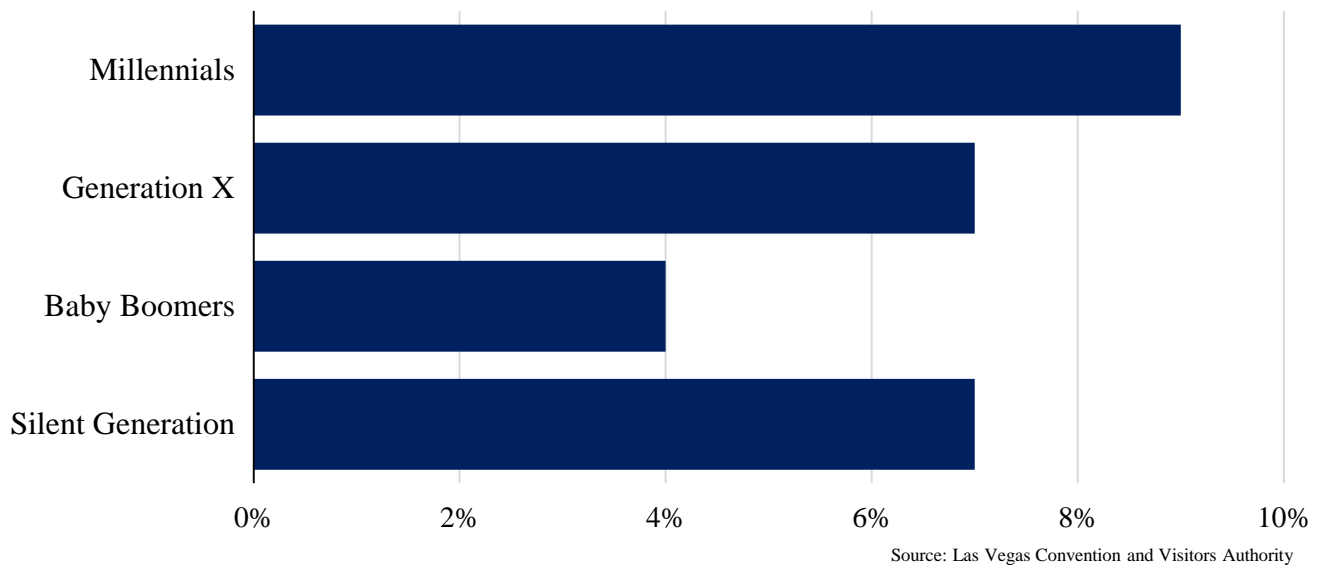
Source: Las Vegas Convention and Visitors Authority

<sup>1</sup> Las Vegas Convention and Visitors Authority, *Las Vegas Visitor Profile Study*, multiple years.



This rising trend coincides with the maturation of the millennial generation. Millennials, who are roughly between the ages of 18 and 34, now represent the largest single generation in America,<sup>2</sup> and their coming of age has contributed to significant shifts in the region’s tourism industry. Millennials visiting Las Vegas gamble less than any older generations, just 63 percent compared to the 78 percent by Baby Boomers, and they are driving the fast-growing “experience economy” that caters to their priority of spending money on cultural and social experiences rather than possessions.<sup>3</sup> The millennial preference for experiences is evident in the generational breakdown of Las Vegas visitors who planned their trips around special events. While 7 percent of all visitors came for a special event, for millennials that number was 9 percent. These trends suggest that special events will remain a key component of increasing visitor volumes well into the future.

### Special Event as Primary Purpose of Las Vegas Visit



For more than 30 years, Las Vegas Events (“LVE”) has served as southern Nevada’s key organization in attracting and promoting major special events. Working alongside the Las Vegas Visitors and Convention Authority (“LVCVA”), LVE sponsors and promotes some of the region’s most recognizable events, including the National Finals Rodeo, NASCAR Sprint Cup, the Las Vegas Bowl, NBA Summer League, USA Basketball, multiple college conference basketball tournaments and other signature events. Special events such as these not only lift overall visitor volume, they can be scheduled to boost visitation during traditionally slower timeframes and off-peak months of the year. Of the events sponsored by LVCVA and LVE, 67 percent were scheduled on weekends and another 19 percent included both weekend and midweek dates.<sup>4</sup>

National Finals Rodeo is the best example of boosting visitation during a slower period. Over its three-decade run in Las Vegas, the event has occupied 10 days of the calendar between Thanksgiving and

<sup>2</sup> Pew Research Center, *This year, Millennials will overtake Baby Boomers*, January 16, 2015.

<sup>3</sup> Eventbrite, *Millennials: Fueling the Experience Economy*, 2014.

<sup>4</sup> Rossi Ralenkotter, President and CEO of the LVCVA, in testimony before the Southern Nevada Tourism Infrastructure Committee.



Christmas, one of the traditionally slowest times for southern Nevada tourism. National Finals Rodeo is also the best example of creating a city-wide experience based on a special event. During the National Finals Rodeo, southern Nevada is home to many related events, including country music concerts, western lifestyle shows, and viewing parties.

Special events such as National Finals Rodeo create substantial economic impact throughout the community through increased visitor volume and higher per-visitor spending than the average visitor. In fiscal year 2015, events sponsored by LVCVA and LVE attracted 1.3 million attendees, of whom 453,000 were out-of-town visitors. The total economic impact for those events was estimated at \$660 million. The actual economic impact of special events is much higher, as this figure accounts for only LVCVA-LVE sponsored events and does not include unsponsored events.

**Average Total Visitor Spending for Selected Events**

<b>Event</b>	<b>Average Spending</b>
National Finals Rodeo	\$2,320
PBR World Finals	\$1,860
Basketball Tournaments	\$1,460
Rock ‘n’ Roll Marathon	\$1,420
NASCAR	\$1,390
Average Las Vegas Visitor	\$1,120

*Source: Las Vegas Events*

The rise in special events throughout southern Nevada would not be possible without venues to host them. The market is home to a variety of venues that can accommodate a wide array of event types and sizes. The development of today’s modern venue marketplace began with the construction of the Thomas & Mack Center in 1983. Although it was built on the campus of the University of Nevada, Las Vegas, as the home court for Rebels basketball, its size and proximity to the resort corridor made it a prime location for concerts, shows, and sporting events beyond college basketball. Over its three decades of operation, the university’s arena has hosted major boxing bouts, headlining musical acts, and national sporting events that have consistently made it one of the highest-grossing arenas in the United States.<sup>5</sup>

Since the Thomas & Mack Center opened its doors, new venues have been added to the market to accommodate the growing demand for special events. The Southern Nevada market now includes some of the highest-grossing venues in the world, according to the Top Stops of the Decade list released in 2012 by industry publication *Venues Today*.<sup>6</sup> That list ranked Thomas & Mack Center (12<sup>th</sup>), Mandalay Bay Events Center (12<sup>th</sup>) and Orleans Arena (13<sup>th</sup>) among the top 15 highest-grossing venues within their respective size categories. Additionally, UNLV’s Sam Boyd Stadium, was ranked 5<sup>th</sup> in the largest-venue category in the same publication.

The most recent addition to the marketplace is the Las Vegas Arena, a joint venture between MGM Resorts International and entertainment company AEG that is planned to open in April 2016. The 20,000-seat

<sup>5</sup> Gerry Bomotti, Senior Vice President for Finance and Business at UNLV, in testimony before the Southern Nevada Tourism Infrastructure Committee.

<sup>6</sup> Venues Today, *Top Stops of the Decade*, 2012.



arena will be the largest in the region and offers the latest in state-of-the-art technology and arena experiences. MGM Resorts International estimates that the new arena will attract 1.2 million visitors annually and produce \$600 million in economic impact.<sup>7</sup> As of this writing, Las Vegas was also one of two cities under consideration for a National Hockey League expansion franchise, which would play home games at the new arena.<sup>8</sup> The addition of a major professional sports team would be a first for the region and add another special events option to bring visitors to Las Vegas.

### Multi-Purpose Venues in Southern Nevada

Venue	Owner	Maximum Capacity	Year Built
Sam Boyd Stadium	University of Nevada, Las Vegas	40,000*	1971
Thomas & Mack Center	University of Nevada, Las Vegas	18,500	1983
MGM Grand Garden Arena	MGM Resorts International	16,800	1993
Las Vegas Motor Speedway	Speedway Motorsports	142,000	1996
Mandalay Bay Events Center	MGM Resorts International	12,000	1999
Orleans Arena	Boyd Gaming	9,000	2003
South Point Arena	South Point Hotel & Casino	4,600	2006
Las Vegas Village	MGM Resorts International	25,000	2012
Las Vegas Festival Grounds	MGM Resorts International	85,000	2015
Las Vegas Arena	MGM Resorts International-AEG	20,000	2016

\* Sam Boyd Stadium capacity ranges from 36,000 to 40,000 depending on seating arrangement

Despite the growing number of venues within Southern Nevada, the region still lacks a state-of-the-art stadium with the seating capacity to host large-scale events such international soccer matches, national political conventions, NFL exhibition games, neutral-site college football games, and large stadium concerts. Currently, these types of events are frequently awarded to competing cities that have high-capacity stadiums, including Dallas-Fort Worth, Houston, New York, San Francisco, New Orleans, and Phoenix.<sup>9</sup>

In recent years, UNLV has explored options for building a stadium that would serve as the home field for Rebel football games and host large-scale third-party events. In an initial effort, the university partnered with Majestic Realty to develop the UNLV Now project, which would have included a 60,000-seat stadium and redeveloped the surrounding area. The partnership ended in 2013 in order for UNLV to develop a project that had “broader engagement with the resort industry and the community as a whole.”<sup>10</sup>

The most recent effort, the UNLV Campus Improvement Authority Board (“CIAB”), empaneled a committee of public- and private-sector business leaders to study stadium scenarios that considered seating capacity alternatives, whether the structure would be domed or open-air, construction costs, potential

<sup>7</sup> Mark Prows, Senior Vice President of Arenas for MGM Resorts International, in testimony before the Southern Nevada Tourism Infrastructure Committee.

<sup>8</sup> Las Vegas Review-Journal, *Businessman behind NHL drive has blue-jeans, relaxed approach*, April 11, 2015.

<sup>9</sup> Bill Rhoda, President of CSL International, in testimony before the Southern Nevada Tourism Infrastructure Committee.

<sup>10</sup> Donald Snyder, Presidential Advisor for Strategic Initiatives at UNLV, in testimony before the Southern Nevada Tourism Infrastructure Committee.



funding sources, and other factors. The CIAB was to issue a recommendation for a proposed stadium for consideration before the commencement of the 2015 Nevada Legislature; however, a final report was postponed for two years to give the board more time to explore additional funding options and refine other aspects of the project. The CIAB did issue a report summarizing the competitive landscape for large-scale events, potential stadium design options, and the estimated economic impacts that a new stadium would generate.<sup>11</sup> Overall, data obtained through committee testimony suggests that a domed stadium has the potential to create more economic impact because it could host more events in its climate-controlled environment; it would also be significantly more expensive.

<b>Annual Economic and Fiscal Impacts of New Stadium</b>			
<b>Category</b>	<b>Open-Air Stadium</b>	<b>Domed Stadium</b>	<b>Difference</b>
Direct Spending	\$174 million	\$428 million	\$254 million
Total Output	\$276 million	\$677 million	\$401 million
Employment	2,550	6,267	3,717
Labor Income	\$110 million	\$270 million	\$160 million
Tax Revenue	\$15 million	\$37 million	\$25 million
Estimated Stadium Project Costs	\$655 million	\$833 million	\$178 million

\* Economic impacts include direct, indirect, and induced effects.

Source: UNLV Campus Improvement Authority Board

## **Issues, Analysis, and Recommendations**

### ***Lack of Stadium to Host Large Events***

#### ***Findings***

As noted above, southern Nevada does not have a state-of-the-art stadium required to host the large-scale events in today’s competitive marketplace. Although Las Vegas has more hotel rooms than any other U.S. market, worldwide appeal, and a history of hosting major events, the absence of a modern stadium prohibits it from competing against the likes of Houston (NRG Stadium, 71,795); Phoenix (University of Phoenix Stadium, 63,400); Dallas (AT&T Stadium, 85,000), and other cities that have modern stadiums. This likely equates to the loss of at least five or six events each year and the hundreds of millions of dollars in economic activity they would create.

The region’s current stadium, Sam Boyd Stadium, has undergone two major renovations since it was built in 1971; however, its current capacity of up to 40,000 spectators remains a limiting factor in attracting large events and enabling current events to expand. For example, Ken Hudgens of Feld Motor Sports testified that because of rising production costs and limited seats, popular events such as Monster Jam and Monster Energy Supercross must charge higher ticket prices to generate sufficient revenue to put on the shows. Currently, the average ticket cost for Monster Jam in Las Vegas is \$100 compared to \$18 across the country.<sup>12</sup> Sam Boyd Stadium also lacks amenities found at more-current stadiums and is inconveniently located away from the Las Vegas Strip. John Saccenti with ESPN Events echoed Mr.

<sup>11</sup> UNLV Campus Improvement Authority Board, *Study of the Need for & Feasibility of a New Multi-Purpose On-Campus Stadium*, September 2014.

<sup>12</sup> Ken Hudgens, Chief Operating Officer of Feld Motor Sports, in testimony before the Southern Nevada Tourism Infrastructure Committee.



Hudgens’ concerns regarding the Las Vegas Bowl. As costs escalate to bring college football teams to the annual bowl game, Sam Boyd Stadium’s limited seating capacity requires higher ticket prices. Both testified that a large stadium with between 50,000 and 55,000 seats would allow them to expand their events while reducing ticket prices to more affordable levels.

A state-of-the-art stadium will be a key component of future special events growth in southern Nevada, both by attracting new events that are now out of reach and by supporting the expansion of current events that are constrained by the limitations of Sam Boyd Stadium.

*Recommendation*

❖ **PENDING**

*Requested Actions for the Governor’s Office and Legislature*

❖ **PENDING**

<b>Infrastructure Issue, Recommendation, and Cost Summary</b>			
<b>Issue</b>	<b>Recommendation</b>	<b>Timeline</b>	<b>Estimated Cost</b>
Lack of modern stadium to host large-scale special events	<b>PENDING</b>	TBD	TBD

***Funding for Special Events Promotion***

*Findings*

In 1983, the Nevada Legislature enacted a 1 percent room tax to promote tourism in the state, 5/8 of which was earmarked for local tourism boards, including the LVCVA. Over 16 years, the room tax revenue generated \$107 million that the LVCVA used to promote special events in Southern Nevada.<sup>13</sup> The money supported special events and could be rolled over year to year, which allowed it to be applied to future events. In 1999, the Legislature changed the law to redirect that share of room tax revenue to the Clark County School District.<sup>14</sup> At the time, the room tax generated about \$12 million a year for special event promotion. Today, that annual total would be about \$20 million.<sup>15</sup>

The loss of a specific funding stream for promoting special events puts Las Vegas at a competitive disadvantage when recruiting new events and retaining current events. Currently, states including Texas and Florida have dedicated state funds to support special events. Both states were involved in recent attempts to lure away the National Finals Rodeo when its contract with Las Vegas was ending. A new 10-year contract was signed to keep the rodeo in Las Vegas through 2024.

<sup>13</sup> Rossi Ralenkotter, President and CEO of the LVCVA, in testimony before the Southern Nevada Tourism Infrastructure Committee.

<sup>14</sup> Applied Analysis, *History of the Room Tax in Clark County*, LVCVA Economic Impact Series Brief, December 2012.

<sup>15</sup> Rossi Ralenkotter, President and CEO of the LVCVA, in testimony before the Southern Nevada Tourism Infrastructure Committee.





*Recommendation*

❖ **PENDING**

*Requested Actions for the Governor’s Office and Legislature*

❖ **PENDING**

<b>Infrastructure Issue, Recommendation, and Cost Summary</b>			
<b>Issue</b>	<b>Recommendation</b>	<b>Timeline</b>	<b>Estimated Cost</b>
LVCVA and LVE lack a dedicated funding source to recruit and promote special events	<b>PENDING</b>	TBD	TBD

***Transportation Infrastructure Near Major Events Centers***

*Findings*

With the need to move tens of thousands of people to and from a venue, often within a condensed timeframe, large special events can create significant challenges to surrounding transportation infrastructure. Insufficient infrastructure and transportation alternatives increase travel delays for spectators and negatively impact their overall experience.

The Las Vegas Motor Speedway encounters this annually with large events such as Electric Daisy Carnival and NASCAR weekend, which each draw more than 130,000 daily attendees. During event days, roadways near the track, including Interstate 15 and the 215 Beltway, experience heavy congestion. Speedway President Chris Powell testified that infrastructure improvements are necessary, such as additional travel lanes on Interstate 15 and an improved ramp connecting the eastbound 215 Beltway to northbound Interstate 15.

In Downtown Las Vegas, planned redevelopment includes a new 22,000-seat soccer-specific stadium at the existing site of Cashman Field. Las Vegas City Manager Betsy Fretwell testified about the critical need to improve transportation infrastructure surrounding the stadium site. She recommended that those improvements include a light rail transit system connecting downtown with the resort and Maryland Parkway corridors, and a multi-modal transit hub at Cashman Center.

Potential traffic impacts of a new stadium near UNLV should also be considered, as the Tropicana Avenue corridor currently experiences heavy congestion due to the combination of local commuter traffic and passengers arriving and departing from McCarran International Airport.

*Recommendation*

❖ **PENDING**



*Requested Actions for the Governor’s Office and Legislature*

❖ **PENDING**

<b>Infrastructure Issue, Recommendation, and Cost Summary</b>			
<b>Issue</b>	<b>Recommendation</b>	<b>Timeline</b>	<b>Estimated Cost</b>
Insufficient traffic infrastructure near major events centers	<b>PENDING</b>	TBD	TBD