

# LEGISLATIVE RESEARCH COMMISSION

REPORT  
TO THE  
1977

GENERAL ASSEMBLY OF NORTH CAROLINA



## THE FEASIBILITY OF CONSTRUCTING AND FINANCING A SPORTS FACILITY.

MAY 1, 1977

RALEIGH, NORTH CAROLINA

STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



January 12, 1977

TO THE MEMBERS OF THE 1977 GENERAL ASSEMBLY:

The Legislative Research Commission herewith reports to the 1977 General Assembly of North Carolina on the matter of the feasibility of constructing and financing a sports facility. The report is made pursuant to Senate Joint Resolution 40 of the 1975 General Assembly.

This report was prepared by the Legislative Research Commission Sports Facility Study Committee, and it is transmitted by the Legislative Research Commission to the members of the 1977 General Assembly for their consideration.

Respectively submitted,

  
John T. Henley

  
James C. Green

Co-Chairmen

Legislative Research Commission

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## INTRODUCTION

The Legislative Research Commission, created by Article 6B of Chapter 120 of the General Statutes, is authorized pursuant to the direction of the General Assembly "to make or cause to be made such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" and "to report to the General Assembly the results of the studies made," which reports "may be accompanied by the recommendations of the Commission and bills suggested to effectuate the recommendations." G.S.120-30.17. The Commission is co-chaired by the Speaker of the House and the President Pro Tempore of the Senate and consists of five Representatives and five Senators, who are appointed respectively by the Co-Chairmen. G.S.120-30.10(a).

At the direction of the 1975 General Assembly, the Legislative Research Commission has undertaken studies of twenty-nine matters, which were arranged into ten groups according to related subject matter. See Appendix A for a list of the Commission members. Pursuant to G.S.120-30.10(b) and (c), the Commission Co-Chairmen appointed committees consisting of legislators and public members to conduct the studies. Each member of the Legislative Research Commission was delegated the responsibility of overseeing one group of studies and causing the findings and recommendations of the various committees to be reported to the Commission. In addition, one Senator and one Representative from each committee were designated Co-Chairmen. See Appendix B for a list of the committee members.

Resolution 119 of the 1975 General Assembly directed the Legislative Research Commission to study "the feasibility of constructing in North Carolina, and financing a sports arena of sufficient capacity to serve the people of this State and its future growth." The resolution cites the fact that the State has a number of institutions of higher learning with outstanding varsity athletic programs, particularly basketball, which has attracted great national interest, and that the demand for sports facilities is greater than the existing sports facilities can satisfy. The resolution further states that the largest indoor sports facility in the State seats no more than 16,000 persons, that many people in the State have developed strong team loyalties and have displayed continuing interests in attending intercollegiate athletic events in the State, and that the quality of North Carolina's sports facilities will continue to affect the State's growth.

#### COMMITTEE PROCEEDINGS AND FINDINGS

Although the Legislative Research Commission's Sports Facility Study Committee was appointed in the ensuing months after the 1975 Session of the 1975 General Assembly, the Committee was not able to hold its first meeting until October 29, 1976, because of many unforeseen circumstances, especially the scheduling and activities of other interim activities and

legislative studies, which pre-empted the time of committee members and staff. A second meeting was held on December 3, 1976.

The Committee heard from representatives of the State's institutions of higher learning, who indicated that a significant number of colleges and universities in North Carolina would use and benefit from a major indoor sports facility in the near future. It was stated that such a facility would have a significant impact on the economy of the State and improve the quality of life in the State by attracting major attractions and events, both athletic and cultural.

At the October 29 meeting all of the discussion led to the conclusion that the primary use of any indoor arena should be for basketball and not football. The football facilities of the colleges and universities in the State are adequate for their current and future programs. A large indoor facility with a tremendous seating capacity designed for football would seriously undermine any practical use for basketball because such an arrangement would impose visual restraints on a majority of the spectators. A major facility with a seating capacity of 25,000 to 30,000 is envisioned. The seating could be arranged to accommodate secondary uses such as indoor track and field and many types of cultural events, expositions, and conventions.

It was noted that there have been major innovations in roof construction that have tremendously lowered construction costs of major indoor arenas. Today a facility with a seating capacity as that contemplated by the Committee would cost less than the same structure would have cost ten years ago, even accounting for the high rate of inflation the country has been experiencing in the same time period.

It is a foregone conclusion that any sports facility constructed in the State must be self-supporting. An absolute prerequisite to any type of financing of a facility, particularly through the sale of bonds, is the conducting of an economic feasibility study. Such a study would entail (1) a determination of the demand for a mass spectator facility in the State, (2) a projection of the facility requirements generated by the demand, (3) an evaluation of the inventory of existing facilities relative to the potential demand for a mass spectator facility, (4) the conversion of demand projections into expectation of the available revenue, (5) a definition of unmet or imperfectly met multisport and mass spectator facilities, (6) the development of construction costs based on experiences with similar designs, the costs of similar projects recently completed, and construction cost indices, (7) the financing alternatives, (8) an analysis of the benefit/cost ratios, and (9) a summary of facility considerations with regard to operating expenses and revenues, debt

service requirements, and levels of economic impact.

Such a feasibility study would have to be conducted by a consulting firm recognized by the bond market. Sports facilities are not always attractive bond investments because of some failures across the nation; the State of North Carolina, however, has had good experiences with its present facilities.

#### RECOMMENDATIONS

The Legislative Research Commission envisions a definite possibility of a self-supporting indoor sports facility in North Carolina, and therefore recommends that the 1977 General Assembly enact legislation to enable the completion of its study and a report of its findings and recommendations to the 1977 General Assembly. Appendix D contains a joint resolution to create a special study commission to complete the work of the Legislative Research Commission. The creation of a special commission is necessary because the terms of the members of the 1975-1977 Legislative Research Commission expire upon the convening of the 1977 General Assembly, and the next Legislative Research Commission will not be appointed until after the close of the 1977 Session. It is also recommended that the members of the Legislative Research Commission's Sports Facility Study Committee be appointed to the special commission and that provision be made for two additional appointments. A reporting and



termination date of May 15, 1977, is recommended. This date will give the special commission sufficient time to complete the study and will give the 1977 General Assembly sufficient time to act on its recommendations.

The expenses of the special commission will be nominal because the legislator members will be receiving reimbursement for their session activities, and the number of public members, who will be entitled to compensation and reimbursement, will be small. It is recommended that residual funds from the 1975-1977 Legislative Research Commission budget be used to pay these expenses, which will not exceed \$5,000. If the special commission determines that an economic feasibility study is justified and recommends that one be conducted, the 1977 General Assembly will be in a better position on May 15 to decide whether the State could afford to appropriate any moneys to finance such a study.

APPENDIX A

MEMBERS OF THE LEGISLATIVE  
RESEARCH COMMISSION: 1975-1976

Speaker James C. Green, Co-Chairman

President Pro Tempore John T. Henley, Co-Chairman

Senator Robert L. Barker

Senator Luther J. Britt, Jr.

Senator Cecil James Hill

Senator William D. (Billy) Mills

Representative Glenn A. Morris

Representative Liston B. Ramsey

Representative Hector E. Ray

Representative J. Guy Revelle

Representative Thomas B. Sawyer

Senator Willis P. Whichard

APPENDIX B

MEMBERS OF THE SPORTS FACILITY STUDY COMMITTEE

Representative J. Guy Revelle, Chairman and Legislative  
Research Commission Member Responsible for Study

Senator Julian R. Allsbrook, Co-Chairman

Representative Jack M. Gardner, Co-Chairman

Mr. Theodore A. Dick

Representative Pat Griffin

Representative Carson Gregory

Representative Fred S. Hutchins, Jr.

Representative David R. Parnell

Senator Marshall A. Rauch

Senator William W. Staton

Mr. James Strickland

## APPENDIX C

### Resolutions—1975

S. R. 40

#### RESOLUTION 119

A JOINT RESOLUTION DIRECTING THE LEGISLATIVE RESEARCH COMMISSION TO STUDY THE FEASIBILITY OF CONSTRUCTING AND FINANCING IN NORTH CAROLINA UPON A SELF-SUPPORTING BASIS OR OTHERWISE A SPORTS FACILITY TO PROVIDE THE PEOPLE OF THIS STATE WITH A FACILITY WHICH WILL BE COMPETITIVE WITH THOSE FACILITIES WHICH HAVE BEEN CONSTRUCTED OR WILL BE CONSTRUCTED.

Whereas, North Carolina has a number of institutions of higher education with outstanding varsity athletic programs; and

Whereas, many North Carolina citizens and visitors to our State, both alumni and nonalumni, develop strong team loyalties and have a continuing interest in attending athletic events featuring North Carolina teams; and

Whereas, in the sport of basketball particularly North Carolina colleges and universities consistently have attracted great national interest; and

Whereas, the demand for sports facilities for both spectators and participants is greater than the existing facilities can satisfy; and

Whereas, the largest indoor sports facility in the State seats no more than 16,000 persons; and

Whereas, the quality of our sports facilities will continue to affect our State's continued growth;

*Now, therefore, be it resolved by the Senate, the House of Representatives concurring:*

**Section 1.** The Legislative Research Commission is directed to study the feasibility of constructing in North Carolina, and financing a sports arena of sufficient capacity to serve the people of this State and its future growth.

**Sec. 2.** The Commission's study may include, but need not be limited to, the following:

- (1) Planning by major institutions of higher education as to their athletic programs and potential attendance figures, including plans for the construction or alteration of sports facilities.
- (2) Plans by any municipalities or other governmental subdivisions concerning major entertainment or sports facilities.
- (3) Analysis of economic factors in the operation of major indoor sports facilities, including the need, (if any), for an amateur or professional home team having substantial local support, the density of population within a given area to support facilities of varying sizes, the extent to which facilities suitable for major team sports may readily be used for entertainment and other nonsports public events, and the revenue implications of multiple use.
- (4) The extent to which construction of a large covered sports arena would seriously undermine the patronage now enjoyed at major indoor and outdoor sports facilities in the State.
- (5) Consideration of the various factors that would affect the site of any sports arena that might be built.
- (6) A consideration of the most effective method of administering the operations of any sports arena that might be built—for example, a public authority, lease to a commercial enterprise to operate, or otherwise.
- (7) Technical and legal factors concerning the possible financing, through bonds or otherwise, of a sports arena, and the extent to which any such sports arena at a given location may be expected to pay its way.
- (8) Estimates of construction costs of the various types of sports arena that might be built and the cost-benefit factors that may be involved, including whether the greater revenues that may be anticipated from a genuinely multi-purpose structure would likely offset the greater construction and maintenance costs that would be involved.

**Sec. 3.** The Cochairmen of the Legislative Research Commission are authorized to appoint additional members of the General Assembly to study committees to assist the regular members of the Research Commission in conducting this study, and they are authorized to appoint members of the public to advisory subcommittees. The President Pro Tempore of the Senate shall consult with the President of the Senate when he considers these additional appointments.

**Sec. 4.** This resolution shall become effective upon ratification in the General Assembly read three times and notified on the 25th day of June, 1975.

APPENDIX D

A JOINT RESOLUTION CREATING A SPECIAL COMMISSION TO COMPLETE THE LEGISLATIVE RESEARCH COMMISSION STUDY OF THE FEASIBILITY OF CONSTRUCTING AND FINANCING IN NORTH CAROLINA UPON A SELF-SUPPORTING BASIS OR OTHERWISE AN INDOOR SPORTS FACILITY.

Whereas, Resolution 119 of the 1975 General Assembly directed the Legislative Research Commission to study the feasibility of constructing and financing a sports arena of sufficient capacity to serve the people of this State and its future growth; and

Whereas, the Legislative Research Commission's Sports Facility Study Committee was not able to commence its study effort until October, 1976 because of many unforeseen circumstances, especially the scheduling and activities of other interim legislative studies, which pre-empted the time of committee members and staff; and

Whereas, the Sports Facility Study Committee was unable to complete its task in time for the convening of the 1977 General Assembly; and

Whereas, the terms of the members of the 1975-77 Legislative Research Commission expire upon the convening of the 1977 General Assembly, and the next Legislative Research Commission will not be appointed until the close of the regular session of the 1977 General Assembly:

Now, therefore be it resolved by the Senate, the House of Representatives concurring:

Section 1. There is created a Special Commission to Study the Feasibility of Constructing and Financing a Sports

Facility. The Commission shall consist of the Chairman, Co-chairmen, study committee members, and advisory sub-committee members who composed the Legislative Research Commission's Sports Facility Study Committee and were appointed pursuant to Resolution 119 of the 1975 General Assembly. In addition, the Speaker of the House and the President of the Senate shall have the authority to appoint one additional member each.

Sec. 2. The Commission's study may include without limitation the study directives contained in Section 2 of Resolution 119 of the 1975 General Assembly.

Sec. 3. Because the Commission will be meeting during the regular session of the 1977 General Assembly and its legislator members will already be receiving reimbursement pursuant to G.S. 120-3.1, the legislator members shall receive no additional reimbursement for attending the meetings of the Commission. The public members shall be reimbursed and compensated in accordance with G.S. 138-5. The expenses of the Commission shall be paid from 1976-77 funds available to the Legislative Research Commission, in no case to exceed \$5,000.

Sec. 4. The Commission shall report its findings and recommendations to the 1977 General Assembly by May 15, 1977, and the Commission's existence shall terminate on this date or with the filing of its report, whichever occurs first.

Sec. 5. This resolution shall become effective upon ratification.